

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

# FORM 10-Q

**(Mark One)**

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

For the quarterly period ended September 30, 2024

**OR**

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

For the transition period from                      to

**Commission File Number: 1-11884**

**ROYAL CARIBBEAN CRUISES LTD.**

(Exact name of registrant as specified in its charter)

**Republic of Liberia**

(State or other jurisdiction of incorporation or organization)

98-0081645

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

**1050 Caribbean Way, Miami, Florida 33132**

(Address of principal executive offices) (zip code)

**(305) 539-6000**

(Registrant's telephone number, including area code)

N/A

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

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

| Title of each class                      | Trading Symbol(s) | Name of each exchange on which registered |
|------------------------------------------|-------------------|-------------------------------------------|
| Common Stock, par value \$0.01 per share | RCL               | New York Stock Exchange                   |

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐Smaller reporting company ☐

Emerging growth company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 268,875,240 shares of common stock outstanding as of October 25, 2024.



**ROYAL CARIBBEAN CRUISES LTD.**

**TABLE OF CONTENTS**

|                                                                                                               | <u>Page</u>        |
|---------------------------------------------------------------------------------------------------------------|--------------------|
| <br><b><u>PART I. FINANCIAL INFORMATION</u></b>                                                               |                    |
| <a href="#">Item 1. Financial Statements</a>                                                                  | <a href="#">1</a>  |
| <a href="#">Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</a> | <a href="#">22</a> |
| <a href="#">Item 3. Quantitative and Qualitative Disclosures About Market Risk</a>                            | <a href="#">38</a> |
| <a href="#">Item 4. Controls and Procedures</a>                                                               | <a href="#">38</a> |
| <br><b><u>PART II. OTHER INFORMATION</u></b>                                                                  |                    |
| <a href="#">Item 1. Legal Proceedings</a>                                                                     | <a href="#">39</a> |
| <a href="#">Item 1A. Risk Factors</a>                                                                         | <a href="#">39</a> |
| <a href="#">Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</a>                           | <a href="#">40</a> |
| <a href="#">Item 5. Other Information</a>                                                                     | <a href="#">40</a> |
| <a href="#">Item 6. Exhibits</a>                                                                              | <a href="#">41</a> |
| <b><u>SIGNATURES</u></b>                                                                                      | <a href="#">42</a> |

---

**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**ROYAL CARIBBEAN CRUISES LTD.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)  
(unaudited; in millions, except per share data)**

|                                                                          | <b>Quarter Ended September 30,</b> |                 |
|--------------------------------------------------------------------------|------------------------------------|-----------------|
|                                                                          | <b>2024</b>                        | <b>2023</b>     |
| Passenger ticket revenues                                                | \$ 3,471                           | \$ 2,941        |
| Onboard and other revenues                                               | 1,415                              | 1,219           |
| <b>Total revenues</b>                                                    | <b>4,886</b>                       | <b>4,160</b>    |
| Cruise operating expenses:                                               |                                    |                 |
| Commissions, transportation and other                                    | 688                                | 632             |
| Onboard and other                                                        | 289                                | 261             |
| Payroll and related                                                      | 328                                | 294             |
| Food                                                                     | 251                                | 212             |
| Fuel                                                                     | 290                                | 272             |
| Other operating                                                          | 545                                | 466             |
| <b>Total cruise operating expenses</b>                                   | <b>2,391</b>                       | <b>2,137</b>    |
| Marketing, selling and administrative expenses                           | 451                                | 393             |
| Depreciation and amortization expenses                                   | 410                                | 365             |
| <b>Operating Income</b>                                                  | <b>1,634</b>                       | <b>1,265</b>    |
| Other income (expense):                                                  |                                    |                 |
| Interest income                                                          | 4                                  | 7               |
| Interest expense, net of interest capitalized                            | (603)                              | (340)           |
| Equity investment income                                                 | 106                                | 87              |
| Other expense                                                            | (26)                               | (8)             |
|                                                                          | (519)                              | (254)           |
| <b>Net Income</b>                                                        | <b>1,115</b>                       | <b>1,011</b>    |
| Less: Net Income attributable to noncontrolling interest                 | 4                                  | 2               |
| <b>Net Income attributable to Royal Caribbean Cruises Ltd.</b>           | <b>\$ 1,111</b>                    | <b>\$ 1,009</b> |
| <b>Earnings per Share:</b>                                               |                                    |                 |
| Basic                                                                    | \$ 4.22                            | \$ 3.94         |
| Diluted                                                                  | \$ 4.21                            | \$ 3.65         |
| <b>Weighted-Average Shares Outstanding:</b>                              |                                    |                 |
| Basic                                                                    | 263                                | 256             |
| Diluted                                                                  | 264                                | 282             |
| <b>Comprehensive Income (Loss)</b>                                       |                                    |                 |
| <b>Net Income</b>                                                        | <b>\$ 1,115</b>                    | <b>\$ 1,011</b> |
| Other comprehensive income (loss):                                       |                                    |                 |
| Foreign currency translation adjustments                                 | (10)                               | 11              |
| Change in defined benefit plans                                          | 6                                  | 5               |
| (Loss) gain on cash flow derivative hedges                               | (95)                               | 20              |
| <b>Total other comprehensive (loss) income</b>                           | <b>(99)</b>                        | <b>36</b>       |
| <b>Comprehensive Income</b>                                              | <b>1,016</b>                       | <b>1,047</b>    |
| Less: Comprehensive Income attributable to noncontrolling interest       | 4                                  | 2               |
| <b>Comprehensive Income attributable to Royal Caribbean Cruises Ltd.</b> | <b>\$ 1,012</b>                    | <b>\$ 1,045</b> |

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

**ROYAL CARIBBEAN CRUISES LTD.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(unaudited; in millions, except per share data)

|                                                                          | <b>Nine Months Ended September 30,</b> |                 |
|--------------------------------------------------------------------------|----------------------------------------|-----------------|
|                                                                          | <b>2024</b>                            | <b>2023</b>     |
| Passenger ticket revenues                                                | \$ 8,900                               | \$ 7,282        |
| Onboard and other revenues                                               | 3,824                                  | 3,287           |
| <b>Total revenues</b>                                                    | <b>12,724</b>                          | <b>10,569</b>   |
| Cruise operating expenses:                                               |                                        |                 |
| Commissions, transportation and other                                    | 1,758                                  | 1,551           |
| Onboard and other                                                        | 726                                    | 640             |
| Payroll and related                                                      | 959                                    | 888             |
| Food                                                                     | 697                                    | 614             |
| Fuel                                                                     | 876                                    | 850             |
| Other operating                                                          | 1,584                                  | 1,342           |
| <b>Total cruise operating expenses</b>                                   | <b>6,600</b>                           | <b>5,885</b>    |
| Marketing, selling and administrative expenses                           | 1,452                                  | 1,289           |
| Depreciation and amortization expenses                                   | 1,190                                  | 1,087           |
| <b>Operating Income</b>                                                  | <b>3,482</b>                           | <b>2,308</b>    |
| Other income (expense):                                                  |                                        |                 |
| Interest income                                                          | 13                                     | 32              |
| Interest expense, net of interest capitalized                            | (1,324)                                | (1,055)         |
| Equity investment income                                                 | 203                                    | 149             |
| Other expense                                                            | (37)                                   | (9)             |
|                                                                          | (1,145)                                | (883)           |
| <b>Net Income</b>                                                        | <b>2,337</b>                           | <b>1,425</b>    |
| Less: Net Income attributable to noncontrolling interest                 | 12                                     | 5               |
| <b>Net Income attributable to Royal Caribbean Cruises Ltd.</b>           | <b>\$ 2,325</b>                        | <b>\$ 1,420</b> |
| <b>Earnings per Share:</b>                                               |                                        |                 |
| Basic                                                                    | \$ 8.98                                | \$ 5.55         |
| Diluted                                                                  | \$ 8.91                                | \$ 5.24         |
| <b>Weighted-Average Shares Outstanding:</b>                              |                                        |                 |
| Basic                                                                    | 259                                    | 256             |
| Diluted                                                                  | 280                                    | 284             |
| <b>Comprehensive Income (Loss)</b>                                       |                                        |                 |
| <b>Net Income</b>                                                        | <b>\$ 2,337</b>                        | <b>\$ 1,425</b> |
| Other comprehensive income (loss):                                       |                                        |                 |
| Foreign currency translation adjustments                                 | —                                      | 2               |
| Change in defined benefit plans                                          | 3                                      | 4               |
| Loss on cash flow derivative hedges                                      | (82)                                   | (7)             |
| <b>Total other comprehensive loss</b>                                    | <b>(79)</b>                            | <b>(1)</b>      |
| <b>Comprehensive Income</b>                                              | <b>2,258</b>                           | <b>1,424</b>    |
| Less: Comprehensive Income attributable to noncontrolling interest       | 12                                     | 5               |
| <b>Comprehensive Income attributable to Royal Caribbean Cruises Ltd.</b> | <b>\$ 2,246</b>                        | <b>\$ 1,419</b> |

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

**ROYAL CARIBBEAN CRUISES LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
(in millions, except share data)

|                                                                                                                                                                   | As of                                |                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------|
|                                                                                                                                                                   | September 30,<br>2024<br>(unaudited) | December 31,<br>2023 |
| <b>Assets</b>                                                                                                                                                     |                                      |                      |
| Current assets                                                                                                                                                    |                                      |                      |
| Cash and cash equivalents                                                                                                                                         | \$ 418                               | \$ 497               |
| Trade and other receivables, net of allowances of \$8 and \$7 at September 30, 2024 and December 31, 2023, respectively                                           | 441                                  | 405                  |
| Inventories                                                                                                                                                       | 265                                  | 248                  |
| Prepaid expenses and other assets                                                                                                                                 | 667                                  | 617                  |
| Derivative financial instruments                                                                                                                                  | 40                                   | 25                   |
| Total current assets                                                                                                                                              | 1,831                                | 1,792                |
| Property and equipment, net                                                                                                                                       | 31,706                               | 30,114               |
| Operating lease right-of-use assets                                                                                                                               | 649                                  | 611                  |
| Goodwill                                                                                                                                                          | 809                                  | 809                  |
| Other assets, net of allowances of \$42 and \$43 at September 30, 2024 and December 31, 2023, respectively                                                        | 2,072                                | 1,805                |
| <b>Total assets</b>                                                                                                                                               | <b>\$ 37,067</b>                     | <b>\$ 35,131</b>     |
| <b>Liabilities and Shareholders' Equity</b>                                                                                                                       |                                      |                      |
| Current liabilities                                                                                                                                               |                                      |                      |
| Current portion of long-term debt                                                                                                                                 | \$ 1,868                             | \$ 1,720             |
| Current portion of operating lease liabilities                                                                                                                    | 68                                   | 65                   |
| Accounts payable                                                                                                                                                  | 851                                  | 792                  |
| Accrued expenses and other liabilities                                                                                                                            | 1,476                                | 1,478                |
| Derivative financial instruments                                                                                                                                  | 44                                   | 35                   |
| Customer deposits                                                                                                                                                 | 5,324                                | 5,311                |
| Total current liabilities                                                                                                                                         | 9,631                                | 9,401                |
| Long-term debt                                                                                                                                                    | 18,972                               | 19,732               |
| Long-term operating lease liabilities                                                                                                                             | 648                                  | 613                  |
| Other long-term liabilities                                                                                                                                       | 592                                  | 486                  |
| <b>Total liabilities</b>                                                                                                                                          | <b>29,843</b>                        | <b>30,232</b>        |
| <b>Shareholders' equity</b>                                                                                                                                       |                                      |                      |
| Preferred stock (\$0.01 par value; 20,000,000 shares authorized; none outstanding)                                                                                | —                                    | —                    |
| Common stock (\$0.01 par value; 500,000,000 shares authorized; 297,343,264 and 284,672,386 shares issued, September 30, 2024 and December 31, 2023, respectively) | 3                                    | 3                    |
| Paid-in capital                                                                                                                                                   | 7,669                                | 7,474                |
| Retained earnings (accumulated deficit)                                                                                                                           | 2,207                                | (10)                 |
| Accumulated other comprehensive loss                                                                                                                              | (753)                                | (674)                |
| Treasury stock (28,468,430 and 28,248,125 common shares at cost, September 30, 2024 and December 31, 2023, respectively)                                          | (2,081)                              | (2,069)              |
| Total shareholders' equity attributable to Royal Caribbean Cruises Ltd.                                                                                           | 7,045                                | 4,724                |
| Noncontrolling Interests                                                                                                                                          | 179                                  | 175                  |
| <b>Total shareholders' equity</b>                                                                                                                                 | <b>7,224</b>                         | <b>4,899</b>         |
| <b>Total liabilities and shareholders' equity</b>                                                                                                                 | <b>\$ 37,067</b>                     | <b>\$ 35,131</b>     |

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

**ROYAL CARIBBEAN CRUISES LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited, in millions)

|                                                                 | Nine Months Ended September 30, |          |
|-----------------------------------------------------------------|---------------------------------|----------|
|                                                                 | 2024                            | 2023     |
| <b>Operating Activities</b>                                     |                                 |          |
| Net Income                                                      | \$ 2,337                        | \$ 1,425 |
| Adjustments:                                                    |                                 |          |
| Depreciation and amortization                                   | 1,190                           | 1,087    |
| Net deferred income tax expense (benefit)                       | 15                              | (3)      |
| Loss on derivative instruments not designated as hedges         | 8                               | 31       |
| Share-based compensation expense                                | 109                             | 79       |
| Equity investment income                                        | (203)                           | (149)    |
| Amortization of debt issuance costs, discounts and premiums     | 76                              | 84       |
| Loss on extinguishment of debt and inducement expense           | 456                             | 81       |
| Changes in operating assets and liabilities:                    |                                 |          |
| (Increase) decrease in trade and other receivables, net         | (13)                            | 131      |
| Increase in inventories, net                                    | (17)                            | (18)     |
| Increase in prepaid expenses and other assets                   | (110)                           | (44)     |
| Increase in accounts payable trade                              | 53                              | 62       |
| Decrease in accrued expenses and other liabilities              | (142)                           | (245)    |
| Increase in customer deposits                                   | 13                              | 864      |
| Other, net                                                      | 26                              | (24)     |
| Net cash provided by operating activities                       | 3,798                           | 3,361    |
| <b>Investing Activities</b>                                     |                                 |          |
| Purchases of property and equipment                             | (2,716)                         | (1,329)  |
| Cash received on settlement of derivative financial instruments | 14                              | 23       |
| Cash paid on settlement of derivative financial instruments     | (61)                            | (66)     |
| Investments in and loans to unconsolidated affiliates           | (47)                            | (22)     |
| Cash received on loans from unconsolidated affiliates           | 13                              | 36       |
| Other, net                                                      | (8)                             | 9        |
| Net cash used in investing activities                           | (2,805)                         | (1,349)  |
| <b>Financing Activities</b>                                     |                                 |          |
| Debt proceeds                                                   | 9,358                           | 1,808    |
| Debt issuance costs                                             | (120)                           | (56)     |
| Repayments of debt                                              | (9,969)                         | (5,255)  |
| Premium on repayment of debt                                    | (290)                           | (51)     |
| Proceeds from sale of noncontrolling interest                   | —                               | 209      |
| Other, net                                                      | (49)                            | (1)      |
| Net cash used in financing activities                           | (1,070)                         | (3,346)  |
| Effect of exchange rate changes on cash and cash equivalents    | (2)                             | (1)      |
| Net decrease in cash and cash equivalents                       | (79)                            | (1,335)  |
| Cash and cash equivalents at beginning of period                | 497                             | 1,935    |
| Cash and cash equivalents at end of period                      | \$ 418                          | \$ 600   |

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

**ROYAL CARIBBEAN CRUISES LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited, in millions)

|                                                                                                            | Nine Months Ended September 30, |          |
|------------------------------------------------------------------------------------------------------------|---------------------------------|----------|
|                                                                                                            | 2024                            | 2023     |
| <b>Supplemental Disclosure</b>                                                                             |                                 |          |
| Cash paid during the period for:                                                                           |                                 |          |
| Interest, net of amount capitalized                                                                        | \$ 998                          | \$ 1,064 |
| <b>Non-cash Investing Activities</b>                                                                       |                                 |          |
| Purchase of property and equipment included in accounts payable and accrued expenses and other liabilities | \$ 52                           | \$ 24    |
| <b>Non-cash Financing Activity</b>                                                                         |                                 |          |
| Non-cash inducement on convertible notes exchange                                                          | \$ 104                          | \$ —     |

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

**ROYAL CARIBBEAN CRUISES LTD.**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(unaudited; in millions)

|                                                         | Common Stock | Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Treasury Stock | Noncontrolling Interest | Total Shareholders' Equity |
|---------------------------------------------------------|--------------|-----------------|-------------------|--------------------------------------|----------------|-------------------------|----------------------------|
| <b>Balance at July 1, 2024</b>                          | \$ 3         | \$ 7,536        | \$ 1,204          | \$ (654)                             | \$ (2,081)     | \$ 174                  | \$ 6,182                   |
| Activity related to employee stock plans                | —            | 29              | —                 | —                                    | —              | —                       | 29                         |
| Common stock dividends, \$0.40 per share                | —            | —               | (108)             | —                                    | —              | —                       | (108)                      |
| Convertible notes settlement                            | —            | 104             | —                 | —                                    | —              | —                       | 104                        |
| Changes related to cash flow derivative hedges          | —            | —               | —                 | (95)                                 | —              | —                       | (95)                       |
| Change in defined benefit plans                         | —            | —               | —                 | 6                                    | —              | —                       | 6                          |
| Foreign currency translation adjustments                | —            | —               | —                 | (10)                                 | —              | —                       | (10)                       |
| Net Income attributable to noncontrolling interest      | —            | —               | —                 | —                                    | —              | 4                       | 4                          |
| Other activity attributable to noncontrolling interest  | —            | —               | —                 | —                                    | —              | 1                       | 1                          |
| Net Income attributable to Royal Caribbean Cruises Ltd. | —            | —               | 1,111             | —                                    | —              | —                       | 1,111                      |
| <b>Balance at September 30, 2024</b>                    | \$ 3         | \$ 7,669        | \$ 2,207          | \$ (753)                             | \$ (2,081)     | \$ 179                  | \$ 7,224                   |

|                                                         | Common Stock | Paid-in Capital | (Accumulated Deficit) Retained Earnings | Accumulated Other Comprehensive Loss | Treasury Stock | Noncontrolling Interest | Total Shareholders' Equity |
|---------------------------------------------------------|--------------|-----------------|-----------------------------------------|--------------------------------------|----------------|-------------------------|----------------------------|
| <b>Balance at January 1, 2024</b>                       | \$ 3         | \$ 7,474        | \$ (10)                                 | \$ (674)                             | \$ (2,069)     | \$ 175                  | \$ 4,899                   |
| Activity related to employee stock plans                | —            | 91              | —                                       | —                                    | —              | —                       | 91                         |
| Common stock dividends, \$0.40 per share                | —            | —               | (108)                                   | —                                    | —              | —                       | (108)                      |
| Convertible notes settlement                            | —            | 104             | —                                       | —                                    | —              | —                       | 104                        |
| Changes related to cash flow derivative hedges          | —            | —               | —                                       | (82)                                 | —              | —                       | (82)                       |
| Change in defined benefit plans                         | —            | —               | —                                       | 3                                    | —              | —                       | 3                          |
| Purchase of treasury stock                              | —            | —               | —                                       | —                                    | (12)           | —                       | (12)                       |
| Net Income attributable to noncontrolling interest      | —            | —               | —                                       | —                                    | —              | 12                      | 12                         |
| Other activity attributable to noncontrolling interest  | —            | —               | —                                       | —                                    | —              | (8)                     | (8)                        |
| Net Income attributable to Royal Caribbean Cruises Ltd. | —            | —               | 2,325                                   | —                                    | —              | —                       | 2,325                      |
| <b>Balance at September 30, 2024</b>                    | \$ 3         | \$ 7,669        | \$ 2,207                                | \$ (753)                             | \$ (2,081)     | \$ 179                  | \$ 7,224                   |

