Risk Factors Comparison 2024-01-26 to 2023-01-27 Form: 10-K

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You should carefully consider the following discussion of material factors, events and uncertainties that make an investment in the company' s securities risky and provide important information for the understanding of the " forward- looking " statements discussed in this Form 10- K and elsewhere. These risk factors should be read in conjunction with other information in this Form 10- K. The events and consequences discussed in these risk factors could have a material adverse effect on the company' s business, financial condition, operating results and stock price. These risk factors do not identify all risks that the company faces; operations could also be affected by factors, events, or uncertainties that are not presently known to the company or that the company currently does not consider to present material risks to its operations. In addition to the ~~effects of the COVID- 19 pandemic and resulting global disruptions on our business and operations discussed in Item 7 of this Form 10- K and in the~~ risk factors below, additional or unforeseen effects from our substantial debt balance **incurred during** ~~as a result of~~ the pause of our guest cruise operations could give rise to or amplify many of the risks discussed below. Some of the statements in this item and elsewhere in this document are " forward- looking statements. " For a discussion of those statements and of other factors to consider see the " Cautionary Note Concerning Factors That May Affect Future Results " section. The ordering and lettering of the risk factors set forth below is not intended to reflect any company indication of priority or likelihood. ~~Operating~~ **Operational** Risk Factors a. Events and conditions around the world, including **geopolitical uncertainty,** war and other military actions ~~, such as the invasion of Ukraine~~ , inflation, higher fuel prices, higher interest rates and other general concerns impacting the ability or desire of people to travel have led, and may in the future lead, to a decline in demand for cruises ~~,~~ **as well as negative** ~~impacting~~ **impacts to** our operating costs and profitability. We have been, and may continue to be, impacted by the public' s concerns regarding the health, safety and security of travel, including government travel advisories and travel restrictions, political instability and civil unrest, terrorist attacks, war and military action ~~, most recently the invasion of Ukraine,~~ and other general concerns. The ~~invasion of Ukraine and its~~ resulting impacts **of these events** , including supply chain disruptions, increased fuel prices, impact on demand for cruises to neighboring regions and international sanctions and other measures that have been imposed, have adversely affected, and may continue to adversely affect, our business. These factors may also have the effect of heightening many other risks to our business, any of which could materially and adversely affect our business and results of operations. Additionally, we have been, and may continue to be, impacted by heightened regulations around customs and border control, travel bans to and from certain geographical areas, voluntary changes to our itineraries in light of geopolitical events, government policies increasing the difficulty of travel and limitations on issuing international travel visas. We may be impacted by adverse changes in the perceived or actual economic climate, such as inflation, global or regional recessions, higher unemployment and underemployment rates and declines in income levels. b. Pandemics have in the past and may in the future have a significant negative impact on our financial condition and operations. Pandemics have in the past and may in the future have a significant negative impact on our financial condition and operations. We could: • be forced to re-implement a pause of our guest cruise operations • be negatively impacted by travel advisories, restrictions, recommendations and regulations set by various governmental authorities, which could impact our occupancy levels • be subject to enhanced health and hygiene requirements in attempts to counteract future outbreaks, and these requirements may be costly, take a significant amount of time to implement across our global cruise operations and may result in disruptions in guest cruise operations, incremental costs and loss of revenue • be subject to negative publicity, along with the cruise industry, which could have a long- term impact on the appeal of our cruises • be subject to lawsuits, other governmental investigations and other actions • **be required to** reassess our ship deployment options and our fleet, which could lead to the removal of additional ships from our fleet and may result in incremental ship impairment charges and losses on ship sales • be negatively impacted as a result of the adverse impact on our partners, counterparties and joint ventures • be negatively impacted by the inability to attract and retain the loyalty of our guests and hire and retain our crew c. Incidents concerning our ships, guests or the cruise industry have in the past and may, in the future, negatively impact the satisfaction of our guests and crew and lead to reputational damage. Our operations involve the risk of incidents and media coverage thereof. Such incidents include, but are not limited to, the improper operation or