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

**ROYAL CARIBBEAN CRUISES LTD.**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(unaudited; in millions)

|                                                         | Common Stock | Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Loss | Treasury Stock | Noncontrolling Interest | Total Shareholders' Equity |
|---------------------------------------------------------|--------------|-----------------|---------------------|--------------------------------------|----------------|-------------------------|----------------------------|
| <b>Balance at July 1, 2023</b>                          | \$ 3         | \$ 7,407        | \$ (1,296)          | \$ (680)                             | \$ (2,069)     | \$ 177                  | \$ 3,542                   |
| Activity related to employee stock plans                | —            | 14              | —                   | —                                    | —              | —                       | 14                         |
| Changes related to cash flow derivative hedges          | —            | —               | —                   | 20                                   | —              | —                       | 20                         |
| Change in defined benefit plans                         | —            | —               | —                   | 5                                    | —              | —                       | 5                          |
| Foreign currency translation adjustments                | —            | —               | —                   | 11                                   | —              | —                       | 11                         |
| Sale of noncontrolling interest                         | —            | 1               | —                   | —                                    | —              | —                       | 1                          |
| Noncontrolling interest                                 | —            | —               | —                   | —                                    | —              | 2                       | 2                          |
| Dividends from noncontrolling interest                  | —            | —               | —                   | —                                    | —              | (5)                     | (5)                        |
| Net Income attributable to Royal Caribbean Cruises Ltd. | —            | —               | 1,009               | —                                    | —              | —                       | 1,009                      |
| <b>Balance at September 30, 2023</b>                    | \$ 3         | \$ 7,422        | \$ (287)            | \$ (644)                             | \$ (2,069)     | \$ 174                  | \$ 4,599                   |

|                                                         | Common Stock | Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Loss | Treasury Stock | Noncontrolling Interest | Total Shareholders' Equity |
|---------------------------------------------------------|--------------|-----------------|---------------------|--------------------------------------|----------------|-------------------------|----------------------------|
| <b>Balance at January 1, 2023</b>                       | \$ 3         | \$ 7,285        | \$ (1,707)          | \$ (643)                             | \$ (2,068)     | \$ —                    | \$ 2,870                   |
| Activity related to employee stock plans                | —            | 79              | —                   | —                                    | —              | —                       | 79                         |
| Convertible notes settlement                            | —            | 12              | —                   | —                                    | —              | —                       | 12                         |
| Changes related to cash flow derivative hedges          | —            | —               | —                   | (7)                                  | —              | —                       | (7)                        |
| Change in defined benefit plans                         | —            | —               | —                   | 4                                    | —              | —                       | 4                          |
| Foreign currency translation adjustments                | —            | —               | —                   | 2                                    | —              | —                       | 2                          |
| Purchase of treasury stock                              | —            | —               | —                   | —                                    | (1)            | —                       | (1)                        |
| Sale of noncontrolling interest                         | —            | 46              | —                   | —                                    | —              | 174                     | 220                        |
| Noncontrolling interest                                 | —            | —               | —                   | —                                    | —              | 6                       | 6                          |
| Dividends from noncontrolling interest                  | —            | —               | —                   | —                                    | —              | (6)                     | (6)                        |
| Net Income attributable to Royal Caribbean Cruises Ltd. | —            | —               | 1,420               | —                                    | —              | —                       | 1,420                      |
| <b>Balance at September 30, 2023</b>                    | \$ 3         | \$ 7,422        | \$ (287)            | \$ (644)                             | \$ (2,069)     | \$ 174                  | \$ 4,599                   |

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

**ROYAL CARIBBEAN CRUISES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

*As used in this Quarterly Report on Form 10-Q, the terms "Royal Caribbean," "Royal Caribbean Group," the "Company," "we," "our" and "us" refer to Royal Caribbean Cruises Ltd. and, depending on the context, Royal Caribbean Cruises Ltd.'s consolidated subsidiaries and/or affiliates. The terms "Royal Caribbean International," "Celebrity Cruises," and "Silversea Cruises" refer to our wholly owned global cruise brands. Throughout this Quarterly Report on Form 10-Q, we also refer to our partner brands in which we hold an ownership interest, including "TUI Cruises" and "Hapag-Lloyd Cruises." However, because these partner brands are unconsolidated investments, our operating results and other disclosures herein do not include these brands unless otherwise specified. In accordance with cruise vacation industry practice, the term "berths" is determined based on double occupancy per cabin even though many cabins can accommodate three or more passengers. This Quarterly Report on Form 10-Q should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2023.*

*This Quarterly Report on Form 10-Q also includes trademarks, trade names and service marks of other companies. Use or display by us of other parties' trademarks, trade names or service marks is not intended to and does not imply a relationship with, or endorsement or sponsorship of us by, these other parties other than as described herein.*

**Note 1. General**

*Description of Business*

We are a global cruise company. We own and operate three global cruise brands: Royal Caribbean International, Celebrity Cruises and Silversea Cruises (collectively, our "Global Brands"). We also own a 50% joint venture interest in TUI Cruises GmbH ("TUI"), which operates the German brands TUI Cruises and Hapag-Lloyd Cruises (collectively, our "Partner Brands"). We account for our investments in our Partner Brands under the equity method of accounting. Together, our Global Brands and our Partner Brands have a combined fleet of 68 ships as of September 30, 2024. Our ships offer a selection of worldwide itineraries that call on more than 1,000 destinations in over 120 countries on all seven continents.

*Basis for Preparation of Consolidated Financial Statements*

The unaudited consolidated financial statements are presented pursuant to the rules and regulations of the Securities and Exchange Commission. In our opinion, these statements include all adjustments necessary for a fair statement of the results of the interim periods reported herein. Adjustments consist only of normal recurring items, except for any items discussed in the notes below. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted as permitted by such Securities and Exchange Commission rules and regulations. Estimates are required for the preparation of financial statements in accordance with these principles. Actual results could differ from these estimates. Refer to Note 2. *Summary of Significant Accounting Policies* in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2023 for a discussion of our significant accounting policies. The Company has changed its presentation from thousands to millions and, as a result, any necessary rounding adjustments have been made to prior period disclosed amounts.

All significant intercompany accounts and transactions are eliminated in consolidation. We consolidate entities over which we have control, usually evidenced by a direct ownership interest of greater than 50%, and variable interest entities where we are determined to be the primary beneficiary. Refer to Note 5. *Investments and Other Assets* for further information regarding our variable interest entities. For affiliates we do not control but over which we have significant influence on financial and operating policies, usually evidenced by a direct ownership interest from 20% to 50%, the investment is accounted for using the equity method.

**Note 2. Summary of Significant Accounting Policies**

*Recent Accounting Pronouncements*

In August 2023, the FASB issued ASU No. 2023-05, Business Combinations - Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement. This ASU provides guidance requiring a joint venture to initially measure all contributions received upon its formation at fair value. The guidance is intended to provide users of joint venture financial statements with more decision-useful information. This ASU is effective for joint venture entities with a formation date on or after January 1, 2025 on a prospective basis. Early adoption is permitted, and joint ventures formed prior to the adoption date may elect to apply the new guidance retrospectively back to their original formation date. We are currently evaluating the impact of the new guidance on our consolidated financial statements.

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. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted and the amendments should be applied retrospectively to all periods presented. We are currently evaluating the impact of these amendments on our disclosures, but this standard update will not impact our financial condition and results of operations.

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.

### **Note 3. Revenue**

#### **Revenue Recognition**

Revenues are measured based on consideration specified in our contracts with customers and are recognized as the related performance obligations are satisfied.

The majority of our revenues are derived from passenger cruise contracts which are reported within *Passenger ticket revenues* in our consolidated statements of comprehensive income (loss). Our performance obligation under these contracts is to provide a cruise vacation in exchange for the ticket price. We receive payment before we satisfy this performance obligation and recognize revenue over the duration of each cruise, which generally ranges from three to 14 nights.

*Passenger ticket revenues* include charges to our guests for port costs that vary with passenger head counts. These types of port costs, along with port costs that do not vary by passenger head counts, are included in our cruise operating expenses. The amounts of port costs charged to our guests and included within *Passenger ticket revenues* on a gross basis were \$313 million and \$252 million for the quarters ended September 30, 2024 and 2023, respectively, and \$822 million and \$682 million for the nine months ended September 30, 2024 and 2023, respectively.

Our total revenues also include *Onboard and other revenues*, which consist primarily of revenues from the sale of goods and services onboard our ships that are not included in passenger ticket prices. We receive payment before or concurrently with the transfer of these goods and services to cruise passengers and recognize revenue over the duration of the related cruise.

As a practical expedient, we have omitted disclosures on our remaining performance obligations as the duration of our contracts with customers is less than a year.

## Disaggregated Revenues

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

|                             | Quarter Ended September 30, |          | Nine Months Ended September 30, |           |
|-----------------------------|-----------------------------|----------|---------------------------------|-----------|
|                             | 2024                        | 2023     | 2024                            | 2023      |
| Revenues by itinerary       |                             |          |                                 |           |
| North America (1)           | \$ 2,862                    | \$ 2,275 | \$ 8,126                        | \$ 6,621  |
| Asia/Pacific                | 156                         | 118      | 897                             | 590       |
| Europe                      | 1,435                       | 1,375    | 2,298                           | 2,272     |
| Other regions (2)           | 184                         | 182      | 784                             | 581       |
| Total revenues by itinerary | 4,637                       | 3,950    | 12,105                          | 10,064    |
| Other revenues (3)          | 249                         | 210      | 619                             | 505       |
| Total revenues              | \$ 4,886                    | \$ 4,160 | \$ 12,724                       | \$ 10,569 |

(1) Includes the United States, Canada, Mexico and the Caribbean.

(2) Includes seasonality impacted itineraries primarily in South and Latin American countries.

(3) Includes revenues primarily related to cancellation fees, vacation protection insurance, pre- and post-cruise tours and fees for operating certain port facilities. Amounts also include revenues related to procurement and management related services we perform on behalf of our unconsolidated affiliates. Refer to Note 5. *Investments and Other Assets* for more information on our unconsolidated affiliates.

Passenger ticket revenues are attributed to geographic areas based on where the reservation originates. For the quarters and nine months ended September 30, 2024 and 2023, our guests were sourced from the following areas:

|                                   | Quarter Ended September 30, |      |
|-----------------------------------|-----------------------------|------|
|                                   | 2024                        | 2023 |
| <b>Passenger ticket revenues:</b> |                             |      |
| United States                     | 74 %                        | 72 % |
| United Kingdom                    | 8 %                         | 10 % |
| All other countries (1)           | 18 %                        | 18 % |

|                                   | Nine Months Ended September 30, |      |
|-----------------------------------|---------------------------------|------|
|                                   | 2024                            | 2023 |
| <b>Passenger ticket revenues:</b> |                                 |      |
| United States                     | 75 %                            | 74 % |
| All other countries (1)           | 25 %                            | 26 % |

(1) No other individual country's revenue exceeded 10% for the quarters and nine months ended September 30, 2024 and 2023.

## Customer Deposits and Contract Liabilities

Our payment terms generally require an upfront deposit to confirm a reservation, with the balance due prior to the cruise. Deposits received on sales of passenger cruises are initially recorded as *Customer deposits* in our consolidated balance sheets and subsequently recognized as passenger ticket revenues or onboard revenues during the duration of the cruise. 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. We do not consider customer deposits to be a contract liability until the customer no longer retains the unilateral right, resulting from the passage of time, to cancel such customer's reservation and receive a full refund. *Customer deposits* presented in our consolidated balance sheets include contract liabilities of \$2.6 billion as of September 30, 2024 and December 31, 2023, respectively.

During the pandemic we provided flexibility to guests with bookings on sailings that were cancelled by allowing guests to receive future cruise credits ("FCCs"). As of September 30, 2024, our customer deposit balance includes approximately

\$253 million of unredeemed FCCs. Our FCCs are not refundable and do not have expiration dates. Based upon our analysis of historical redemption experience, we believe a portion of our FCCs are not probable of being used in future periods. Based on our current estimates, we recognized an immaterial amount of FCC breakage revenue during the quarter and nine months ended September 30, 2024. We will continue to monitor changes in redemption behavior and estimate and record revenue associated with breakage when the likelihood of the customer exercising their remaining rights becomes remote.

#### Contract Receivables and Contract Assets

Although we generally require full payment from our customers prior to their cruise, we grant credit terms to a relatively small portion of our revenue sourced in select markets outside of the United States. As a result, we have outstanding receivables from passenger cruise contracts in those markets. We also have receivables from credit card merchants for cruise ticket purchases and goods and services sold to guests during cruises that are collected before, during or shortly after the cruise voyage. In addition, we have receivables due from concessionaires onboard our vessels. These receivables are included within *Trade and other receivables, net* in our consolidated balance sheets.

Our credit card processing agreements require us, under certain circumstances, to maintain a reserve that can be satisfied by posting collateral. As of September 30, 2024, none of our credit card processors required us to maintain a reserve.

We have contract assets that are conditional rights to consideration for satisfying the construction services performance obligations under a service concession arrangement. As of September 30, 2024 and December 31, 2023, our contract assets were \$162 million and \$167 million, respectively, and were included within *Other assets* in our consolidated balance sheets. Given the short duration of our cruises and our collection terms, we do not have any other significant contract assets.

#### Assets Recognized from the Costs to Obtain a Contract with a Customer

Prepaid travel advisor commissions and prepaid credit and debit card fees are an incremental cost of obtaining contracts with customers that we recognize as an asset and include within *Prepaid expenses and other assets* in our consolidated balance sheets. Prepaid travel advisor commissions and prepaid credit and debit card fees were \$263 million as of September 30, 2024 and \$257 million as of December 31, 2023. Our prepaid travel advisor commissions and prepaid credit and debit card fees are recognized at the time of revenue recognition or at the time of voyage cancellation, and are reported primarily within *Commissions, transportation and other* in our consolidated statements of comprehensive income (loss).

#### Note 4. Earnings Per Share

Basic and diluted earnings per share is as follows (in millions, except per share data):

|                                                                                        | Quarter Ended September 30, |          | Nine Months Ended September 30, |          |
|----------------------------------------------------------------------------------------|-----------------------------|----------|---------------------------------|----------|
|                                                                                        | 2024                        | 2023     | 2024                            | 2023     |
| Net Income attributable to Royal Caribbean Cruises Ltd. for basic earnings per share   | \$ 1,111                    | \$ 1,009 | \$ 2,325                        | \$ 1,420 |
| Add convertible notes interest and inducement expense                                  | —                           | 20       | 169                             | 68       |
| Net Income attributable to Royal Caribbean Cruises Ltd. for diluted earnings per share | 1,111                       | 1,029    | 2,494                           | 1,488    |
| Weighted-average common shares outstanding                                             | 263                         | 256      | 259                             | 256      |
| Dilutive effect of stock-based awards                                                  | 1                           | 1        | 1                               | 1        |
| Dilutive effect of convertible notes                                                   | —                           | 25       | 20                              | 27       |
| Diluted weighted-average shares outstanding                                            | 264                         | 282      | 280                             | 284      |
| Basic earnings per share                                                               | \$ 4.22                     | \$ 3.94  | \$ 8.98                         | \$ 5.55  |
| Diluted earnings per share                                                             | \$ 4.21                     | \$ 3.65  | \$ 8.91                         | \$ 5.24  |

There were no antidilutive shares for the quarter ended September 30, 2023, and nine months ended September 30, 2024 and 2023, compared to 14,706,077 antidilutive shares from our convertible notes for the quarter ended September 30, 2024.

## Note 5. Investments and Other Assets

A Variable Interest Entity ("VIE") is an entity in which the equity investors have not provided enough equity to finance the entity's activities or the equity investors: (1) cannot directly or indirectly make decisions about the entity's activities through their voting rights or similar rights; (2) do not have the obligation to absorb the expected losses of the entity; (3) do not have the right to receive the expected residual returns of the entity; or (4) have voting rights that are not proportionate to their economic interests and the entity's activities involve or are conducted on behalf of an investor with a disproportionately small voting interest. We hold equity interests in ventures related to our cruise operations. We account for the majority of these investments as either an equity method investment or a controlled subsidiary.

In 2023, we closed on the partnership agreement with iCON Infrastructure Partners VI, L.P. ("iCON"). This partnership owns, develops, and manages cruise terminal facilities and infrastructure in key ports of call, initially including several development projects in Italy and Spain. As part of the transaction with iCON we also sold 80% of the entity which owns our terminal at PortMiami. Refer below to *equity method investments* and *controlled subsidiaries* for further information on the transaction. In addition, the partnership will pursue additional port infrastructure developments, including future plans to own, develop, and manage an infrastructure project in the U.S. Virgin Islands.

### *Unconsolidated investments ("equity method investments")*

We have determined that TUI Cruises GmbH ("TUIC"), our 50%-owned joint venture, which operates the brands TUI Cruises and Hapag-Lloyd Cruises, is a VIE. We have determined that we are not the primary beneficiary of TUIC. We believe that the power to direct the activities that most significantly impact TUIC's economic performance is shared between ourselves and TUI AG, our joint venture partner. All the significant operating and financial decisions of TUIC require the consent of both parties, which we believe creates shared power over TUIC. Accordingly, we do not consolidate this entity and account for this investment under the equity method of accounting.