maintenance of ships, motorcoaches and trains; guest and crew illnesses; mechanical failures, fires and collisions; repair delays, groundings and navigational errors; oil spills and other maritime and environmental issues as well as other incidents at sea, while in port or on land which may generate negative publicity or cause guest and crew discomfort, injury, or death. Although our commitment to the safety and comfort of our guests and crew is paramount to the success of our business, our ships have been involved in outbreaks, accidents and other incidents in the past and we may experience similar or other incidents in the future. Our ability to attract and retain the loyalty of our guests, our ability to hire and the amounts we must pay our crew depend, in part, upon the perception and reputation of our company and our brands and the public' s concerns regarding the health and safety of travel generally, as well as the cruising industry and our ships specifically. In addition, these and any other events which impact the travel industry more generally may negatively impact our guests' and / or crew' s ability or desire to travel to or from our ships and / or interrupt the supply of critical goods and services. d. Changes in and non-compliance with laws and regulations under which we operate, such as those relating to health, environment, safety and security, data privacy and protection, anti- **money laundering, anti-** corruption, economic sanctions, trade protection, labor and employment, and tax **may be costly and** have in the past and may, in the future, lead to litigation, enforcement actions, fines, penalties and reputational damage. We are subject to numerous international, national, state and local laws, regulations, treaties and other legal requirements that govern health, environmental, safety and security matters in relation to our guests, crew and ships. These requirements change regularly, depending on the itineraries of our ships and the ports and countries visited. Implementing these and any subsequent requirements may be costly and take time to implement across our global cruise operations. In addition, the accelerating pace of regulatory changes may affect our ability to comply in the future. If we violate or fail to comply with any of these laws, regulations, treaties and other requirements we could be, and have previously been, fined, placed on probation or otherwise sanctioned by regulators. In addition, there is increased global focus on climate change, which may lead to additional regulatory requirements. Refer to ~~Operating~~ **Operational** Risk Factor " e. " below for additional discussion on climate change regulation risks. We ~~were subject to a court- ordered environmental compliance plan supervised by the U. S. District Court for the Southern District of Florida, which was operative until April 2022 and subjected our operations to additional review and other obligations. We~~ are subject to laws and requirements related to the treatment and protection of personal, sensitive and / or other regulated data in the jurisdictions where we operate. Various governments, agencies and regulatory organizations have enacted or are considering new rules and regulations and we expect to continue to incur costs to comply with these rules and regulations. In the course of doing business, we collect guest, team member, company and other third- party data, including ~~personally~~ -- **personal** ~~identifiable information~~ and other sensitive data ~~. We have incurred legal and other costs in connection with cyber incidents relating to such sensitive data. Refer to Operating Risk Factor " g. " below for additional discussion of data security risks~~ . Our operations subject us to potential liability under **anti- money laundering and** anti- corruption laws and regulations. We may also be affected by economic sanctions, trade protection laws, policies and other regulatory requirements affecting trade and investment. We are subject to compliance with tax laws, regulations and treaties in the jurisdictions in which we are incorporated or operate. These tax laws, regulations and treaties are subject to change at any time, which may result in substantially higher tax expense. For example, the ~~Organization for Economic Co- operation and Development ("~~ OECD **' s** ~~") has proposed a~~ multi- jurisdictional inclusive framework **is intended** to address **the** ~~base erosion and profit sharing that, if enacted by relevant jurisdictions, may result in increased~~ tax ~~expense~~ **challenges arising from globalization, which includes the establishment of a minimum 15 % tax rate for multinational enterprises. A number of countries, including the UK and EU member states, have agreed to adopt the OECD' s minimum tax rules and several countries, including the UK, have already implemented these rules. The phased implementation of these rules is expected to begin for our fiscal year 2025, with limited impact for us before 2026. The application of these rules continues to evolve, and its outcome may alter our tax obligations in certain countries in which we operate. Other changes in domestic and international tax rules and regulations and their application could also alter our tax obligations** . e. Factors associated with climate change, including evolving and increasing regulations, increasing global concern about climate change and the shift in climate conscious consumerism and stakeholder scrutiny, and increasing frequency and / or severity of adverse weather conditions could adversely affect our business. Growing concerns regarding climate change have resulted in increased global regulatory focus on GHG and other emissions which may have material impacts on our business. ~~For example~~ **Refer to XIX. Governmental Regulations for additional discussion of recent developments related to Maritime Regulations** , ~~the~~ **Greenhouse Gas Emissions and** EU ~~' s Fit~~ **Regulations. Fossil fuels are currently the only viable option** for ~~55 package~~ **our industry and it is not clear when alternative fuels or other technologies will be commercially viable. To provide a path to net zero emissions, alternative low GHG emission fuels will be necessary for the maritime industry; however, there are significant supply challenges that must be resolved before viability is reached. Climate change- related regulatory activity and developments that require us to reduce our emissions** , which includes **both** ~~recently agreed updates to~~ the ~~ETS relating to the need to acquire carbon emission allowances for maritime shipping related emissions inside~~ EU ~~waters, proposed reforms to the EU' s ETD, which imposes taxes on fuel purchased in the EU, as well as a new regulatory~~ **regulations** ~~proposal, the FuelEU Maritime initiative, which sets out a long- term framework to reduce emissions by increasing the use of sustainable alternative fuels~~ and ~~shore power. In addition, the~~ IMO **Strategy (refer** ~~is currently considering various other proposals which aim~~ to **XIX** ~~reduce emissions within the global shipping industry~~ . **Governmental** ~~If finalized and enacted, these regulations~~ **Regulations** ~~and reforms~~ **),** may individually or collectively have a material impact on our **business and financial results by requiring us to make capital investments in new equipment or technologies, pay for emissions, purchase carbon offset credits, or otherwise incur additional costs or take additional actions related to our emissions. Such activity may also impact us indirectly by increasing our** operating costs **, including fuel costs. Regulatory developments may also result in the inability to operate ships that do not meet certain standards, the acceleration of the removal of less fuel- efficient ships from our fleet** and ~~profitability~~ **impact the resale value of our ships in the future. In addition, regulatory developments may restrict or limit our access to certain destinations and / or countries or impact our freedom to operate** . Regulatory efforts, both internationally and in the U. S., are evolving, including the international alignment of such efforts, and we cannot determine what final regulations will be enacted or their ultimate impact on our business. ~~Climate change- related regulatory activity and developments that require us to reduce our emissions, which includes both the EU and IMO proposals discussed above, may adversely affect our business and financial results by requiring us to make capital investments in new equipment or technologies, pay for carbon emissions, purchase carbon offset credits, or otherwise incur additional costs or take additional actions related to our emissions. Such activity may also impact us indirectly by increasing our operating costs, including fuel costs. Regulatory developments may also result in the inability to operate ships that do not meet certain standards, the acceleration of the removal of less fuel- efficient ships from our fleet and impact the resale value of our ships in the future. In addition, regulatory developments may restrict or limit our access to certain destinations and / or countries or curtail our freedom to operate.~~ Growing recognition among consumers globally of the negative effects of climate change and the impact of GHG and other emissions may lead to material changes in consumer preferences. For instance, our guests may choose a vacation option that they perceive as operating in a manner that is more sustainable for the climate, seek alternative methods of travel, or reduce the amount and frequency of their travel. In addition, some environmental focused groups have and may continue to generate negative publicity regarding the environmental impact of the cruise industry and are advocating for more stringent

oversight and regulation **of our industry, including** of ship emissions while the ship is docked and at sea. ~~Growing environmental~~ **Environmental** scrutiny of our operations and the industry from the investment community, other stakeholders, and the media have impacted and may continue to impact how we are perceived, which may have a material impact on our operations and financial results. Certain climate- related actions and investments we make today may not lead us to our intended future emissions related goals or may not be favorably perceived in future years based on continuing evolving regulations and perceptions around effective emissions mitigation strategies and technologies. Our cruise ships, hotels, land tours, port and related commercial facilities and shore excursions have been and may continue to be impacted by adverse weather patterns or other natural disasters, such as hurricanes, earthquakes, floods, fires, tornadoes, tsunamis, typhoons and volcanic eruptions. Climate change is expected to increase the frequency and intensity of certain adverse weather patterns, possibly making certain destinations less