As of September 30, 2024, the net book value of our investment in TUIC was \$820 million, primarily consisting of \$744 million in equity and a loan of €59 million, or approximately \$66 million based on the exchange rate at September 30, 2024. As of December 31, 2023, the net book value of our investment in TUIC was \$657 million, primarily consisting of \$566 million in equity and a loan of €71 million, or approximately \$79 million based on the exchange rate at December 31, 2023. The loan, which was made in connection with the sale of *Splendour of the Seas* in April 2016, accrues interest at a rate of 6.25% per annum and is payable over 10 years. This loan is 50% guaranteed by TUI AG and is secured by a first priority mortgage on the ship.

TUIC has various ship construction and financing agreements which include certain restrictions on each of our and TUI AG's ability to reduce our current ownership interest in TUIC below 37.55% through May 2033. Our investment amount and outstanding term loan are substantially our maximum exposure to loss in connection with our investment in TUIC.

We have determined that Grand Bahama Shipyard Ltd. ("Grand Bahama"), a ship repair and maintenance facility in which we have a 40% noncontrolling interest, is a VIE. This facility serves cruise and cargo ships, oil and gas tankers and offshore units. We utilize this facility, among other ship repair facilities, for our regularly scheduled drydocks and certain emergency repairs as may be required. We have determined that we are not the primary beneficiary of this facility as we do not have the power to direct the activities that most significantly impact the facility's economic performance. Accordingly, we do not consolidate this entity and account for this investment under the equity method of accounting.

In 2023, we formed a 50%-owned joint venture with the other 40% shareholder of Grand Bahama to operate Floating Docks S. DE RL ("Floating Docks"). Floating Docks will construct two floating drydocks, with delivery dates expected in 2025 and 2026, that will be leased to Grand Bahama and allow it to service the entire range of cruise ships in operation and under construction, as well as much of the world's commercial shipping fleet. We and our joint venture partner have each guaranteed 50% of certain installment payments payable by Floating Docks under the drydock and related construction contracts, which are contingent on the achievement of certain construction milestones, bringing our total payment guarantees to \$41 million as of September 30, 2024. Our investment in Floating Docks, including loans, is immaterial to our consolidated financial statements as of September 30, 2024.

We have determined that Floating Docks is a VIE. We have determined that we are not the primary beneficiary of Floating Docks since we believe that the power to direct the activities that most significantly impact Floating Docks' economic performance is shared between ourselves and our joint venture partner. All the significant operating and financial decisions of Floating Docks require the consent of both parties which we believe creates shared power over Floating Docks. Accordingly, we do not consolidate this entity and account for this investment under the equity method of accounting.

In 2023, as part of the transaction with iCON, we sold our controlling interest in two Italian entities for an immaterial amount of net proceeds and recognized an immaterial gain on the sale. We have determined that the partnership and both Italian

entities are VIEs. These entities in Italy represent development projects to own, develop, and manage cruise terminal facilities in key ports of call. We have determined that we are not the primary beneficiary for either of these entities as we do not have the power to direct the activities that most significantly impact the economic performance. Accordingly, we do not consolidate these entities and account for these investments under the equity method of accounting.

The following tables set forth information regarding our investments accounted for under the equity method of accounting, including the entities discussed above (in millions):

|                                         | Quarter Ended September 30, |       | Nine Months Ended September 30, |        |
|-----------------------------------------|-----------------------------|-------|---------------------------------|--------|
|                                         | 2024                        | 2023  | 2024                            | 2023   |
| Share of equity income from investments | \$ 106                      | \$ 87 | \$ 203                          | \$ 149 |

|                                                    | As of September 30, |  | As of December 31, 2023 |  |
|----------------------------------------------------|---------------------|--|-------------------------|--|
|                                                    | 2024                |  |                         |  |
| Total notes receivable due from equity investments | \$ 133              |  | \$ 105                  |  |
| Less-current portion (1)                           | 18                  |  | 19                      |  |
| Long-term portion (2)                              | \$ 115              |  | \$ 86                   |  |

(1) Included within *Trade and other receivables, net* in our consolidated balance sheets.

(2) Included within *Other assets* in our consolidated balance sheets.

#### *Consolidated investments ("controlled subsidiaries")*

As part of the transaction with iCON, we sold an 80% interest in the entity which owns our terminal at PortMiami for \$209 million and retained a 20% minority interest, effective March 31, 2023. We also sold a noncontrolling interest in another entity which is developing a port project in Spain for an immaterial amount. We have determined that both of these entities are VIEs, and we are the primary beneficiary as we have the power to direct the activities that most significantly impact the facility's economic performance. Accordingly, we continue to consolidate both entities. The cash consideration received for the sale of the PortMiami terminal company, net of transaction costs, was allocated between paid-in capital and noncontrolling interest using the net book value of our investment in the PortMiami terminal, as presented in the statement of shareholders' equity.

#### *Other Assets*

#### *Credit Losses*

In evaluating our credit loss allowance, management considered factors such as historical loss experience, the types of loans and the amount of loans in the loan portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, peer group information and prevailing economic conditions. Our credit loss allowance as of September 30, 2024 and 2023 primarily relates to credit losses recognized on notes receivable for the previous sale of certain property and equipment of \$42 million and \$63 million, respectively, which were originated in 2015 and 2020.

The following table summarizes our credit loss allowance related to receivables (in millions):

|                              | Nine Months Ended September 30, |       |
|------------------------------|---------------------------------|-------|
|                              | 2024                            | 2023  |
| Balance, beginning of period | \$ 49                           | \$ 83 |
| Credit loss (recovery), net  | 1                               | (10)  |
| Write-offs                   | —                               | (3)   |
| Balance, end of period       | \$ 50                           | \$ 70 |

## Note 6. Debt

Debt consists of the following (in millions):

|                                                           | Weighted Average Rate <sup>(1)</sup> | Maturities Through | As of September 30, 2024 | As of December 31, 2023 |
|-----------------------------------------------------------|--------------------------------------|--------------------|--------------------------|-------------------------|
| <b>Fixed rate debt:</b>                                   |                                      |                    |                          |                         |
| Unsecured senior notes                                    | 5.59%                                | 2026 - 2033        | \$ 9,699                 | \$ 7,899                |
| Secured senior notes                                      | —%                                   | 2029               | —                        | 1,000                   |
| Unsecured term loans                                      | 3.25%                                | 2027 - 2036        | 8,024                    | 6,569                   |
| Convertible notes                                         | 6.00%                                | 2025               | 323                      | 1,150                   |
| <b>Total fixed rate debt</b>                              |                                      |                    | <b>18,046</b>            | <b>16,618</b>           |
| <b>Variable rate debt:</b>                                |                                      |                    |                          |                         |
| Unsecured revolving credit facilities <sup>(2)</sup>      | 6.48%                                | 2026 - 2028        | 210                      | 899                     |
| USD unsecured term loan                                   | 6.52%                                | 2024 - 2037        | 2,522                    | 3,666                   |
| Euro unsecured term loan                                  | 4.95%                                | 2028               | 261                      | 443                     |
| <b>Total variable rate debt</b>                           |                                      |                    | <b>2,993</b>             | <b>5,008</b>            |
| <b>Finance lease liabilities</b>                          |                                      |                    | <b>350</b>               | <b>369</b>              |
| <b>Total debt <sup>(3)</sup></b>                          |                                      |                    | <b>21,389</b>            | <b>21,995</b>           |
| Less: unamortized debt issuance costs                     |                                      |                    | (549)                    | (543)                   |
| <b>Total debt, net of unamortized debt issuance costs</b> |                                      |                    | <b>20,840</b>            | <b>21,452</b>           |
| Less—current portion                                      |                                      |                    | (1,868)                  | (1,720)                 |
| <b>Long-term portion</b>                                  |                                      |                    | <b>\$ 18,972</b>         | <b>\$ 19,732</b>        |

(1) Weighted average interest rates are based on outstanding loan balance as of September 30, 2024, and for variable rate debt include either EURIBOR or Term SOFR plus the applicable margin.

(2) Advances under our unsecured revolving credit facilities accrue interest at Term SOFR plus a 0.10% credit adjustment spread plus an interest rate margin of 1.33%. Based on applicable Term SOFR rates, as of September 30, 2024, the interest rate under the unsecured credit facilities was 6.28%. We also pay a facility fee of 0.17% of the total commitments under such facility.

(3) At September 30, 2024 and December 31, 2023, the weighted average interest rate for total debt was 5.27% and 6.06%, respectively.

### Unsecured revolving credit facilities

As of September 30, 2024 our aggregate revolving credit capacity is \$3.7 billion of which \$1.86 billion of the commitments are scheduled to mature in October 2026 and \$1.86 billion of the commitments are scheduled to mature in October 2028. As of September 30, 2024, we had undrawn capacity of \$3.5 billion under our unsecured revolving credit facilities.

### Debt financing transactions

In March 2024, we issued \$1.25 billion of senior unsecured notes due in 2032 for net proceeds of approximately \$1.24 billion. Interest accrues on the notes at a fixed rate of 6.25% per annum and is payable semi-annually in arrears. The proceeds from this notes issuance, together with cash on hand, were used to redeem all of the outstanding \$1.25 billion aggregate principal amount of 11.625% Senior Notes due 2027. The repayment resulted in a loss on extinguishment of debt of \$116 million that was recognized within *Interest expense, net of interest capitalized* within our consolidated statements of comprehensive income (loss) for the nine months ended September 30, 2024.

In August 2024, we issued \$2.0 billion of senior unsecured notes due in 2033 for net proceeds of approximately \$1.98 billion. Interest accrues on the notes at a fixed rate of 6.00% per annum and is payable semi-annually in arrears. The proceeds from this notes issuance were used to redeem all of our outstanding \$1.0 billion aggregate principal of 9.25% Senior Notes due 2029 and all of our outstanding \$1.0 billion aggregate principal amount of 8.25% Senior secured notes due 2029. The

repayment resulted in a loss on extinguishment of debt of \$142 million that was recognized within *Interest expense, net of interest capitalized* within our consolidated statements of comprehensive income (loss) for the quarter and nine months ended September 30, 2024.

In August 2024, we completed a privately negotiated exchange with a limited number of holders of the 6.00% Convertible Senior Notes due 2025. The holders exchanged approximately \$827 million in aggregate principal amount for approximately 11.4 million shares of common stock and \$827 million in cash, including accrued and unpaid interest. The convertible notes exchange resulted in an induced conversion expense of \$119 million that was recognized within *Interest expense, net of interest capitalized* within our consolidated statements of comprehensive income (loss) for the quarter and nine months ended September 30, 2024.

In September 2024, we issued \$1.5 billion of senior unsecured notes due in 2031 for net proceeds of approximately \$1.49 billion in order to repay indebtedness. Interest accrues on the notes at a fixed rate 5.63% per annum and is payable semi-annually in arrears. Concurrently, we redeemed all of our outstanding \$700 million aggregate principal amount of our 7.25% Senior Notes due 2030. The repayment resulted in a loss on extinguishment of debt of \$61 million that was recognized within *Interest expense, net of interest capitalized* within our consolidated statements of comprehensive income (loss) for the quarter and nine months ended September 30, 2024.

#### *Export credit facilities and agency guarantees*

In May 2024, we took delivery of *Silver Ray*. To finance the delivery, we borrowed \$507 million under the committed financing agreement, resulting in an unsecured term loan which is 95% guaranteed by Euler Hermes. The unsecured loan amortizes semi-annually over 12 years and bears interest at a fixed rate of 4.33% per annum.

In June 2024, we took delivery of *Utopia of the Seas*. To finance the delivery, we borrowed a total of \$1.5 billion under the committed financing agreement, resulting in an unsecured term loan which is 100% guaranteed by Bpifrance Assurance Export. The unsecured term loan amortizes semi-annually over 12 years and bears interest primarily at a fixed rate of 3.00% per annum.

During the second quarter of 2024, we repaid \$839 million of outstanding deferred amounts under our export credit facilities. These repayments included both scheduled payments and an early repayment of the amortization deferral obtained on our export credit facilities in 2020 and 2021, which resulted in an immaterial loss on extinguishment of debt that was recognized within *Interest expense, net of interest capitalized* within our consolidated statements of comprehensive income (loss) for the nine months ended September 30, 2024.

Except for the term loan we incurred to acquire *Silver Moon*, all of our unsecured ship financing term loans are guaranteed by the export credit agency in the respective country in which the ship is constructed. For the majority of the loans as of September 30, 2024, we pay to the applicable export credit agency, depending on the financing agreement, an upfront fee of 2.35% to 5.48% of the maximum loan amount in consideration for these guarantees. We amortize the fees that are paid upfront over the life of the loan. We classify these fees within *Amortization of debt issuance costs, discounts and premiums* in our consolidated statements of cash flows. Prior to the loan being drawn, we present these fees within *Other assets* in our consolidated balance sheets. Once the loan is drawn, such fees are classified as a discount to the related loan, or contra-liability account, within *Current portion of long-term debt* or *long-term debt*.

#### *Debt covenants*

Our revolving credit facilities, the majority of our term loans, and certain of our credit card processing agreements, contain covenants that require us, among other things, to maintain a fixed charge coverage ratio, limit our net debt-to-capital ratio, and to maintain minimum liquidity. In July 2024, we amended all of our export credit facilities to eliminate the contractual requirement for us to maintain a minimum level of stockholders' equity. As of September 30, 2024, we were in compliance with our debt covenants and we estimate we will be in compliance for the next twelve months.

The following is a schedule of annual maturities on our total debt, including finance leases, as of September 30, 2024 for each of the next five years (in millions):

| Year              | As of September 30, 2024 <sup>(1)</sup> |
|-------------------|-----------------------------------------|
| Remainder of 2024 | \$ 717                                  |
| 2025              | 1,613                                   |
| 2026              | 2,937                                   |
| 2027              | 2,609                                   |
| 2028              | 3,414                                   |
| Thereafter        | 10,099                                  |
|                   | <u>\$ 21,389</u>                        |

(1) Debt denominated in other currencies is calculated based on the applicable exchange rate at September 30, 2024.

## Note 7. Leases

### Operating Leases

Our operating leases primarily relate to preferred berthing arrangements, real estate, and shipboard equipment which are included within *Operating lease right-of-use assets*, and *Long-term operating lease liabilities* with the current portion of the liability included within *Current portion of operating lease liabilities* in our consolidated balance sheets as of September 30, 2024 and December 31, 2023. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet. We recognize lease expense for these leases on a straight-line basis over the lease term.

The company's preferred berthing agreement with Miami-Dade County ("County") includes the development plans for the County to finance the construction of a new and improved cruise Terminal Gat PortMiami. The aggregate amount of the operating lease liabilities recorded for this berthing agreement was \$167 million as of September 30, 2024 and December 31, 2023. There will be future remeasurements of the operating lease as the County completes several construction milestones throughout the term of the extended lease, including an expected remeasurement in 2027 or later, when the County satisfies substantial completion of Terminal G, as the minimum lease payments will increase at such time to approximately \$55 million per year, with expected 3% annual increases thereafter.

For some of our real estate leases and berthing agreements, we do have the option to extend our current lease term. For those lease agreements with renewal options, the renewal periods for real estate leases primarily range from one to 10 years and the renewal periods for berthing agreements primarily range from one to 20 years. Generally, we do not include renewal options as a component of our present value calculation for berthing agreements. However, for certain real estate leases, we include them.

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate in determining the present value of lease payments. We estimate our incremental borrowing rates based on Term SOFR and U.S. Treasury note rates corresponding to lease terms increased by the Company's credit risk spread and reduced by the estimated impact of collateral. In addition, we have lease agreements with lease and non-lease components, which are generally accounted for separately. However, for berthing agreements, we account for the lease and non-lease components as a single lease component.

### Finance Leases

Our finance leases primarily relate to buildings and surrounding land located at our Miami headquarters and our lease for *Silver Dawn*. Finance leases are included within *Property and Equipment, net* and *Long-term debt* with the current portion of the liability included within *Current portion of long-term debt* in our consolidated balance sheets as of September 30, 2024 and December 31, 2023.

The Company's master lease agreement ("Master Lease") with Miami-Dade County related to the buildings and surrounding land located at our Miami headquarters is classified as a finance lease in accordance with ASC 842, *Leases*. The Master Lease includes two five-year options to extend the lease, which we are reasonably certain to exercise. In November 2023, we executed a modification to the Master Lease agreement to extend its expiration from 2076 to 2077 after coming to an agreement with Miami-Dade County on the financing plans to finalize the development of the buildings and land. The modification of the Master Lease did not change the classification of the lease. The total aggregate amount of the finance lease liabilities recorded for this Master Lease was \$106 million and \$104 million as of September 30, 2024 and December 31, 2023, respectively. The development of the new campus buildings are expected to be completed in 2026, and the lease components will be recorded within our consolidated financial statements upon commencement.

Silversea Cruises operates *Silver Dawn* under a sale-leaseback agreement with a bargain purchase option at the end of the 15-year lease term. Due to the bargain purchase option at the end of the lease term in 2036, whereby Silversea Cruises is reasonably certain of obtaining ownership of the ship, *Silver Dawn* is accounted for as a finance lease. On September 26, 2024, we submitted an irrevocable notice to execute the bargain purchase option and pay in full all of the outstanding aggregate principal amount of the *Silver Dawn* finance lease for approximately \$232 million, which is scheduled for November 25, 2024.

The aggregate amount of finance lease liabilities recorded for this ship was \$232 million and \$246 million as of September 30, 2024 and December 31, 2023, respectively. The lease payments on the *Silver Dawn* are subject to adjustments based on the Term SOFR rate.