desirable or impacting our business in other ways. We have been forced to, and in the future may be forced to, alter itineraries or cancel a cruise or a series of cruises or tours due to these or other types of disruptions. The physical climate-related risks to our business include increased hurricane / typhoon intensity and frequency, increases in global temperatures and rising sea levels which may adversely impact our shoreside facilities, our investments in ports or the availability or desirability of ports and destinations in which we operate. These effects may also disrupt the supply of critical goods and services to our facilities and ships. Any of these events could have a material impact on our business and profitability. f. Inability to meet or achieve our ~~sustainability related~~ **targets,** goals, aspirations, initiatives, and our public statements and disclosures regarding them, **including those that are related to sustainability matters,** may expose us to risks that may adversely impact our business. We have developed and will continue to establish **targets,** goals ~~, targets~~ , aspirations, and other objectives **, including those related to sustainability matters** (" sustainability objectives ") ~~related to sustainability matters~~ . These statements reflect our current plans and do not constitute a guarantee that they will be achieved. ~~Our~~ **With respect to our sustainability objectives, our** efforts to research, establish, accomplish, and accurately report on these ~~sustainability~~ objectives expose us to numerous operational, reputational, financial, legal, and other risks, any of which could have a negative impact on our business. Our ability to achieve any of our stated sustainability objectives, particularly with respect to **our** environmental emissions **aspirations** , is subject to numerous factors and conditions, many of which are outside of our control. Examples of such factors include the availability and costs of low- or non- **GHG emission** ~~carbon- based~~ energy sources **and technology** , evolving regulatory requirements affecting sustainability standards or disclosures, the availability of future financing and the availability of suppliers that can meet our sustainability standards. Our business may face increased scrutiny from our guests, our team members, the investment community, governments, regulators, destinations and other stakeholders that we serve related to our sustainability activities, including the sustainability objectives that we adopt, our methodologies and timelines for pursuing them and our ability to document and support the achievement of those objectives. If our sustainability practices do not meet, or are perceived to fall short of, the expectations of our guests, team members, investors or other stakeholders, demand for cruising, our reputation, our ability to attract or retain team members, and our attractiveness as an investment could be negatively impacted. **In addition, governments may restrict or limit our access to ports and destinations for which there is high guest demand.** Similarly, our failure or perceived failure to pursue **, meet** or fulfill our **targets, goals, aspirations, and other objectives (including** sustainability objectives **)** within the timelines we announce, or at all, could have the same negative impacts as well as expose us to government enforcement actions and private litigation. g. Breaches in data security and lapses in data privacy as well as disruptions and other damages to our principal offices, information technology operations and system networks and failure to keep pace with developments in technology may adversely impact our business operations, the satisfaction of our guests and crew and may lead to reputational damage. We have been and may continue to be impacted by breaches in data security and lapses in data privacy, which occur from time to time. These can vary in scope and intent from motivated driven attacks to malicious attacks intended to disrupt or compromise our shoreside and shipboard operations by targeting our key operating systems. Breach or circumvention of our systems or the systems of third parties, including by ransomware or malware, through vulnerabilities in licensed software or hardware, or as a result of other attacks, ~~results in~~ **has led to and may continue to lead to** disruptions ~~to~~ **in** our business operations; unauthorized access to (or the loss of company access to) competitively sensitive, confidential or other critical data (including sensitive financial, medical or other personal or business information) or systems; loss of customers; financial losses; regulatory investigations, enforcement actions and fines; litigation **; reputational damage;** and misuse or corruption of critical data and proprietary information, any of which could be material. **Additionally, we may rely on third parties** ~~We have been subject to past attacks which resulted~~ in ~~unauthorized access~~ **helping us** to ~~systems~~ **implement** and ~~/~~ **manage** ~~or~~ **our** ~~data~~ **cyber security risk management processes. Any measures that we take** and ~~regulatory investigations regarding~~ such **third parties take to avoid, detect, mitigate or recover from material cyber security threats or** incidents ~~. We have incurred legal, settlement and other costs in connection with cyber incidents that have impacted us. While these incidents did not have a material adverse effect on our business, operations or financial results, no assurances~~ can be **expensive** ~~given about future incidents~~ , ~~attacks~~ and ~~related litigation~~ **may be insufficient, circumvented,** or **may become ineffective** ~~regulatory investigations that could have such a material adverse effect~~ . Our ~~principal~~ offices, information technology operations, system networks and various remote work locations may be impacted by actual or threatened natural disasters (for example, hurricanes, earthquakes, floods, fires, tornadoes, tsunamis and typhoons) or other disruptive events. Our maritime and / or shoreside operations, including our ability to manage our inventory of cabins held for sale and set pricing, control costs and serve our guests, depends on the reliability of our information technology operations and system networks, as well as our ability to refine and update to more advanced systems and technologies. In addition, we may be unable to obtain appropriate technology in a timely manner or at all or we may incur significant costs in doing so. A failure to adopt the appropriate technology, or a failure **, disruption** or obsolescence in the technology that we do adopt, could have adverse effects on our business. h. The loss of key team members, our inability to recruit or retain qualified shoreside and shipboard team members and increased labor costs could have an adverse effect on our business and results of operations. Our success depends, in large part, on the skills and contributions of our team members, and on our ability to recruit, develop and retain high quality, diverse team members. We may not be successful in recruiting, developing or retaining key or other highly qualified team members. In addition, ~~carbon~~ **high** - ~~intensive~~ **GHG emission** industries may become a less attractive employment opportunity. **At** ~~As a result of the reduction in our workforce during our pause in guest cruise operations, general macroeconomic factors and an increasingly competitive labor market, at~~ times we **have and** may **in the future** experience difficulty in hiring sufficient qualified team members ~~.~~ **, due to general macroeconomic factors and /** ~~For~~ - **or increasingly** ~~example, there is particularly high competition~~ **competitive labor markets** ~~for recruiting and retaining qualified team members needed to support our information technology systems and infrastructure which is critical to our successful operations~~ . In addition, we hire a significant number of qualified shipboard team members each year and, thus, our ability to adequately recruit, develop and retain these individuals is critical to our success. Incidents involving cruise ships, including disease outbreaks on our ships and increasing demand as a result of the industry' s projected growth could negatively impact our ability to recruit, develop and retain sufficient qualified shipboard team members. ~~A prolonged shortage of qualified shoreside and shipboard team members and / or increased turnover rates has in the past inhibited, and in the future could inhibit, our ability to operate our business in an optimal manner. The competitive labor market is resulting in increased costs from the need to hire temporary personnel and we are often required to increase wages and / or benefits in order to attract and retain team members, all of which may negatively impact our results of operations. In connection with our resumption of guest cruise operations, we have hired and intend to continue hiring a significant number of qualified team members for the foreseeable future, and we expect to continue to face these challenges.~~ i. Increases in fuel prices, changes in the types of fuel consumed and availability of fuel supply may adversely impact our scheduled itineraries and costs. We have been and may continue to be impacted, by economic, market and political conditions around the world ~~, such as fuel demand~~ , regulatory requirements including climate- induced regulations, supply disruptions and related infrastructure needs, which make it difficult to predict the future price and availability of fuel. The supply and availability of different fuel types in various markets in which we operate have experienced increased volatility and have led to increased fuel prices and reduced profitability. Future increases in the global price of fuel would increase the cost of our cruise ship operations as well as some of our other expenses, such as crew travel, freight and commodity prices. Increases in airfares, such as those resulting from increases in the price of fuel, would increase our guests' overall vacation costs and could reduce demand for cruises, as many of our guests depend on airlines to transport them to or from the airports near the ports where our cruises embark and disembark. ~~Many of our vessels have exhaust gas cleaning systems that allow them to operate on high sulfur fuel oil that is less expensive than low sulfur fuel; however, the significant drop in demand for higher sulfur fuel directly related to the pause in guest cruise operations has made it more difficult to source going forward which may result in higher operating costs. Additionally, certain of our ships are designed to use LNG as their primary fuel source. The price of LNG in certain markets has been and may continue to be unattractive compared to other alternatives, and as such, at times we have used and may continue to use conventional fuels to power our LNG ships.