The components of lease expense were as follows (in millions):

|                                     | Consolidated Statement of Comprehensive Income (Loss)<br>Classification | Quarter Ended September<br>30, 2024 | Nine Months Ended<br>September 30, 2024 |
|-------------------------------------|-------------------------------------------------------------------------|-------------------------------------|-----------------------------------------|
| Lease costs:                        |                                                                         |                                     |                                         |
| Operating lease costs               | Commission, transportation and other                                    | \$ 38                               | \$ 151                                  |
| Operating lease costs               | Other operating expenses                                                | 4                                   | 11                                      |
| Operating lease costs               | Marketing, selling and administrative expenses                          | 5                                   | 14                                      |
| Financial lease costs:              |                                                                         |                                     |                                         |
| Amortization of right-of-use-assets | Depreciation and amortization expenses                                  | 3                                   | 10                                      |
| Interest on lease liabilities       | Interest expense, net of interest capitalized                           | 7                                   | 22                                      |
| Total lease costs                   |                                                                         | <u>\$ 57</u>                        | <u>\$ 208</u>                           |

|                                     | Consolidated Statement of Comprehensive Income (Loss)<br>Classification | Quarter Ended September<br>30, 2023 | Nine Months Ended<br>September 30, 2023 |
|-------------------------------------|-------------------------------------------------------------------------|-------------------------------------|-----------------------------------------|
| Lease costs:                        |                                                                         |                                     |                                         |
| Operating lease costs               | Commission, transportation and other                                    | \$ 33                               | \$ 128                                  |
| Operating lease costs               | Other operating expenses                                                | 6                                   | 17                                      |
| Operating lease costs               | Marketing, selling and administrative expenses                          | 5                                   | 16                                      |
| Financial lease costs:              |                                                                         |                                     |                                         |
| Amortization of right-of-use-assets | Depreciation and amortization expenses                                  | 6                                   | 17                                      |
| Interest on lease liabilities       | Interest expense, net of interest capitalized                           | 8                                   | 22                                      |
| Total lease costs                   |                                                                         | <u>\$ 58</u>                        | <u>\$ 200</u>                           |

In addition, certain of our berthing agreements include variable lease costs based on the number of passengers berthed. During the quarter and nine months ended September 30, 2024, we had \$13 million and \$92 million of variable lease costs recorded within *Commission, transportation and other* in our consolidated statement of comprehensive income (loss), respectively, compared to \$13 million and \$72 million of variable lease costs recorded within *Commission, transportation and other* in our consolidated statement of comprehensive income (loss) during the quarter and nine months ended September 30, 2023, respectively. These variable lease costs are included within the balances presented above.

The weighted average of the remaining lease terms and weighted average discount rates are as follows:

|                                                       | As of September 30, 2024 | As of December 31, 2023 |
|-------------------------------------------------------|--------------------------|-------------------------|
| Weighted average of the remaining lease term in years |                          |                         |
| Operating leases                                      | 18.65                    | 19.43                   |
| Finance leases                                        | 24.04                    | 23.92                   |
| Weighted average discount rate                        |                          |                         |
| Operating leases                                      | 7.28 %                   | 7.53 %                  |
| Finance leases                                        | 5.86 %                   | 5.83 %                  |

Supplemental cash flow information related to leases is as follows (in millions):

|                                                                         | Nine Months Ended September 30, 2024 | Nine Months Ended September 30, 2023 |
|-------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Cash paid for amounts included in the measurement of lease liabilities: |                                      |                                      |
| Operating cash flows from operating leases                              | \$ 178                               | \$ 131                               |
| Operating cash flows from finance leases                                | \$ 22                                | \$ 22                                |
| Financing cash flows from finance leases                                | \$ 19                                | \$ 25                                |

As of September 30, 2024, maturities related to lease liabilities were as follows (in millions):

| Year                               | Operating Leases | Finance Leases |
|------------------------------------|------------------|----------------|
| Remainder of 2024                  | \$ 31            | \$ 239         |
| 2025                               | 113              | 15             |
| 2026                               | 107              | 10             |
| 2027                               | 104              | 9              |
| 2028                               | 100              | 9              |
| Thereafter                         | 1,062            | 495            |
| Total lease payments               | 1,517            | 777            |
| Less: Interest                     | (801)            | (427)          |
| Present value of lease liabilities | \$ 716           | \$ 350         |

#### Note 8. Commitments and Contingencies

##### Ship Purchase Obligations

Our future capital commitments consist primarily of new ship orders. As of September 30, 2024, the dates that the ships on order by our Global and Partner Brands are expected to be delivered, subject to change in the event of construction delays, and their approximate berths are as follows:

| Ship                              | Shipyard                  | Expected delivery | Approximate Berths |
|-----------------------------------|---------------------------|-------------------|--------------------|
| Royal Caribbean International —   |                           |                   |                    |
| Icon-class:                       |                           |                   |                    |
| <i>Star of the Seas</i>           | Meyer Turku Oy            | 3rd Quarter 2025  | 5,600              |
| <i>Unnamed</i>                    | Meyer Turku Oy            | 2nd Quarter 2026  | 5,600              |
| Celebrity Cruises —               |                           |                   |                    |
| Edge-class:                       |                           |                   |                    |
| <i>Celebrity Xcel</i>             | Chantiers de l'Atlantique | 4th Quarter 2025  | 3,250              |
| TUI Cruises (50% joint venture) — |                           |                   |                    |
| <i>Mein Schiff Relax</i>          | Fincantieri               | 1st Quarter 2025  | 4,100              |
| <i>Unnamed</i>                    | Fincantieri               | 2nd Quarter 2026  | 4,100              |
| Total Berths                      |                           |                   | 22,650             |

In addition, during 2024, we entered into an agreement with Meyer Turku Oy and Chantiers de l'Atlantique to build a fourth Icon class ship and a seventh Oasis class ship for delivery 2027 and 2028, respectively. Both agreements are contingent upon completion of certain conditions precedent including financing.

As of September 30, 2024, the aggregate cost of our ships on order presented in the table above, not including any ships on order by our Partner Brands, was approximately \$5.9 billion, of which we had deposited \$619 million as of such date. Refer to Note 11. *Fair Value Measurements and Derivative Instruments* for further information.

#### Litigation

As previously reported, a lawsuit was filed against us in August 2019 in the U.S. District Court for the Southern District of Florida (the "Court") under Title III of the Cuban Liberty and Democratic Solidarity Act, also known as the Helms-Burton Act. The complaint filed by Havana Docks Corporation ("Havana Docks Action") alleges it holds an interest in the Havana Cruise Port Terminal that was expropriated by the Cuban government. The complaint further alleges that we trafficked in the terminal by embarking and disembarking passengers at these facilities. The plaintiff seeks all available statutory remedies, including the value of the expropriated property, plus interest, treble damages, attorneys' fees and costs.

The Court entered final judgment in December 2022 in favor of the plaintiff and awarded damages and attorneys' fees to the plaintiff in the aggregate amount of approximately \$112 million. We appealed the judgment to the United States Court of Appeals for the 11th Circuit. On October 22, 2024, the 11th Circuit issued an opinion that overturned the lower court's judgment. The plaintiff has the right to petition for a rehearing by the full 11th Circuit or to appeal to the United States Supreme Court. During the fourth quarter of 2022, we recorded a charge of approximately \$130.0 million to *Other expense* within our consolidated statements of comprehensive income (loss) related to the Havana Docks Action, including post-judgment interest and related legal defense costs and bonding fees.

In addition, we are routinely involved in claims typical within the cruise vacation industry. The majority of these claims are covered by insurance. We believe the outcome of such claims, net of expected insurance recoveries, will not have a material adverse impact on our financial condition or results of operations and cash flows.

#### Other

Some of the contracts that we enter into include indemnification provisions that obligate us to make payments to the counterparty if certain events occur. These contingencies generally relate to changes in taxes, increased lender capital costs and other similar costs. The indemnification clauses are often standard contractual terms and are entered into in the normal course of business. There are no stated or notional amounts included in the indemnification clauses and we are not able to estimate the maximum potential amount of future payments, if any, under these indemnification clauses. We have not been required to make any payments under such indemnification clauses in the past and, under current circumstances, we do not believe an indemnification in any material amount is probable.

If any person acquires ownership of more than 50% of our common stock or, subject to certain exceptions, during any 24-month period, a majority of our board of directors is no longer comprised of individuals who were members of our board of directors on the first day of such period, we may be obligated to prepay indebtedness outstanding under our credit facilities, which we may be unable to replace on similar terms. Our public debt securities also contain change of control provisions that

would be triggered by a third-party acquisition of greater than 50% of our common stock coupled with a ratings downgrade. If this were to occur, it would have an adverse impact on our liquidity and operations.

In September 2024, we entered into agreements to acquire the Port of Costa Maya and adjacent land in Mahahual, Mexico for approximately \$292 million. The transaction is expected to close in the first half of 2025, subject to regulatory approval and customary closing conditions.

## Note 9. Shareholders' Equity

### Dividends

During the quarter ended September 30, 2024, we declared a cash dividend on our common stock of \$0.40 per share, which was paid on October 11, 2024. We did not declare any dividends during the nine months ended September 30, 2023. We were previously restricted under our export credit facilities from paying dividends. During the second quarter of 2024, we repaid the principal amounts deferred under our export credit facilities, which eliminated the restriction on dividends and share repurchases. Refer to Note 6. *Debt* for further information on the transaction.

## Note 10. Changes in Accumulated Other Comprehensive Loss

The following table presents the changes in accumulated other comprehensive loss by component for the nine months ended September 30, 2024 and 2023 (in millions):

|                                                                | Accumulated Other Comprehensive Loss for the Nine Months Ended September 30, 2024 |                                  |                                          |                                      | Accumulated Other Comprehensive Loss for the Nine Months Ended September 30, 2023 |                                  |                                          |                                      |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------|----------------------------------|------------------------------------------|--------------------------------------|-----------------------------------------------------------------------------------|----------------------------------|------------------------------------------|--------------------------------------|
|                                                                | Changes related to cash flow derivative hedges                                    | Changes in defined benefit plans | Foreign currency translation adjustments | Accumulated other comprehensive loss | Changes related to cash flow derivative hedges                                    | Changes in defined benefit plans | Foreign currency translation adjustments | Accumulated other comprehensive loss |
| Accumulated comprehensive loss at beginning of the year        | \$ (666)                                                                          | \$ (2)                           | \$ (6)                                   | \$ (674)                             | \$ (638)                                                                          | \$ (8)                           | \$ 3                                     | \$ (643)                             |
| Other comprehensive income (loss) before reclassifications     | (46)                                                                              | 3                                | —                                        | (43)                                 | 6                                                                                 | 4                                | 2                                        | 12                                   |
| Amounts reclassified from accumulated other comprehensive loss | (36)                                                                              | —                                | —                                        | (36)                                 | (13)                                                                              | —                                | —                                        | (13)                                 |
| Net current-period other comprehensive income (loss)           | (82)                                                                              | 3                                | —                                        | (79)                                 | (7)                                                                               | 4                                | 2                                        | (1)                                  |
| Ending balance                                                 | <u>\$ (748)</u>                                                                   | <u>\$ 1</u>                      | <u>\$ (6)</u>                            | <u>\$ (753)</u>                      | <u>\$ (645)</u>                                                                   | <u>\$ (4)</u>                    | <u>\$ 5</u>                              | <u>\$ (644)</u>                      |

The following table presents reclassifications out of accumulated other comprehensive loss for the quarters and nine months ended September 30, 2024 and 2023 (in millions):

| Details About Accumulated Other Comprehensive Loss Components | Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income |                                  |                                      |                                      | Affected Line Item in Statements of Comprehensive Income (Loss) |
|---------------------------------------------------------------|------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|-----------------------------------------------------------------|
|                                                               | Quarter Ended September 30, 2024                                                         | Quarter Ended September 30, 2023 | Nine Months Ended September 30, 2024 | Nine Months Ended September 30, 2023 |                                                                 |
| Gain (loss) on cash flow derivative hedges:                   |                                                                                          |                                  |                                      |                                      |                                                                 |
| Interest rate swaps                                           | \$ 11                                                                                    | \$ 15                            | \$ 36                                | \$ 35                                | Interest expense, net of interest capitalized                   |
| Foreign currency forward contracts                            | (6)                                                                                      | (4)                              | (17)                                 | (13)                                 | Depreciation and amortization expenses                          |
| Foreign currency forward contracts                            | —                                                                                        | —                                | —                                    | (10)                                 | Other (expense) income                                          |
| Fuel swaps                                                    | 3                                                                                        | 16                               | 17                                   | 1                                    | Fuel                                                            |
|                                                               | <u>\$ 8</u>                                                                              | <u>\$ 27</u>                     | <u>\$ 36</u>                         | <u>\$ 13</u>                         |                                                                 |

## Note 11. Fair Value Measurements and Derivative Instruments

### Fair Value Measurements

The estimated fair value of our financial instruments that are not measured at fair value, categorized based upon the fair value hierarchy, are as follows (in millions):

| Description                                                       | Fair Value Measurements at September 30, 2024 |                  |                        |                        |                        | Fair Value Measurements at December 31, 2023 |                  |                        |                        |                        |
|-------------------------------------------------------------------|-----------------------------------------------|------------------|------------------------|------------------------|------------------------|----------------------------------------------|------------------|------------------------|------------------------|------------------------|
|                                                                   | Total Carrying Amount                         | Total Fair Value | Level 1 <sup>(1)</sup> | Level 2 <sup>(2)</sup> | Level 3 <sup>(3)</sup> | Total Carrying Amount                        | Total Fair Value | Level 1 <sup>(1)</sup> | Level 2 <sup>(2)</sup> | Level 3 <sup>(3)</sup> |
| <b>Assets:</b>                                                    |                                               |                  |                        |                        |                        |                                              |                  |                        |                        |                        |
| Cash and cash equivalents <sup>(4)</sup>                          | \$ 418                                        | \$ 418           | \$ 418                 | \$ —                   | \$ —                   | \$ 497                                       | \$ 497           | \$ 497                 | \$ —                   | \$ —                   |
| <b>Total Assets</b>                                               | <u>\$ 418</u>                                 | <u>\$ 418</u>    | <u>\$ 418</u>          | <u>\$ —</u>            | <u>\$ —</u>            | <u>\$ 497</u>                                | <u>\$ 497</u>    | <u>\$ 497</u>          | <u>\$ —</u>            | <u>\$ —</u>            |
| <b>Liabilities:</b>                                               |                                               |                  |                        |                        |                        |                                              |                  |                        |                        |                        |
| Long-term debt (including current portion of debt) <sup>(5)</sup> | \$ 20,490                                     | \$ 21,968        | \$ —                   | \$ 21,968              | \$ —                   | \$ 21,083                                    | \$ 23,700        | \$ —                   | \$ 23,700              | \$ —                   |
| <b>Total Liabilities</b>                                          | <u>\$ 20,490</u>                              | <u>\$ 21,968</u> | <u>\$ —</u>            | <u>\$ 21,968</u>       | <u>\$ —</u>            | <u>\$ 21,083</u>                             | <u>\$ 23,700</u> | <u>\$ —</u>            | <u>\$ 23,700</u>       | <u>\$ —</u>            |

(1) Inputs based on quoted prices (unadjusted) 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.

(2) Inputs other than quoted prices included within Level 1 that are observable for the liability, either directly or indirectly. For unsecured revolving credit facilities and unsecured term loans, fair value is determined utilizing the income valuation approach. This valuation model takes into account the contract terms of our debt such as the debt maturity and the interest rate on the debt. The valuation model also takes into account the creditworthiness of the Company. We valued our senior notes and convertible notes using a quoted market price, which is considered a Level 2 input as it is observable in the market; however, these instruments have a limited trading volume and as such this fair value estimate is not necessarily indicative of the value at which the instruments could be retired or transferred.

(3) Inputs that are unobservable. The Company did not use any Level 3 inputs as of September 30, 2024 and December 31, 2023.

(4) Consists of cash and marketable securities with original maturities of less than 90 days.

(5) Consists of unsecured revolving credit facilities, senior notes, term loans and convertible notes. These amounts do not include our finance lease obligations.

### Other Financial Instruments

The carrying amounts of accounts receivable, accounts payable, accrued interest and accrued expenses approximate fair value as of September 30, 2024 and December 31, 2023.

Assets and liabilities that are recorded at fair value have been categorized based upon the fair value hierarchy. The following table presents information about the Company's financial instruments recorded at fair value on a recurring basis (in millions):

| Description                                     | Fair Value Measurements at September 30, 2024 |                        |                        |                        | Fair Value Measurements at December 31, 2023 |                        |                        |                        |
|-------------------------------------------------|-----------------------------------------------|------------------------|------------------------|------------------------|----------------------------------------------|------------------------|------------------------|------------------------|
|                                                 | Total                                         | Level 1 <sup>(1)</sup> | Level 2 <sup>(2)</sup> | Level 3 <sup>(3)</sup> | Total                                        | Level 1 <sup>(1)</sup> | Level 2 <sup>(2)</sup> | Level 3 <sup>(3)</sup> |
| <b>Assets:</b>                                  |                                               |                        |                        |                        |                                              |                        |                        |                        |
| Derivative financial instruments <sup>(4)</sup> | \$ 112                                        | \$ —                   | \$ 112                 | \$ —                   | \$ 144                                       | \$ —                   | \$ 144                 | \$ —                   |
| <b>Total Assets</b>                             | <u>\$ 112</u>                                 | <u>\$ —</u>            | <u>\$ 112</u>          | <u>\$ —</u>            | <u>\$ 144</u>                                | <u>\$ —</u>            | <u>\$ 144</u>          | <u>\$ —</u>            |
| <b>Liabilities:</b>                             |                                               |                        |                        |                        |                                              |                        |                        |                        |
| Derivative financial instruments <sup>(4)</sup> | \$ 88                                         | \$ —                   | \$ 88                  | \$ —                   | \$ 66                                        | \$ —                   | \$ 66                  | \$ —                   |
| <b>Total Liabilities</b>                        | <u>\$ 88</u>                                  | <u>\$ —</u>            | <u>\$ 88</u>           | <u>\$ —</u>            | <u>\$ 66</u>                                 | <u>\$ —</u>            | <u>\$ 66</u>           | <u>\$ —</u>            |

(1) Inputs based on quoted prices (unadjusted) 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. No Level 1 inputs were used in fair value measurements of other financial instruments as of September 30, 2024 and December 31, 2023.

(2) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. For foreign currency forward contracts, interest rate swaps and fuel swaps, fair value is derived using valuation models that utilize the income valuation approach. These valuation models take into account the contract terms, such as maturity, as well as other inputs, such as foreign exchange rates and curves, fuel types, fuel curves and interest rate yield curves. Derivative instrument fair values take into account the creditworthiness of the counterparty and the Company.

(3) Inputs that are unobservable. No Level 3 inputs were used in fair value measurements of other financial instruments as of September 30, 2024 and December 31, 2023.

(4) Consists of foreign currency forward contracts, interest rate and fuel swaps. Refer to the "Fair Value of Derivative Instruments" table for breakdown by instrument type.

The reported fair values are based on a variety of factors and assumptions. Accordingly, the fair values may not represent actual values of the financial instruments that could have been realized as of September 30, 2024 or December 31, 2023, or that will be realized in the future, and do not include expenses that could be incurred in an actual sale or settlement.

### Nonfinancial Instruments Recorded at Fair Value on a Nonrecurring Basis

Nonfinancial instruments include items such as goodwill, indefinite-lived intangible assets, long-lived assets, right-of-use assets and equity method investments that are measured at fair value on a nonrecurring basis when events and circumstances indicate the carrying value is not recoverable. There were no material nonfinancial instruments recorded at fair value as of September 30, 2024 or December 31, 2023.

### Master Netting Agreements

We have master International Swaps and Derivatives Association ("ISDA") agreements in place with our derivative instrument counterparties. These ISDA agreements generally provide for final close out netting with our counterparties for all positions in the case of default or termination of the ISDA agreement. We have determined that our ISDA agreements provide us with rights of setoff on the fair value of derivative instruments in a gain position and those in a loss position with the same counterparty. We have elected not to offset such derivative instrument fair values in our consolidated balance sheets.

See *Credit Related Contingent Features* for further discussion on contingent collateral requirements for our derivative instruments.

The following table presents information about the Company's offsetting of financial assets and liabilities under master netting agreements with derivative counterparties (in millions):

| Gross Amounts not Offset in the Consolidated Balance Sheet that are Subject to Master Netting Agreements |                                                                                                   |                                                                                      |                                |                                            |                                                                                                   |                                                                                      |                                |                                            |
|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------|--------------------------------------------|---------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------|--------------------------------------------|
| As of September 30, 2024                                                                                 |                                                                                                   |                                                                                      |                                |                                            | As of December 31, 2023                                                                           |                                                                                      |                                |                                            |
|                                                                                                          | Gross Amount of<br>Derivative Assets<br>Presented in the<br>Consolidated<br>Balance Sheet         | Gross Amount of<br>Eligible<br>Offsetting<br>Recognized<br>Derivative<br>Liabilities | Cash<br>Collateral<br>Received | Net Amount of<br>Derivative<br>Assets      | Gross Amount of<br>Derivative Assets<br>Presented in the<br>Consolidated<br>Balance Sheet         | Gross Amount of<br>Eligible<br>Offsetting<br>Recognized<br>Derivative<br>Liabilities | Cash<br>Collateral<br>Received | Net Amount of<br>Derivative<br>Assets      |
| Derivatives<br>subject to master<br>netting<br>agreements                                                | \$ 112                                                                                            | \$ (34)                                                                              | \$ —                           | \$ 78                                      | \$ 144                                                                                            | \$ (28)                                                                              | \$ —                           | \$ 116                                     |
| <b>Total</b>                                                                                             | <b>\$ 112</b>                                                                                     | <b>\$ (34)</b>                                                                       | <b>\$ —</b>                    | <b>\$ 78</b>                               | <b>\$ 144</b>                                                                                     | <b>\$ (28)</b>                                                                       | <b>\$ —</b>                    | <b>\$ 116</b>                              |
|                                                                                                          | Gross Amount of<br>Derivative<br>Liabilities<br>Presented in the<br>Consolidated<br>Balance Sheet | Gross Amount of<br>Eligible<br>Offsetting<br>Recognized<br>Derivative<br>Assets      | Cash<br>Collateral<br>Pledged  | Net Amount of<br>Derivative<br>Liabilities | Gross Amount of<br>Derivative<br>Liabilities<br>Presented in the<br>Consolidated<br>Balance Sheet | Gross Amount of<br>Eligible<br>Offsetting<br>Recognized<br>Derivative<br>Assets      | Cash<br>Collateral<br>Pledged  | Net Amount of<br>Derivative<br>Liabilities |
| Derivatives<br>subject to master<br>netting<br>agreements                                                | \$ (88)                                                                                           | \$ 34                                                                                | \$ —                           | \$ (54)                                    | \$ (66)                                                                                           | \$ 28                                                                                | \$ —                           | \$ (38)                                    |
| <b>Total</b>                                                                                             | <b>\$ (88)</b>                                                                                    | <b>\$ 34</b>                                                                         | <b>\$ —</b>                    | <b>\$ (54)</b>                             | <b>\$ (66)</b>                                                                                    | <b>\$ 28</b>                                                                         | <b>\$ —</b>                    | <b>\$ (38)</b>                             |

#### Concentrations of Credit Risk

We monitor our credit risk associated with financial and other institutions with which we conduct significant business, and to minimize these risks, we select counterparties with credit risks acceptable to us and we seek to limit our exposure to an individual counterparty. Credit risk, including, but not limited to, counterparty nonperformance under derivative instruments, our credit facilities and new ship progress payment guarantees, is not considered significant, as we primarily conduct business with large, well-established financial institutions, insurance companies and export credit agencies many of which we have long-term relationships with and which have credit risks acceptable to us or where the credit risk is spread out among a large number of counterparties. As of September 30, 2024, we had counterparty credit risk exposure under our derivative instruments of \$95 million, which was limited to the cost of replacing the contracts in the event of non-performance by the counterparties to the contracts, the majority of which are currently our lending banks. We do not anticipate nonperformance by any of our significant counterparties. In addition, we have established guidelines we follow regarding credit ratings and instrument maturities to maintain safety and liquidity. We do not normally require collateral or other security to support credit relationships; however, in certain circumstances this option is available to us.

#### Derivative Instruments

We are exposed to market risk attributable to changes in interest rates, foreign currency exchange rates and fuel prices. We try to mitigate these risks through a combination of our normal operating and financing activities and through the use of derivative financial instruments pursuant to our hedging practices and policies. The financial impact of these hedging instruments is primarily offset by corresponding changes in the underlying exposures being hedged. We achieve this by closely matching the notional amount, term and conditions of the derivative instrument with the underlying risk being hedged. Although certain of our derivative financial instruments do not qualify or are not accounted for under hedge accounting, our objective is not to hold or issue derivative financial instruments for trading or other speculative purposes.

We enter into various forward, swap and option contracts to manage our interest rate exposure and to limit our exposure to fluctuations in foreign currency exchange rates and fuel prices. These instruments are recorded on the balance sheet at their fair value and the vast majority are designated as hedges. We also use non-derivative financial instruments designated as hedges of our net investment in our foreign operations and investments.

At inception of the hedge relationship, a derivative instrument that hedges the exposure to changes in the fair value of a firm commitment or a recognized asset or liability is designated as a fair value hedge. A derivative instrument that hedges a forecasted transaction or the variability of cash flows related to a recognized asset or liability is designated as a cash flow hedge.

Changes in the fair value of derivatives that are designated as fair value hedges are offset against changes in the fair value of the underlying hedged assets, liabilities or firm commitments. Gains and losses on derivatives that are designated as cash flow hedges are recorded as a component of *Accumulated other*

*comprehensive loss* until the underlying hedged transactions are recognized in earnings. The foreign currency transaction gain or loss of our non-derivative financial instruments and the changes in the fair value of derivatives designated as hedges of our net investment in foreign operations and investments are recognized as a component of *Accumulated other comprehensive loss* along with the associated foreign currency translation adjustment of the foreign operation or investment. In certain hedges of our net investment in foreign operations and investments, we exclude forward points from the assessment of hedge effectiveness and we amortize the related amounts directly into earnings.

On an ongoing basis, we assess whether derivatives used in hedging transactions are "highly effective" in offsetting changes in the fair value or cash flow of hedged items. For our net investment hedges, we use the dollar offset method to measure effectiveness. For all other hedging programs, we use the long-haul method to assess hedge effectiveness using regression analysis for each hedge relationship. The methodology for assessing hedge effectiveness is applied on a consistent basis for each one of our hedging programs (i.e., interest rate, foreign currency ship construction, foreign currency net investment and fuel). For our regression analyses, we use an observation period of up to three years, utilizing market data relevant to the hedge horizon of each hedge relationship. High effectiveness is achieved when a statistically valid relationship reflects a high degree of offset and correlation between the changes in the fair values of the derivative instrument and the hedged item. If it is determined that a derivative is not highly effective as a hedge or hedge accounting is discontinued, any change in fair value of the derivative since the last date at which it was determined to be highly effective is recognized in earnings.

Cash flows from derivative instruments that are designated as fair value or cash flow hedges are classified in the same category as the cash flows from the underlying hedged items. In the event that hedge accounting is discontinued, cash flows subsequent to the date of discontinuance are classified within investing activities. Cash flows from derivative instruments not designated as hedging instruments are classified as investing activities.

We consider the classification of the underlying hedged item's cash flows in determining the classification for the designated derivative instrument's cash flows. We classify derivative instrument cash flows from hedges of benchmark interest rate or hedges of fuel expense as operating activities due to the nature of the hedged item. Likewise, we classify derivative instrument cash flows from hedges of foreign currency risk on our newbuild ship payments as investing activities.

#### Interest Rate Risk

Our exposure to market risk for changes in interest rates primarily relates to our debt obligations, including future interest payments. At September 30, 2024 and December 31, 2023, approximately 91.4% and 83.2%, respectively, of our debt was effectively fixed-rate debt, which is net of our interest rate swap agreements. We use interest rate swap agreements to modify our exposure to interest rate movements and to manage our interest expense.

We use interest rate swap agreements that effectively convert a portion of our floating-rate debt to a fixed-rate basis to manage the market risk of increasing interest rates. At September 30, 2024 and December 31, 2023, we maintained interest rate swap agreements on the following floating-rate debt instruments:

| Debt Instrument                                     | Swap Notional as of<br>September 30, 2024<br>(in millions) | Maturity     | Debt Floating Rate   | All-in Fixed Rate as of<br>September 30, 2024 |
|-----------------------------------------------------|------------------------------------------------------------|--------------|----------------------|-----------------------------------------------|
| <i>Celebrity Reflection</i> term loan               | \$ 27                                                      | October 2024 | Term SOFR plus 0.40% | 2.88%                                         |
| <i>Quantum of the Seas</i> term loan                | 153                                                        | October 2026 | Term SOFR plus 1.30% | 3.78%                                         |
| <i>Anthem of the Seas</i> term loan                 | 181                                                        | April 2027   | Term SOFR plus 1.30% | 3.90%                                         |
| <i>Ovation of the Seas</i> term loan                | 277                                                        | April 2028   | Term SOFR plus 1.00% | 3.20%                                         |
| <i>Harmony of the Seas</i> term loan <sup>(1)</sup> | 258                                                        | May 2028     | EURIBOR plus 1.15%   | 2.26%                                         |
| <i>Odyssey of the Seas</i> term loan <sup>(2)</sup> | 326                                                        | October 2032 | Term SOFR plus 0.96% | 3.28%                                         |
| <i>Odyssey of the Seas</i> term loan <sup>(2)</sup> | 163                                                        | October 2032 | Term SOFR plus 0.96% | 2.91%                                         |
|                                                     | <u>\$ 1,385</u>                                            |              |                      |                                               |

(1) Interest rate swap agreements hedging the Euro-denominated term loan for *Harmony of the Seas* include EURIBOR zero-floors matching the hedged debt EURIBOR zero-floor. Amount presented is based on the exchange rate as of September 30, 2024.

(2) Interest rate swap agreements hedging the term loan of *Odyssey of the Seas* include Term SOFR zero-floors, Term SOFR with no floors, and Overnight SOFR.

These interest rate swap agreements are accounted for as cash flow hedges.

The notional amount of interest rate swap agreements related to outstanding debt as of September 30, 2024 and December 31, 2023 was \$1.4 billion and \$1.6 billion, respectively.

#### Foreign Currency Exchange Rate Risk

##### Derivative Instruments

Our primary exposure to foreign currency exchange rate risk relates to our ship construction contracts denominated in Euros, our foreign currency denominated debt, and our international business operations. We enter into foreign currency forward contracts to manage portions of the exposure to movements in foreign currency exchange rates. As of September 30, 2024, the aggregate cost of our ships on order was \$5.9 billion, of which we had deposited \$619 million as of such date. These amounts do not include any ships placed on order that are contingent upon completion of conditions precedent and/or financing and any ships on order by our Partner Brands. Refer to Note 8. *Commitments and Contingencies*, for further information on our ships on order. At September 30, 2024 and December 31, 2023, approximately 39.6% and 43.5%, respectively, of the aggregate cost of the ships under construction was exposed to fluctuations in the Euro exchange rate. Our foreign currency forward contract agreements are accounted for as cash flow or net investment hedges depending on the designation of the related hedge.

On a regular basis, we enter into foreign currency forward contracts and, from time to time, we utilize cross-currency swap agreements and collar options to minimize the volatility resulting from the remeasurement of net monetary assets and liabilities denominated in a currency other than our functional currency or the functional currencies of our foreign subsidiaries. During the third quarter of 2024 and 2023 the average notional amount of foreign currency forward contracts was approximately \$989 million and \$1.4 billion, respectively. These instruments are not designated as hedging instruments. For the quarters and nine months ended September 30, 2024 and 2023, changes in the fair value of the foreign currency forward contracts, and the remeasurement of monetary assets and liabilities denominated in foreign currencies resulted in immaterial gain (losses). These amounts were recognized in earnings within *Other expense* in our consolidated statements of comprehensive income (loss).

The notional amount of outstanding foreign exchange contracts, excluding the forward contracts entered into to minimize remeasurement volatility, as of September 30, 2024 and December 31, 2023 was \$2.1 billion and \$2.9 billion, respectively.

##### Non-Derivative Instruments

We consider our investments in our foreign operations to be denominated in relatively stable currencies and to be of a long-term nature. We address the exposure of our investments in foreign operations by denominating a portion of our debt in our subsidiaries' and investments' functional currencies and designating it as a hedge of these subsidiaries and investments. We had designated debt as a hedge of our net investments primarily in TUI Cruises of €791 million, or approximately \$883 million, as of September 30, 2024. As of December 31, 2023, we had designated debt as a hedge of our net investments primarily in TUI Cruises of €648 million, or approximately \$716 million.

#### Fuel Price Risk

Our exposure to market risk for changes in fuel prices relates primarily to the consumption of fuel on our ships. We use fuel swap agreements to mitigate the financial impact of fluctuations in fuel prices.

Our fuel swap agreements are generally accounted for as cash flow hedges. In the case that our hedged forecasted fuel consumption is not probable of occurring, hedge accounting will be discontinued and the related accumulated other comprehensive gain or loss will be reclassified to *Other income (expense)* immediately. For hedged forecasted fuel consumption that remains possible of occurring, hedge accounting will be discontinued and the related accumulated other

comprehensive gain or loss will remain in accumulated other comprehensive gain or loss until the underlying hedged transactions are recognized in earnings or the related hedged forecasted fuel consumption is deemed probable of not occurring.

Changes in the fair value of fuel swaps for which cash flow hedge accounting was discontinued are currently recognized in *Other expense* for each reporting period through the maturity dates of the fuel swaps. For the quarters ended September 30, 2024 and September 30, 2023, we did not discontinue cash flow hedge accounting on any of our fuel swap agreements.

At September 30, 2024, we have hedged the variability in future cash flows for certain forecasted fuel transactions occurring through 2027. As of September 30, 2024 and December 31, 2023, we had the following outstanding fuel swap agreements:

| Fuel Swap Agreements  |  |                          |                         |
|-----------------------|--|--------------------------|-------------------------|
|                       |  | As of September 30, 2024 | As of December 31, 2023 |
| Designated as hedges: |  | (metric tons)            |                         |
| 2024                  |  | 263,600                  | 1,054,501               |
| 2025                  |  | 1,031,449                | 685,400                 |
| 2026                  |  | 786,750                  | 44,200                  |
| 2027                  |  | 182,049                  | —                       |

  

| Fuel Swap Agreements                                  |  |                          |                         |
|-------------------------------------------------------|--|--------------------------|-------------------------|
|                                                       |  | As of September 30, 2024 | As of December 31, 2023 |
| Designated hedges as a % of projected fuel purchases: |  | (% hedged)               |                         |
| 2024                                                  |  | 61 %                     | 61 %                    |
| 2025                                                  |  | 60 %                     | 39 %                    |
| 2026                                                  |  | 44 %                     | 3 %                     |
| 2027                                                  |  | 10 %                     | — %                     |

As of September 30, 2024, there was \$38 million of estimated unrealized net loss associated with our cash flow hedges pertaining to fuel swap agreements that is expected to be reclassified to earnings from *Accumulated other comprehensive loss* within the next twelve months when compared to \$21 million of estimated unrealized net loss at December 31, 2023. Reclassification is expected to occur as the result of fuel consumption associated with our hedged forecasted fuel purchases.

The fair value and line item caption of derivative instruments recorded within our consolidated balance sheets were as follows (in millions):

|                                                                               | Fair Value of Derivative Instruments |                          |                         |                                  |                          |                         |
|-------------------------------------------------------------------------------|--------------------------------------|--------------------------|-------------------------|----------------------------------|--------------------------|-------------------------|
|                                                                               | Asset Derivatives                    |                          |                         | Liability Derivatives            |                          |                         |
|                                                                               | Balance Sheet Location               | As of September 30, 2024 | As of December 31, 2023 | Balance Sheet Location           | As of September 30, 2024 | As of December 31, 2023 |
|                                                                               |                                      | Fair Value               | Fair Value              |                                  | Fair Value               | Fair Value              |
| Derivatives designated as hedging instruments under ASC 815-20 <sup>(1)</sup> |                                      |                          |                         |                                  |                          |                         |
| Interest rate-swaps                                                           | Derivative financial instruments     | \$ —                     | 1                       | Derivative financial instruments | \$ —                     | \$ —                    |
| Interest rate swaps                                                           | Other assets                         | 46                       | 75                      | Other long-term liabilities      | —                        | —                       |
| Foreign currency forward contracts                                            | Derivative financial instruments     | 38                       | 20                      | Derivative financial instruments | 4                        | 9                       |
| Foreign currency forward contracts                                            | Other assets                         | 25                       | 44                      | Other long-term liabilities      | —                        | 4                       |
| Fuel swaps                                                                    | Derivative financial instruments     | 2                        | 4                       | Derivative financial instruments | 40                       | 26                      |
| Fuel swaps                                                                    | Other assets                         | 1                        | —                       | Other long-term liabilities      | 44                       | 27                      |
| Total derivatives designated as hedging instruments under 815-20              |                                      | \$ 112                   | \$ 144                  |                                  | \$ 88                    | \$ 66                   |

(1) Subtopic 815-20 “*Hedging-General*” under ASC 815.

The carrying value and line item caption of non-derivative instruments designated as hedging instruments recorded within our consolidated balance sheets were as follows (in millions):

| Carrying Value                                                              |                                   |                          |                         |
|-----------------------------------------------------------------------------|-----------------------------------|--------------------------|-------------------------|
| Non-derivative instrument designated as hedging instrument under ASC 815-20 |                                   | As of September 30, 2024 | As of December 31, 2023 |
| Balance Sheet Location                                                      |                                   |                          |                         |
| Foreign currency debt                                                       | Current portion of long-term debt | \$ 65                    | \$ 65                   |
| Foreign currency debt                                                       | Long-term debt                    | 818                      | 523                     |
|                                                                             |                                   | \$ 883                   | \$ 588                  |

The effect of derivative instruments qualifying and designated as cash flow hedging instruments on the consolidated financial statements was as follows (in millions):

| Amount of Gain (Loss) Recognized in Accumulated Other Comprehensive Loss on Derivatives |                                  |                                  |                                      |                                      |
|-----------------------------------------------------------------------------------------|----------------------------------|----------------------------------|--------------------------------------|--------------------------------------|
| Derivatives under ASC 815-20 Cash Flow Hedging Relationships                            | Quarter Ended September 30, 2024 | Quarter Ended September 30, 2023 | Nine Months Ended September 30, 2024 | Nine Months Ended September 30, 2023 |
| Interest rate swaps                                                                     | \$ (20)                          | \$ 23                            | \$ 8                                 | \$ 35                                |
| Foreign currency forward contracts                                                      | 67                               | (134)                            | (36)                                 | (120)                                |
| Fuel swaps                                                                              | (133)                            | 158                              | (18)                                 | 91                                   |
|                                                                                         | \$ (86)                          | \$ 47                            | \$ (46)                              | \$ 6                                 |

The effect of non-derivative instruments qualifying and designated as net investment hedging instruments on the consolidated financial statements was as follows (in millions):

| Non-derivative instruments under ASC 815-20 Net Investment Hedging Relationships | Amount of Gain (Loss) Recognized in Other Comprehensive Income (Loss) |                                  |                                      |                                      |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|
|                                                                                  | Quarter Ended September 30, 2024                                      | Quarter Ended September 30, 2023 | Nine Months Ended September 30, 2024 | Nine Months Ended September 30, 2023 |
| Foreign Currency Debt                                                            | \$ (35)                                                               | \$ 18                            | \$ (13)                              | \$ 7                                 |
|                                                                                  | <u>\$ (35)</u>                                                        | <u>\$ 18</u>                     | <u>\$ (13)</u>                       | <u>\$ 7</u>                          |

The effect of derivatives not designated as hedging instruments on the consolidated financial statements was as follows (in millions):

| Derivatives Not Designated as Hedging Instruments under ASC 815-20 | Location of Gain (Loss) Recognized in Income on Derivatives | Amount of (Loss) Gain Recognized in Income on Derivatives |                                  |                                      |                                      |
|--------------------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|
|                                                                    |                                                             | Quarter Ended September 30, 2024                          | Quarter Ended September 30, 2023 | Nine Months Ended September 30, 2024 | Nine Months Ended September 30, 2023 |
| Foreign currency forward contracts                                 | Other income (expense)                                      | \$ 33                                                     | \$ (43)                          | \$ (8)                               | \$ (30)                              |
| Fuel swaps                                                         | Other income (expense)                                      | —                                                         | 1                                | —                                    | 1                                    |
|                                                                    |                                                             | <u>\$ 33</u>                                              | <u>\$ (42)</u>                   | <u>\$ (8)</u>                        | <u>\$ (29)</u>                       |

#### Credit Related Contingent Features

Our current interest rate derivative instruments require us to post collateral if our Standard & Poor's and Moody's credit ratings fall below specified levels. Specifically, under most of our agreements, if on the fifth anniversary of executing a derivative instrument, or on any succeeding fifth-year anniversary, our credit ratings for our senior unsecured debt is rated below BBB- by Standard & Poor's and Baa3

by Moody's, then the counterparty will periodically have the right to demand that we post collateral in an amount equal to the difference between (i) the net market value of all derivative transactions with such counterparty that have reached their fifth year anniversary, to the extent negative, and (ii) the applicable minimum call amount.

The amount of collateral required to be posted will change as, and to the extent, our net liability position increases or decreases by more than the applicable minimum call amount. If our credit rating for our senior unsecured debt is subsequently equal to or above BBB- by Standard & Poor's or Baa3 by Moody's, then any collateral posted at such time will be released to us and we will no longer be required to post collateral unless we meet the collateral trigger requirement, generally, at the next fifth-year anniversary.

As of September 30, 2024, our senior unsecured debt credit rating was BB+ by Standard & Poor's and Ba2 by Moody's. As of September 30, 2024, six of our ship debt interest rate derivative hedges had reached their fifth-year anniversary; however, the net market value for these derivative hedges were in a net asset position, and accordingly, we were not required to post any collateral as of such date.

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

### **Cautionary Note Concerning Forward-Looking Statements**

The discussion under this caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Quarterly Report on Form 10-Q includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including statements regarding our expectations for future periods, business and industry prospects or future results of operations or financial position, made in this Quarterly Report on Form 10-Q are forward-looking. Words such as "anticipate," "believe," "considering," "could," "driving," "estimate," "expect," "goal," "intend," "may," "plan," "project," "seek," "should," "will," "would," and similar expressions are intended to further identify any of these forward-looking statements. Forward-looking statements reflect management's current expectations, but they are based on judgments and are inherently uncertain. Furthermore, they are subject to risks, uncertainties and other factors that could cause our actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in those forward-looking statements. Examples of these risks, uncertainties and other factors include, but are not limited to, those discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and, in particular, the risks discussed under the caption "Risk Factors" in Part I, Item 1A therein.

All forward-looking statements made in this Quarterly Report on Form 10-Q speak only as of the date of this filing. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### **Overview**

The discussion and analysis of our financial condition and results of operations is organized to present the following:

- a review of our financial presentation, including discussion of certain operational and financial metrics we utilize to assist us in managing our business;
- a discussion of our results of operations for the quarter and nine months ended September 30, 2024, compared to the same period in 2023; and
- a discussion of our liquidity and capital resources, including our future capital and material cash requirements and potential funding sources.

## Critical Accounting Policies and Estimates

For a discussion of our critical accounting policies and estimates, refer to Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* within our Annual Report on Form 10-K for the year ended December 31, 2023.

### Seasonality

Our revenues are seasonal based on demand for cruises. Demand has historically been strongest for cruises during the Northern Hemisphere's summer months and holidays. In order to mitigate the impact of the winter weather in the Northern Hemisphere and to capitalize on the summer season in the Southern Hemisphere, our brands have historically focused on deployment to the Caribbean, Asia and Australia during that period.

## Financial Presentation

### Description of Certain Line Items

#### Revenues

Our revenues are comprised of the following:

- *Passenger ticket revenues*, which consist of revenue recognized from the sale of passenger tickets and the sale of air transportation to and from our ships; and
- *Onboard and other revenues*, which consist primarily of revenues from the sale of goods and/or services onboard our ships not included in passenger ticket prices, casino operations, cancellation fees, sales of vacation protection insurance, pre- and post-cruise tours and fees for operating certain port facilities. *Onboard and other revenues* also include revenues we receive from independent third-party concessionaires that pay us a percentage of their revenues in exchange for the right to provide selected goods and/or services onboard our ships, as well as revenues received for procurement and management related services we perform on behalf of our unconsolidated affiliates.

#### Cruise Operating Expenses

Our cruise operating expenses are comprised of the following:

- *Commissions, transportation and other expenses*, which consist of those costs directly associated with passenger ticket revenues, including travel advisor commissions, air and other transportation expenses, port costs that vary with passenger head counts and related credit card fees;
- *Onboard and other expenses*, which consist of the direct costs associated with onboard and other revenues, including the costs of products sold onboard our ships, vacation protection insurance premiums, costs associated with pre- and post-cruise tours and related credit card fees, as well as the minimal costs associated with concession revenues, as the costs are mostly incurred by third-party concessionaires, and costs incurred for the procurement and management related services we perform on behalf of our unconsolidated affiliates;
- *Payroll and related expenses*, which consist of costs for shipboard personnel (costs associated with our shoreside personnel are included in *Marketing, selling and administrative expenses*);
- *Food expenses*, which include food costs for both guests and crew;
- *Fuel expenses*, which include fuel and related delivery, storage and emission consumable costs and the financial impact of fuel swap agreements; and
- *Other operating expenses*, which consist primarily of operating costs such as repairs and maintenance, port costs that do not vary with passenger head counts, vessel related insurance, entertainment and gains and/or losses related to the sale of our ships, if any.

We do not allocate payroll and related expenses, food expenses, fuel expenses or other operating expenses to the expense categories attributable to passenger ticket revenues or onboard and other revenues since they are incurred to provide the total cruise vacation experience.

## ***Selected Operational and Financial Metrics***

We utilize a variety of operational and financial metrics which are defined below to evaluate our performance and financial condition. As discussed in more detail herein, certain of these metrics are non-GAAP financial measures. These non-GAAP financial measures are provided along with the related GAAP financial measures as we believe they provide useful information to investors as a supplement to our consolidated financial statements, which are prepared and presented in accordance with GAAP. The presentation of non-GAAP financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

*Adjusted EBITDA* is a non-GAAP measure that represents EBITDA (as defined below) excluding certain items that we believe adjusting for is meaningful when assessing our profitability on a comparative basis. For the periods presented, these items included (i) other expense (income); (ii) gain on sale of controlling interest; (iii) equity investment impairment and recovery losses; (iv) restructuring charges and other initiative expenses, and (v) impairment and credit losses (recoveries). A reconciliation of Net Income (Loss) attributable to Royal Caribbean Cruises Ltd. to Adjusted EBITDA is provided below under Results of Operations.

*Adjusted Earnings per Share ("Adjusted EPS")* is a non-GAAP measure that represents Adjusted Net Income attributable to Royal Caribbean Cruises Ltd. (as defined below) divided by weighted average shares outstanding or by diluted weighted average shares outstanding, as applicable. We believe that this non-GAAP measure is meaningful when assessing our performance on a comparative basis.

*Adjusted Net Income attributable to Royal Caribbean Cruises Ltd.* is a non-GAAP measure that represents Net Income attributable to Royal Caribbean Cruises Ltd. excluding certain items that we believe adjusting for is meaningful when assessing our performance on a comparative basis. For the periods presented, these items included (i) loss on extinguishment of debt and inducement expense; (ii) the amortization of the Silversea Cruises intangible assets resulting from the Silversea Cruises acquisition; (iii) gain on sale of controlling interest; (iv) tax on the sale of PortMiami noncontrolling interest; (v) *Silver Whisper* deferred tax liability release; (vi) restructuring charges and other initiative expenses; (vii) equity investment impairment and recovery losses; and (viii) impairment and credit losses (recoveries). A reconciliation of Net Income attributable to Royal Caribbean Cruises Ltd. to Adjusted Net Income attributable to Royal Caribbean Cruises Ltd. is provided below under Results of Operations.

*Available Passenger Cruise Days ("APCD")* is our measurement of capacity and represents double occupancy per cabin multiplied by the number of cruise days for the period, which excludes canceled cruise days and cabins not available for sale. We use this measure to perform capacity and rate analysis to identify our main non-capacity drivers that cause our cruise revenue and expenses to vary.

*EBITDA* is a non-GAAP measure that represents Net Income attributable to Royal Caribbean Cruises Ltd. excluding (i) interest income; (ii) interest expense, net of interest capitalized; (iii) depreciation and amortization expenses; and (iv) income tax expense. We believe that this non-GAAP measure is meaningful when assessing our operating performance on a comparative basis. A reconciliation of Net Income attributable to Royal Caribbean Cruises Ltd. to EBITDA is provided below under Results of Operations.

*Gross Cruise Costs* represent the sum of total cruise operating expenses plus marketing, selling and administrative expenses.

*Net Cruise Costs* and *Net Cruise Costs Excluding Fuel* are non-GAAP measures that represent Gross Cruise Costs excluding commissions, transportation and other expenses, and onboard and other expenses and, in the case of Net Cruise Costs Excluding Fuel, fuel expenses (each of which is described above under the Description of Certain Line Items heading). In measuring our ability to control costs in a manner that positively impacts net income, we believe changes in Net Cruise Costs and Net Cruise Costs Excluding Fuel to be the most relevant indicators of our performance. A reconciliation of Gross Cruise Costs to Net Cruise Costs and Net Cruise Costs Excluding Fuel is provided below under Results of Operations. For the periods presented, Net Cruise Costs and Net Cruise Costs Excluding Fuel excludes (i) the gain on sale of controlling interest; (ii) impairment and credit losses (recoveries); and (iii) restructuring and other initiative expenses.

*Gross Margin Yield* represent Gross Margin per APCD.

*Adjusted Gross Margin* represent Gross Margin, adjusted for payroll and related, food, fuel, other operating expenses, and depreciation and amortization. Gross Margin is calculated pursuant to GAAP as total revenues less total cruise operating expenses, and depreciation and amortization.

*Net Yields* represent Adjusted Gross Margin per APCD. We utilize Adjusted Gross Margin and Net Yields to manage our business on a day-to-day basis as we believe that they are the most relevant measures of our pricing performance because they

reflect the cruise revenues earned by us net of our most significant variable costs, which are commissions, transportation and other expenses, and onboard and other expenses.

*Occupancy ("Load Factor")*, in accordance with cruise vacation industry practice, is calculated by dividing Passenger Cruise Days (as defined below) by APCD. A percentage in excess of 100% indicates that three or more passengers occupied some cabins.

*Passenger Cruise Days* represent the number of passengers carried for the period multiplied by the number of days of their respective cruises.

The use of certain significant non-GAAP measures, such as Net Yields, Net Cruise Costs and Net Cruise Costs Excluding Fuel, allows us to perform capacity and rate analysis to separate the impact of known capacity changes from other less predictable changes which affect our business. We believe these non-GAAP measures provide expanded insight to measure revenue and cost performance in addition to the standard GAAP based financial measures. There are no specific rules or regulations for determining non-GAAP measures, and as such, they may not be comparable to other companies within the industry.

## Results of Operations

### Summary

Net Income attributable to Royal Caribbean Cruises Ltd. and Adjusted Net Income attributable to Royal Caribbean Cruises Ltd. for the third quarter of 2024 was \$1.1 billion and \$1.4 billion, compared to Net Income and Adjusted Net Income of \$1.0 billion and \$1.1 billion, respectively, for the third quarter of 2023.

Net Income attributable to Royal Caribbean Cruises Ltd. and Adjusted Net Income attributable to Royal Caribbean Cruises Ltd. for the nine months ended September 30, 2024 was \$2.3 billion and \$2.8 billion, compared to Net Income and Adjusted Net Income of \$1.4 billion and \$1.5 billion, respectively, for the nine months ended September 30, 2023

Significant items for the quarter and nine months ended September 30, 2024 include:

- Total revenues, increased \$726 million and \$2.2 billion for the quarter and nine months ended September 30, 2024 as compared to the same period in 2023. The increase was primarily due to an increase in capacity, ticket prices and onboard spending in 2024, compared to same periods in 2023.
- Total cruise operating expenses, increased \$254 million and \$715 million for the quarter and nine months ended September 30, 2024 as compared to the same period in 2023. The increase was primarily due to an increase in capacity in 2024 compared to the same period in 2023.
- In March 2024, we issued \$1.25 billion aggregate principal amount of 6.25% senior notes due 2032. Upon closing, we redeemed all of the outstanding \$1.25 billion aggregate principal amount of 11.63% Senior Notes Due 2027.
- During the second quarter of 2024, we repaid \$839 million of outstanding deferred amounts under our export credit facilities.
- In May 2024, we took delivery of *Silver Ray*. Refer to Note 6. *Debt* to our consolidated financial statements for further information on the financing of the ship.
- In June 2024, we took delivery of *Utopia of the Seas*. Refer to Note 6. *Debt* to our consolidated financial statements for further information on the financing of the ship.
- In June 2024, TUI Cruises, our 50% joint venture, took delivery of *Mein Schiff 7*.
- In August 2024, we issued \$2.0 billion aggregate principal amount of 6.00% senior notes due 2033. Upon closing, we redeemed all of the outstanding \$1.0 billion aggregate principal amount of 9.25% Senior Notes Due 2029, and all of the outstanding \$1.0 billion aggregate principal amount of 8.25% Senior Secured Notes Due 2029.
- In August 2024, we completed privately negotiated exchange with certain holders of 6.00% Convertible Senior Notes due 2025 to exchange approximately \$827 million in aggregate principal amount for approximately 11.4 million shares of common stock and \$827 million in cash.
- In September 2024, we issued \$1.5 billion aggregate principal amount of 5.63% senior unsecured notes due 2031. Upon closing, we redeemed of the outstanding \$700 million aggregate principal amount of 7.25% Senior Notes Due 2030.

- In September 2024, we submitted an irrevocable notice to execute the bargain purchase option on the *Silver Dawn* finance lease for approximately \$232 million.
- In September 2024, we entered into agreements to acquire the Port of Costa Maya and adjacent land in Mahahual, Mexico for approximately \$292 million. The transaction is expected to close in the first half of 2025, subject to regulatory approval and customary closing conditions.

For further information regarding the debt transactions discussed above, refer to Note 6. *Debt*, Note 7. *Leases*, and Note 8. *Commitments and Contingencies*, respectively, to our consolidated financial statements.

Operating results for the quarter and nine months ended September 30, 2024 compared to the same periods in 2023 are shown in the following tables (in millions, except per share data):

|                                                                 | Quarter Ended September 30, |                     |                 |                     |
|-----------------------------------------------------------------|-----------------------------|---------------------|-----------------|---------------------|
|                                                                 | 2024                        |                     | 2023            |                     |
|                                                                 |                             | % of Total Revenues |                 | % of Total Revenues |
| Passenger ticket revenues                                       | \$ 3,471                    | 71.0 %              | \$ 2,941        | 70.7 %              |
| Onboard and other revenues                                      | 1,415                       | 29.0 %              | 1,219           | 29.3 %              |
| <b>Total revenues</b>                                           | <b>4,886</b>                | <b>100.0 %</b>      | <b>4,160</b>    | <b>100.0 %</b>      |
| Cruise operating expenses:                                      |                             |                     |                 |                     |
| Commissions, transportation and other                           | 688                         | 14.1 %              | 632             | 15.2 %              |
| Onboard and other                                               | 289                         | 5.9 %               | 261             | 6.3 %               |
| Payroll and related                                             | 328                         | 6.7 %               | 294             | 7.1 %               |
| Food                                                            | 251                         | 5.1 %               | 212             | 5.1 %               |
| Fuel                                                            | 290                         | 5.9 %               | 272             | 6.5 %               |
| Other operating                                                 | 545                         | 11.2 %              | 466             | 11.2 %              |
| <b>Total cruise operating expenses</b>                          | <b>2,391</b>                | <b>48.9 %</b>       | <b>2,137</b>    | <b>51.4 %</b>       |
| Marketing, selling and administrative expenses                  | 451                         | 9.2 %               | 393             | 9.4 %               |
| Depreciation and amortization expenses                          | 410                         | 8.4 %               | 365             | 8.8 %               |
| <b>Operating Income</b>                                         | <b>1,634</b>                | <b>33.4 %</b>       | <b>1,265</b>    | <b>30.4 %</b>       |
| Other income (expense):                                         |                             |                     |                 |                     |
| Interest income                                                 | 4                           | 0.1 %               | 7               | 0.2 %               |
| Interest expense, net of interest capitalized                   | (603)                       | (12.3) %            | (340)           | (8.2) %             |
| Equity investment income                                        | 106                         | 2.2 %               | 87              | 2.1 %               |
| Other expense                                                   | (26)                        | (0.5) %             | (8)             | (0.2) %             |
|                                                                 | (519)                       | (10.6) %            | (254)           | (6.1) %             |
| <b>Net Income</b>                                               | <b>1,115</b>                | <b>22.8 %</b>       | <b>1,011</b>    | <b>24.3 %</b>       |
| <b>Less: Net Income attributable to noncontrolling interest</b> | <b>4</b>                    | <b>0.1 %</b>        | <b>2</b>        | <b>— %</b>          |
| <b>Net Income attributable to Royal Caribbean Cruises Ltd.</b>  | <b>\$ 1,111</b>             | <b>22.7 %</b>       | <b>\$ 1,009</b> | <b>24.3 %</b>       |
| <b>Diluted Earnings per Share</b>                               | <b>\$ 4.21</b>              |                     | <b>\$ 3.65</b>  |                     |

| Nine Months Ended September 30,                                |                 |                     |                 |                     |
|----------------------------------------------------------------|-----------------|---------------------|-----------------|---------------------|
|                                                                | 2024            |                     | 2023            |                     |
|                                                                |                 | % of Total Revenues |                 | % of Total Revenues |
| Passenger ticket revenues                                      | \$ 8,900        | 69.9 %              | \$ 7,282        | 68.9 %              |
| Onboard and other revenues                                     | 3,824           | 30.1 %              | 3,287           | 31.1 %              |
| <b>Total revenues</b>                                          | <b>12,724</b>   | <b>100.0 %</b>      | <b>10,569</b>   | <b>100.0 %</b>      |
| Cruise operating expenses:                                     |                 |                     |                 |                     |
| Commissions, transportation and other                          | 1,758           | 13.8 %              | 1,551           | 14.7 %              |
| Onboard and other                                              | 726             | 5.7 %               | 640             | 6.1 %               |
| Payroll and related                                            | 959             | 7.5 %               | 888             | 8.4 %               |
| Food                                                           | 697             | 5.5 %               | 614             | 5.8 %               |
| Fuel                                                           | 876             | 6.9 %               | 850             | 8.0 %               |
| Other operating                                                | 1,584           | 12.4 %              | 1,342           | 12.7 %              |
| <b>Total cruise operating expenses</b>                         | <b>6,600</b>    | <b>51.9 %</b>       | <b>5,885</b>    | <b>55.7 %</b>       |
| Marketing, selling and administrative expenses                 | 1,452           | 11.4 %              | 1,289           | 12.2 %              |
| Depreciation and amortization expenses                         | 1,190           | 9.4 %               | 1,087           | 10.3 %              |
| <b>Operating Income</b>                                        | <b>3,482</b>    | <b>27.4 %</b>       | <b>2,308</b>    | <b>21.8 %</b>       |
| Other income (expense):                                        |                 |                     |                 |                     |
| Interest income                                                | 13              | 0.1 %               | 32              | 0.3 %               |
| Interest expense, net of interest capitalized                  | (1,324)         | (10.4) %            | (1,055)         | (10.0) %            |
| Equity investment income                                       | 203             | 1.6 %               | 149             | 1.4 %               |
| Other expense                                                  | (37)            | (0.3) %             | (9)             | (0.1) %             |
|                                                                | (1,145)         | (9.0) %             | (883)           | (8.4) %             |
| <b>Net Income</b>                                              | <b>2,337</b>    | <b>18.4 %</b>       | <b>1,425</b>    | <b>13.5 %</b>       |
| Less: Net Income attributable to noncontrolling interest       | 12              | 0.1 %               | 5               | — %                 |
| <b>Net Income attributable to Royal Caribbean Cruises Ltd.</b> | <b>\$ 2,325</b> | <b>18.3 %</b>       | <b>\$ 1,420</b> | <b>13.4 %</b>       |
| <b>Diluted Earnings per Share</b>                              | <b>\$ 8.91</b>  |                     | <b>\$ 5.24</b>  |                     |

Net Income attributable to Royal Caribbean Cruises Ltd. and Adjusted Net Income attributable to Royal Caribbean Cruises Ltd, were calculated as follows (in millions, except per share data):

|                                                                                                          | Quarter Ended September 30, |                 | Nine Months Ended September 30, |                 |
|----------------------------------------------------------------------------------------------------------|-----------------------------|-----------------|---------------------------------|-----------------|
|                                                                                                          | 2024                        | 2023            | 2024                            | 2023            |
| <b>Net Income attributable to Royal Caribbean Cruises Ltd.</b>                                           | \$ 1,111                    | \$ 1,009        | \$ 2,325                        | \$ 1,420        |
| Loss on extinguishment of debt and inducement expense (1)                                                | 323                         | 38              | 456                             | 81              |
| Amortization of Silversea Cruises intangible assets resulting from the Silversea Cruises acquisition (2) | 2                           | 2               | 5                               | 5               |
| Gain on sale of controlling interest (3)                                                                 | —                           | —               | —                               | (3)             |
| PortMiami tax on sale of noncontrolling interest (4)                                                     | (3)                         | —               | (3)                             | 10              |
| Silver Whisper deferred tax liability release (5)                                                        | —                           | —               | —                               | (26)            |
| Restructuring charges and other initiative expenses                                                      | 2                           | —               | 5                               | 5               |
| Equity investments impairment and recovery of losses                                                     | —                           | 17              | —                               | 12              |
| Impairment and credit losses (recoveries) (6)                                                            | —                           | —               | 6                               | (7)             |
| <b>Adjusted Net Income attributable to Royal Caribbean Cruises Ltd.</b>                                  | <u>\$ 1,435</u>             | <u>\$ 1,066</u> | <u>\$ 2,794</u>                 | <u>\$ 1,497</u> |
| Basic:                                                                                                   |                             |                 |                                 |                 |
| Earnings per Share                                                                                       | \$ 4.22                     | \$ 3.94         | \$ 8.98                         | \$ 5.55         |
| Adjusted Earnings per Share                                                                              | \$ 5.46                     | \$ 4.16         | \$ 10.79                        | \$ 5.86         |
| Diluted:                                                                                                 |                             |                 |                                 |                 |
| Earnings per Share (7)                                                                                   | \$ 4.21                     | \$ 3.65         | \$ 8.91                         | \$ 5.24         |
| Adjusted Earnings per Share (8) (9)                                                                      | \$ 5.20                     | \$ 3.85         | \$ 10.16                        | \$ 5.52         |
| Weighted-Average Shares Outstanding:                                                                     |                             |                 |                                 |                 |
| Basic                                                                                                    | 263                         | 256             | 259                             | 256             |
| Diluted                                                                                                  | 264                         | 282             | 280                             | 284             |

- (1) For 2024, includes \$119 million of inducement expense related to the partial settlement of our 6.00% convertible notes due 2025. Refer to Note 6. *Debt* to our consolidated financial statements for further information.
- (2) Represents the amortization of the Silversea Cruises intangible assets resulting from the 2018 Silversea Cruises acquisition.
- (3) For 2023, represents gain on sale of controlling interest in cruise terminal facilities in Italy. These amounts are included in *Other operating* within our consolidated statements of comprehensive income (loss).
- (4) For 2024, represents adjustments to tax impacts on the 2023 PortMiami sale of noncontrolling interest. For 2023, represents tax on the PortMiami sale of noncontrolling interest. These amounts are included in *Other expense* in our consolidated statements of comprehensive income (loss).
- (5) For 2023, represents the release of the deferred tax liability subsequent to the execution of the bargain purchase option for the *Silver Whisper*. These amounts are included in *Other (expense) income* within our consolidated statements of comprehensive income (loss).
- (6) For 2024, represents property and equipment impairment charges related to certain construction in progress assets which we determined would no longer be completed. For 2023, represents asset impairments and credit losses recoveries for notes receivables for which credit losses were previously recorded. These amounts are included in *Other operating* within our consolidated statements of comprehensive income (loss).
- (7) Diluted EPS includes the add-back of dilutive inducement and interest expense related to our convertible notes of \$169 million for the nine months ended September 30, 2024, and \$20 million and \$68 million for the quarter and nine months ended September 30, 2023, respectively. For the quarter ended September 30, 2024 the impact of our convertible notes was anti-dilutive. Refer to Note 4. *Earnings Per Share* to our consolidated financial statements for further information.

- (8) Adjusted Diluted EPS includes the add-back of dilutive interest expense related to our convertible notes of \$13 million and \$51 million, and \$20 million and \$68 million for the quarter nine months ended September 30, 2024 and 2023, respectively.
- (9) Weighted-Average Shares Outstanding - Diluted - for the quarter ended September 30, 2024, includes the add-back of 14.7 million shares that are anti-dilutive for diluted EPS purposes, but included for adjusted diluted EPS.

Selected statistical information is shown in the following table:

|                       | Quarter Ended September 30, |            | Nine Months Ended September 30, |            |
|-----------------------|-----------------------------|------------|---------------------------------|------------|
|                       | 2024                        | 2023       | 2024                            | 2023       |
| Passengers Carried    | 2,310,220                   | 1,999,764  | 6,404,844                       | 5,706,843  |
| Passenger Cruise Days | 14,785,828                  | 13,172,002 | 41,165,985                      | 36,944,034 |
| APCD                  | 13,316,981                  | 12,011,593 | 37,836,007                      | 34,953,919 |
| Occupancy             | 111.0 %                     | 109.7 %    | 108.8 %                         | 105.7 %    |

EBITDA and Adjusted EBITDA were calculated as follows (in millions):

|                                                                | Quarter Ended September 30, |                 | Nine Months Ended September 30, |                 |
|----------------------------------------------------------------|-----------------------------|-----------------|---------------------------------|-----------------|
|                                                                | 2024                        | 2023            | 2024                            | 2023            |
| <b>Net Income attributable to Royal Caribbean Cruises Ltd.</b> | \$ 1,111                    | \$ 1,009        | \$ 2,325                        | \$ 1,420        |
| Interest income                                                | (4)                         | (7)             | (13)                            | (32)            |
| Interest expense, net of interest capitalized                  | 603                         | 340             | 1,324                           | 1,055           |
| Depreciation and amortization expenses                         | 410                         | 365             | 1,190                           | 1,087           |
| Income tax expense (1)                                         | 23                          | 7               | 46                              | 6               |
| <b>EBITDA</b>                                                  | <b>2,143</b>                | <b>1,714</b>    | <b>4,872</b>                    | <b>3,536</b>    |
| Other expense (income) (2)                                     | 3                           | 1               | (9)                             | 3               |
| Gain on sale of controlling interest (3)                       | —                           | —               | —                               | (3)             |
| Equity investment impairment and recovery losses               | —                           | 13              | —                               | 8               |
| Restructuring charges and other initiative expenses            | 2                           | —               | 5                               | 5               |
| Impairment and credit losses (recoveries) (4)                  | —                           | —               | 6                               | (7)             |
| <b>Adjusted EBITDA</b>                                         | <b>\$ 2,148</b>             | <b>\$ 1,728</b> | <b>\$ 4,874</b>                 | <b>\$ 3,542</b> |

- (1) These amounts are included in Other (expense) income within our consolidated statements of comprehensive income (loss).
- (2) Represents net non-operating expense. The amount excludes income tax expense, included in the EBITDA calculation above.
- (3) For 2023, represents gain on sale of controlling interest in cruise terminal facilities in Italy. These amounts are included in Other operating within our consolidated statements of comprehensive income (loss).
- (4) For 2024, represents property and equipment impairment charges related to certain construction in progress assets. For 2023, represents asset impairments and credit losses recoveries for notes receivables for which credit losses were previously recorded. These amounts are included in Other operating within our consolidated statements of comprehensive income (loss).

Gross Margin Yields and Net Yields were calculated by dividing Gross Margin and Adjusted Gross Margin by APCD as follows (in millions, except APCD and Yields):

|                                        | Quarter Ended September 30, |            | Nine Months Ended September 30, |            |
|----------------------------------------|-----------------------------|------------|---------------------------------|------------|
|                                        | 2024                        | 2023       | 2024                            | 2023       |
| Total revenue                          | \$ 4,886                    | \$ 4,160   | \$ 12,724                       | \$ 10,569  |
| Less:                                  |                             |            |                                 |            |
| Cruise operating expenses              | 2,391                       | 2,137      | 6,600                           | 5,885      |
| Depreciation and amortization expenses | 410                         | 365        | 1,190                           | 1,087      |
| Gross Margin                           | 2,085                       | 1,658      | 4,934                           | 3,597      |
| Add:                                   |                             |            |                                 |            |
| Payroll and related                    | 328                         | 294        | 959                             | 888        |
| Food                                   | 251                         | 212        | 697                             | 614        |
| Fuel                                   | 290                         | 272        | 876                             | 850        |
| Other operating                        | 545                         | 466        | 1,584                           | 1,342      |
| Depreciation and amortization expenses | 410                         | 365        | 1,190                           | 1,087      |
| Adjusted Gross Margin                  | \$ 3,909                    | \$ 3,267   | \$ 10,240                       | \$ 8,378   |
| APCD                                   | 13,316,981                  | 12,011,593 | 37,836,007                      | 34,953,919 |
| Gross Margin Yields                    | \$ 156.52                   | \$ 138.04  | \$ 130.39                       | \$ 102.91  |
| Net Yields                             | \$ 293.46                   | \$ 272.00  | \$ 270.63                       | \$ 239.67  |

Gross Cruise Costs, Net Cruise Costs and Net Cruise Costs Excluding Fuel were calculated as follows (in millions, except APCD and costs per APCD):

|                                                         | Quarter Ended September 30, |            | Nine Months Ended September 30, |            |
|---------------------------------------------------------|-----------------------------|------------|---------------------------------|------------|
|                                                         | 2024                        | 2023       | 2024                            | 2023       |
| Total cruise operating expenses                         | \$ 2,391                    | \$ 2,137   | \$ 6,600                        | \$ 5,885   |
| Marketing, selling and administrative expenses          | 451                         | 393        | 1,452                           | 1,289      |
| Gross Cruise Costs                                      | 2,842                       | 2,530      | 8,052                           | 7,174      |
| Less:                                                   |                             |            |                                 |            |
| Commissions, transportation and other                   | 688                         | 632        | 1,758                           | 1,551      |
| Onboard and other                                       | 289                         | 261        | 726                             | 640        |
| Net Cruise Costs Including Other Costs                  | 1,865                       | 1,637      | 5,568                           | 4,983      |
| Less:                                                   |                             |            |                                 |            |
| Gain on sale of controlling interest (1)                | —                           | —          | —                               | (3)        |
| Impairment and credit loss (recoveries) (2)             | —                           | —          | 6                               | (7)        |
| Restructuring charges and other initiative expenses (3) | 2                           | —          | 5                               | 5          |
| Net Cruise Costs                                        | 1,863                       | 1,637      | 5,557                           | 4,988      |
| Less:                                                   |                             |            |                                 |            |
| Fuel                                                    | 290                         | 272        | 876                             | 850        |
| Net Cruise Costs Excluding Fuel                         | \$ 1,573                    | \$ 1,365   | \$ 4,681                        | \$ 4,138   |
| APCD                                                    | 13,316,981                  | 12,011,593 | 37,836,007                      | 34,953,919 |
| Gross Cruise Costs per APCD                             | \$ 213.42                   | \$ 210.62  | \$ 212.82                       | \$ 205.22  |
| Net Cruise Costs per APCD                               | \$ 139.87                   | \$ 136.25  | \$ 146.88                       | \$ 142.67  |
| Net Cruise Costs Excluding Fuel per APCD                | \$ 118.12                   | \$ 113.57  | \$ 123.73                       | \$ 118.36  |

- (1) Represents gain on sale of controlling interest in cruise terminal facilities in Italy. These amounts are included in Other operating within our consolidated statements of comprehensive income (loss).
- (2) For 2024, represents property and equipment impairment charges related to certain construction in progress assets. For 2023, represents asset impairments and credit losses recoveries for notes receivables for which credit losses were previously recorded. These amounts are included in Other operating within our consolidated statements of comprehensive income (loss).
- (3) These amounts are included in Marketing, selling and administrative expenses within our consolidated statements of comprehensive income (loss).

## **Quarter Ended September 30, 2024 Compared to Quarter Ended September 30, 2023**

*In this section, references to 2024 refer to the quarter ended September 30, 2024 and references to 2023 refer to the quarter ended September 30, 2023.*

### ***Revenues***

Total revenues for 2024 increased \$726 million to \$4.9 billion from \$4.2 billion in 2023.

*Passenger ticket revenues* comprised 71% of our 2024 total revenues. *Passenger ticket revenues* for 2024 increased by \$530 million, or 18.0% to \$3.5 billion from \$2.9 billion in 2023. The increase was primarily due to:

- a \$320 million driven by an increase in capacity of 10.9% due to the additions of *Utopia of the Seas*, *Icon of the Seas*, *Celebrity Ascent*, and *Silver Ray* compared to the addition of *Silver Nova* during the same period in 2023; and
- a \$210 million increase driven by higher load factors and ticket prices on a per passenger basis on existing ships as well as the benefit of new ships, compared to the same period in 2023.

The remaining 29% of 2024 total revenues was comprised of *Onboard and other revenues*, which increased \$196 million, or 16.1% to \$1.4 billion in 2024 from \$1.2 billion in 2023. The increase was primarily due to:

- \$132 million driven by increased capacity noted above due to the addition of new ships; and
- \$63 million primarily driven by improved pricing and an increase in load factors in 2024 compared to the same period in 2023.

### ***Cruise Operating Expenses***

Total *Cruise operating expenses* for 2024 increased \$254 million to \$2.4 billion from \$2.1 billion in 2023. The increase was primarily due to the 10.9% increase in capacity noted above which increased cruise operating expenses by \$232 million in 2024 compared to the same period in 2023.

### ***Marketing, Selling and Administrative Expenses***

Marketing, selling and administrative expenses for 2024 increased \$58 million, or 14.8%, to \$451 million from \$393 million in 2023. The increase was primarily due to an increase in payroll and benefits expense driven by an increase in headcount and higher stock price related to our performance share awards in 2024 compared to the same period in 2023, and higher spending on advertisement and media promotions.

### ***Other Income (Expense)***

Interest expense, net of interest capitalized for 2024 increased \$263 million, to \$603 million from \$340 million in 2023. The increase was primarily due to loss on extinguishment of debt of \$204 million associated with the full redemption of our 9.25%, 8.25%, and 7.25% Senior Notes, and \$119 million inducement expense on the partial settlement of our 2025 Convertible notes in 2024 compared to loss on extinguishment of debt of \$38 million during the same period in 2023. The increase was partially offset by a decrease of \$42 million lower interest expense in 2024 compared to the same period in 2023, resulting from the 2024 refinancings.

### ***Other Comprehensive (loss) income***

*Other comprehensive loss* was \$(99) million in 2024 compared to *Other comprehensive income* of \$36 million for the same period in 2023. The decrease of \$(135) million was primarily due to a *Loss on cash flow derivative hedges* in 2024 of \$95 million compared to a *Gain on cash flow derivative hedges* in 2023 of \$20 million, mostly as a result of a significant decrease in the fair value of our fuel swaps in 2024 compared to 2023.

### ***Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023***

*In this section, references to 2024 refer to the nine months ended September 30, 2024 and references to 2023 refer to the nine months ended September 30, 2023.*

#### ***Revenues***

Total revenues for 2024 increased \$2.2 billion to \$12.7 billion from \$10.6 billion in 2023.

*Passenger ticket revenues* comprised 70% of our 2024 total revenues. *Passenger ticket revenues* for 2024 increased by \$1.6 billion, or 22% to \$8.9 billion from \$7.3 billion in 2023. The increase was primarily due to:

- an increase of \$1 billion driven by increases in ticket prices on a per passenger basis on existing ships as well as the benefit of new ships, compared to the same period in 2023; and
- an 8.2% increase in capacity, which increased *Passenger ticket revenues* by \$600 million, primarily due to the additions of *Utopia of the Seas*, *Icon of the Seas*, *Celebrity Ascent*, and *Silver Ray* compared to the addition of *Silver Nova* during the same period in 2023.

The remaining 30% of 2024 total revenues was comprised of *Onboard and other revenues*, which increased \$537 million, or 16.3% to \$3.8 billion in 2024 from \$3.3 billion in 2023. The increase was primarily due to:

- a \$271 million increase driven by an 8.2% increase in capacity due to the additions of new ships noted above in 2024 compared to the same period in 2023; and
- a \$186 million increase driven by improved pricing and an increase in load factors of 3.1% in 2024 compared to the same period in 2023.

#### ***Cruise Operating Expenses***

Total *Cruise operating expenses* for 2024 increased \$715 million to \$6.6 billion from \$5.9 billion in 2023. The increase was primarily due to:

- the 8.2% increase in capacity noted above increased cruise operating expenses by \$485 million; and
- an increase of \$190 million driven by various factors including an increase in higher drydock and maintenance related expenses; and commissions due to the increases in ticket prices noted above in 2024 compared to the same period in 2023.

#### ***Marketing, Selling and Administrative Expenses***

Marketing, selling and administrative expenses for 2024 increased \$163 million, or 13%, to \$1.5 billion from \$1.3 billion in 2023. The increase was primarily due to an increase in payroll and benefits expense driven by an increase in headcount and higher stock price related to our performance share awards in 2024 compared to the same period in 2023, and higher spending on advertisement and media promotions.

#### ***Other Income (Expense)***

Interest expense, net of interest capitalized for 2024 increased \$269 million, to \$1.3 billion from \$1.1 billion in 2023. The increase was primarily due to loss on extinguishment of debt of \$337 million associated with the full redemption of our 11.63%, 9.25%, 8.25%, and 7.25% Senior Notes, and \$119 million inducement expense on the partial settlement of our 2025 Convertible notes in 2024 compared to loss on extinguishment of debt of \$81 million during the same period in 2023. The increase was partially offset by a decrease of \$147 million lower interest expense in 2024 compared to the same period in 2023, resulting from the 2024 refinancings.

#### ***Depreciation and Amortization Expenses***

*Depreciation and amortization expenses* for 2024 increased \$103 million, or 9.5%, to \$1.2 billion from \$1.1 billion in 2023. The increase was primarily due to the additions of *Utopia of the Seas*, *Icon of the Seas*, *Celebrity Ascent*, and *Silver Ray* compared to the addition of *Silver Nova* during the same period in 2023.

*Other Comprehensive (loss) income*

*Other comprehensive loss* was \$(79) million in 2024 compared to *Other comprehensive loss* of \$(1) million for the same period in 2023. The increase of \$(78) million, was primarily due to a *Loss on cash flow derivative hedges* in 2024 of \$(82) million compared to a *Loss on cash flow derivative hedges* in 2023 of \$(7) million, mostly as a result of a significant decrease in fair value of our fuel swaps in 2024 compared to 2023.

## Future Application of Accounting Standards

Refer to Note 2. *Summary of Significant Accounting Policies* to our consolidated financial statements.

## Liquidity and Capital Resources

### Sources and Uses of Cash

Cash flow generated from operations provides us with a significant source of liquidity. *Net cash provided by operating activities* was \$3.8 billion and \$3.4 billion for the nine months ended September 30, 2024, and 2023, respectively. Cash flows from operating activities increased \$0.4 billion primarily driven by an increase in operating income.

*Net cash used in investing activities* was \$2.8 billion for the nine months ended September 30, 2024, compared to \$1.3 billion for the same period in 2023. Cash flows used in investing activities were primarily attributable by an increase in capital expenditures of \$1.4 billion during 2024, compared to the same period in 2023 due to the delivery of *Utopia of the Seas* and *Silver Ray* in 2024, compared to the delivery of *Silver Nova* during the same period in 2023.

*Net cash used in financing activities* was \$1.1 billion for the nine months ended September 30, 2024, compared to \$3.3 billion for the same period in 2023. The change of \$2.3 billion was primarily attributable to repayments of debt of \$10.0 billion, offset by debt proceeds of \$9.4 billion in 2024 compared to repayments of debt of \$5.3 billion, offset by debt proceeds of \$1.8 billion in 2023. Additionally, during 2023, we received proceeds of \$209 million for the sale of noncontrolling interest of PortMiami, which did not recur in 2024.

## Future Capital Commitments

### Capital Expenditures

Our future capital commitments consist primarily of new ship orders. As of September 30, 2024, the dates that the ships on order by our Global and Partner Brands are expected to be delivered, subject to change in the event of construction delays, and their approximate berths are as follows:

| Ship                              | Shipyard                  | Expected delivery | Approximate Berths |
|-----------------------------------|---------------------------|-------------------|--------------------|
| Royal Caribbean International —   |                           |                   |                    |
| Icon-class:                       |                           |                   |                    |
| <i>Star of the Seas</i>           | Meyer Turku Oy            | 3rd Quarter 2025  | 5,600              |
| <i>Unnamed</i>                    | Meyer Turku Oy            | 2nd Quarter 2026  | 5,600              |
| Celebrity Cruises —               |                           |                   |                    |
| Edge-class:                       |                           |                   |                    |
| <i>Celebrity Xcel</i>             | Chantiers de l'Atlantique | 4th Quarter 2025  | 3,250              |
| TUI Cruises (50% joint venture) — |                           |                   |                    |
| <i>Mein Schiff Relax</i>          | Fincantieri               | 1st Quarter 2025  | 4,100              |
| <i>Unnamed</i>                    | Fincantieri               | 2nd Quarter 2026  | 4,100              |
| Total Berths                      |                           |                   | 22,650             |

In addition, during 2024, we entered into an agreement with Meyer Turku Oy and Chantiers de l'Atlantique to build a fourth Icon class ship and a seventh Oasis class ship for delivery 2027 and 2028, respectively. Both agreements are contingent upon completion of certain conditions precedent including financing.

Our future capital commitments consist primarily of new ship orders. As of September 30, 2024, the aggregate expected cost of our ships on order presented in the table above, excluding any ships on order by our Partner Brands, was \$5.9 billion, of which we had deposited \$619 million. Approximately 39.6% of the aggregate cost was exposed to fluctuations in the Euro exchange rate at September 30, 2024. Refer to Note 8. *Commitments and Contingencies* and Note 11. *Fair Value Measurements and Derivative Instruments* to our consolidated financial statement.

As of September 30, 2024, we anticipate overall full year capital expenditures, based on our existing ships on order, will be approximately \$3.4 billion for 2024. This amount does not include any ships on order by our Partner Brands.

## Material Cash Requirements

As of September 30, 2024, our material cash requirements were as follows (in millions):

|                              | Remainder of<br>2024 | 2025     | 2026     | 2027   | 2028   | Thereafter | Total     |
|------------------------------|----------------------|----------|----------|--------|--------|------------|-----------|
| Operating Activities:        |                      |          |          |        |        |            |           |
| Interest on debt(1)          | \$ 199               | \$ 959   | \$ 895   | \$ 757 | \$ 581 | \$ 2,109   | \$ 5,500  |
| Other(2)                     | 38                   | 157      | 168      | 153    | 127    | 881        | 1,524     |
| Investing Activities:        |                      |          |          |        |        |            |           |
| Ship purchase obligations(3) | 172                  | 2,572    | 1,669    | —      | —      | —          | 4,413     |
| Total                        | \$ 409               | \$ 3,688 | \$ 2,732 | \$ 910 | \$ 708 | \$ 2,990   | \$ 11,437 |

- (1) Long-term debt obligations mature at various dates through fiscal year 2037 and bear interest at fixed and variable rates. Interest on variable-rate debt is calculated based on forecasted debt balances, including the impact of interest rate swap agreements, using the applicable rate at September 30, 2024. Debt denominated in other currencies is calculated based on the applicable exchange rate at September 30, 2024.
- (2) Amounts primarily represent future commitments with remaining terms in excess of one year to pay for our usage of certain port facilities, marine consumables, services and maintenance contracts.
- (3) Amounts are based on contractual installment and delivery dates for our ships on order. Included in these figures are \$3.7 billion in final contractual installments, which have committed financing with sovereign guarantees covering approximately 80% of the cost of the ships on order for our Global Brands. Amounts do not include potential obligations which remain subject to cancellation at our sole discretion or any agreements entered for ships on order that remain contingent upon completion of conditions precedent.

Refer to Note 6. *Debt* for maturities related to debt.

Refer to Note 7. *Leases* for maturities related to lease liabilities.

Refer to *Funding Needs and Sources* for discussion on the planned funding of the above material cash requirements.

As a normal part of our business, depending on market conditions, pricing and our overall growth strategy, we continuously consider opportunities to enter into contracts for the building of additional ships. We may also consider the sale of ships or the purchase of existing ships. We continuously consider potential acquisitions and strategic alliances. If any of these were to occur, they would be financed through the incurrence of additional indebtedness, the issuance of additional shares of equity securities or through cash flows from operations.

## Off-Balance Sheet Arrangements

Refer to Note 5. *Investments and Other Assets* for ownership restrictions related to TUI Cruises.

Refer to Note 3. *Revenue* for credit card processor agreements for export credit agency guarantees.

Refer to Note 8. *Commitments and Contingencies* for other agreements.

As of September 30, 2024, other than the items referenced above, we are not party to any other off-balance sheet arrangements, including guarantee contracts, retained or contingent interest, certain derivative instruments and variable interest entities, that either have, or are reasonably likely to have, a current or future material effect on our financial position.

## Funding Needs and Sources

We have significant contractual obligations of which our debt service obligations and the capital expenditures associated with our ship purchases represent our largest funding needs. As of September 30, 2024, we had \$4.1 billion of committed financing for our ships on order. As of September 30, 2024, our obligations due through September 30, 2025 primarily consisted of \$1.6 billion related to debt maturities, \$1.0 billion related to interest on debt and \$1.9 billion related to progress payments on our ship orders and, based on the expected delivery date, the final installment payable due upon the delivery. We

have historically relied on a combination of cash flows provided by operations, draw-downs under our available credit facilities, the incurrence of additional debt and/or the refinancing of our existing debt and the issuance of additional shares of equity securities to fund our obligations.

As of September 30, 2024, we had liquidity of \$3.9 billion, including cash and cash equivalents of \$0.4 billion, and \$3.5 billion of undrawn revolving credit facility capacity.

If any person acquires ownership of more than 50% of our common stock or, subject to certain exceptions, during any 24-month period, a majority of our board of directors is no longer comprised of individuals who were members of our board of directors on the first day of such period, we may be obligated to prepay indebtedness outstanding under our credit facilities, which we may be unable to replace on similar terms. Our public debt securities also contain change of control provisions that would be triggered by a third-party acquisition of greater than 50% of our common stock coupled with a ratings downgrade. If this were to occur, it would have an adverse impact on our liquidity and operations.

Based on our assumptions and estimates and our financial condition, we believe that we have sufficient financial resources to fund our obligations for at least the next twelve months from the issuance of these financial statements. However, there is no assurance that our assumptions and estimates are accurate as there is inherent uncertainty in our ability to predict future liquidity requirements.

#### ***Debt Covenants***

Our export credit facilities and our non-export credit facilities, and certain of our credit card processing agreements contain covenants that require us, among other things, to maintain a fixed charge coverage ratio, limit our net debt-to-capital ratio, and to maintain minimum liquidity. In July 2024, we amended all of our export credit facilities to eliminate the contractual requirement for us to maintain a minimum level of stockholders' equity. As of September 30, 2024, we were in compliance with our financial covenants and we estimate that we will be in compliance for at least the next twelve months.

#### ***Dividends***

The declaration of dividends shall at all times be subject to the final determination of our board of directors that a dividend is prudent at that time in consideration of the needs of the business. During the quarter ended September 30, 2024, our Board of Directors declared a cash dividend on our common stock of \$0.40 per share, which was paid on October 11, 2024.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

For a discussion of our market risks, refer to Part II, Item 7A, *Quantitative and Qualitative Disclosures About Market Risk* in our Annual Report on Form 10-K for the year ended December 31, 2023. There have been no material changes to our exposure to market risks since the date of our 2023 Annual Report.

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our President and Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures, as such term is defined in Exchange Act Rule 13a-15(e), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon such evaluation, our President and Chief Executive Officer and Chief Financial Officer concluded that those controls and procedures are effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our President and Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Securities and Exchange Commission (the "SEC").

#### **Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Exchange Act Rule 13a-15(d) during the quarter ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### **Inherent Limitations on Effectiveness of Controls**

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there is only reasonable assurance that our controls will succeed in achieving their goals under all potential future conditions.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

As previously reported, a lawsuit was filed against us in August 2019 in the U.S. District Court for the Southern District of Florida (the "Court") under Title III of the Cuban Liberty and Democratic Solidarity Act, also known as the Helms-Burton Act. The complaint filed by Havana Docks Corporation ("Havana Docks Action") alleges it holds an interest in the Havana Cruise Port Terminal that was expropriated by the Cuban government. The complaint further alleges that we trafficked in the terminal by embarking and disembarking passengers at these facilities. The plaintiff seeks all available statutory remedies, including the value of the expropriated property, plus interest, treble damages, attorneys' fees and costs.

The Court entered final judgment in December 2022 in favor of the plaintiff and awarded damages and attorneys' fees to the plaintiff in the aggregate amount of approximately \$112 million. We appealed the judgment to the United States Court of Appeals for the 11th Circuit. On October 22, 2024, the 11th Circuit issued an opinion that overturned the lower court's judgment. The plaintiff has the right to petition for a rehearing by the full 11th Circuit or to appeal to the United States Supreme Court. During the fourth quarter of 2022, we recorded a charge of approximately \$130 million to *Other (expense) income* within our consolidated statements of comprehensive income (loss) related to the Havana Docks Action, including post-judgment interest and related legal defense costs and bonding fees.

In addition, we are routinely involved in claims typical within the cruise vacation industry. The majority of these claims are covered by insurance. We believe the outcome of such claims, net of expected insurance recoveries, will not have a material adverse impact on our financial condition or results of operations and cash flows.

### Item 1A. Risk Factors

There have been no material changes from risk factors previously disclosed in the Company's most recent Annual Report on Form 10-K. See the discussions of the Company's risk factors under Part I, Item 1A in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds****Share Repurchases**

There were no repurchases of common stock during the quarter ended September 30, 2024.

**Item 5. Other Information****Rule 10b5-1 Plan Elections**

During the quarter ended September 30, 2024, none of our directors or officers (as defined in Rule 16a-1 under the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as those terms are defined in Item 408 of Regulation S-K).

## Item 6. Exhibits

- 4.1 [Indenture, dated as of August 12, 2024, between Royal Caribbean Cruises Ltd. and The Bank of New York Mellon Trust Company, N.A., as trustee. \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on August 12, 2024\)](#)
- 4.2 [Form of 6.000% Senior Notes due 2033 \(incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on August 12, 2024\)](#)
- 4.3 [Indenture, dated as of September 26, 2024, between Royal Caribbean Cruises Ltd. and The Bank of New York Mellon Trust Company, N.A., as trustee. \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 26, 2024\)](#)
- 4.4 [Form of 5.625% Senior Notes due 2031 \(incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on September 26, 2024\)](#)
- 10.1 [Form of Exchange Agreement \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 6, 2024\).](#)
- 31.1 [Certification of the Chief Executive Officer pursuant to Rule 13a-14\(a\) of the Securities Exchange Act of 1934](#)
- 31.2 [Certification of the Chief Financial Officer pursuant to Rule 13a-14\(a\) of the Securities Exchange Act of 1934](#)
- 32.1 [Certifications of the Chief Executive Officer and the Chief Financial Officer pursuant to Rule 13a-14\(b\) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code](#)\*\*

\*\*               Furnished herewith

### Interactive Data File

- 101       The following financial statements of Royal Caribbean Cruises Ltd. for the period ended September 30, 2024, formatted in iXBRL (Inline extensible Reporting Language) are filed herewith:
  - (i)   the Consolidated Statements of Comprehensive Income (Loss) for quarter and nine months ended September 30, 2024 and 2023;
  - (ii)   the Consolidated Balance Sheets at September 30, 2024 and December 31, 2023;
  - (iii)   the Consolidated Statements of Cash Flows for the nine months ended September 30, 2024 and 2023; and
  - (iv)   the Notes to the Consolidated Financial Statements, tagged in summary and detail.
- 104       Cover page interactive data file (the cover page XBRL tags are embedded within the Inline XBRL document).

## SIGNATURES

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

ROYAL CARIBBEAN CRUISES LTD.  
(Registrant)

/s/ NAFTALI HOLTZ

---

Naftali Holtz

*Chief Financial Officer*

*(Principal Financial Officer and duly authorized signatory)*

October 29, 2024