~~ Refer to ~~Operating~~ **Operational** Risk Factor " e. " for additional discussion on the impact of climate change and regulation changes on fuel costs. j. We rely on supply chain vendors who are integral to the operations of our businesses. These vendors and service providers ~~are also affected by COVID- 19 and~~ may be unable to deliver on their commitments **,** which could negatively impact our business. We rely on supply chain vendors to deliver key products to the operations of our businesses around the world. Any event impacting a vendor' s ability to deliver quality goods at the location and time needed could negatively impact our ability to operate our business. Events impacting our supply chain could be caused by factors beyond the control of our suppliers or us, including labor actions, increased demand, problems in production or distribution and / or disruptions in third- party logistics, information technology or transportation systems. In addition, ~~the effects from COVID- 19 and other~~ global events **in recent years** have resulted in widespread global supply chain disruptions to vendors including critical supply chain shortages, labor shortages, significant material cost inflation and extended lead times for items that are required for our operations. Any such interruptions to our supply chain could increase our costs and could limit the availability of products critical to our operations. k. Fluctuations in foreign currency exchange rates may adversely impact our financial results. We earn revenues, pay expenses, purchase and own assets and incur liabilities in currencies other than the U. S. dollar. Additionally, our shipbuilding contracts are typically denominated in euros. Movements in foreign currency exchange rates, which have recently been more volatile, will affect our financial results. l. Overcapacity and competition in the cruise and land- based vacation industry may negatively impact our cruise sales, pricing and destination options. We may be impacted by increases in capacity in the cruise and land- based vacation industry, which may result in capacity growth beyond demand, either globally or for a region, or for a particular itinerary ~~. For example, Asia, specifically China, remains closed to the cruise industry and it is uncertain when or if we will resume operations in the region. As a result, we along with other cruise operators, have had to find itineraries in alternative regions for the ships that were previously serving the Asia market, which could lead to overcapacity in other regions~~ . We face competition from other cruise brands on the basis of overall experience, destinations, types and sizes of ships and cabins, travel agent partner preferences and value. We also compete with land- based vacation alternatives throughout the world on the basis of overall experience, destinations and value. In addition, certain ports and destinations have faced a surge of both cruise and non- cruise tourism and in certain destinations, countermeasures to limit the number of tourists have been contemplated and / or put into effect, including proposed limits on cruise ships and cruise ~~passengers~~ **guests** . Potential restrictions in ports and destinations could limit the itinerary and destination options we can offer our ~~passengers~~ **guests** going forward. m. Inability to implement our shipbuilding programs and ship repairs, maintenance and refurbishments may adversely impact our business operations and the satisfaction of our guests. ~~We~~ **There are a limited number of shipyards with the capability and capacity to build, repair, maintain and / or upgrade our ships, which may limit our ability to meet our capacity growth objectives. In addition, we** may be impacted by unforeseen events, such as work stoppages, supply chain issues, insolvencies, " force majeure " events or other financial difficulties experienced by shipyards, their subcontractors and our suppliers. This may result in less shipyard availability resulting in delays or preventing the delivery of our ships under construction and / or the completion of the repair, maintenance or refurbishment of our existing ships. This may lead to potential delays or cancellations of cruises. **Additionally** ~~In addition~~ , the prices of various commodities that are used in the construction of ships and for repair, maintenance and refurbishment of existing ships, such as steel, are subject to volatility which may increase our costs. **Financial** ~~Debt Related~~ Risk Factors a ~~. Failure to successfully implement our business strategy following our resumption of guest cruise operations would negatively impact the occupancy levels and pricing of our cruises and could have a material adverse effect on our business~~ . We require a significant amount of cash to service our debt and sustain our operations. Our ability to generate cash depends on many factors, including those beyond our control, and we may not be able to generate cash required to service our debt and sustain our operations. Our ability to meet our debt service obligations, refinance our debt or sustain our business needs and operations depends on our future operating and financial performance and our ability to generate cash. This will be affected by our ability to successfully ~~implement~~ **continue to execute on** our business strategy, which if unsuccessful, would negatively impact the occupancy levels and pricing of our cruises ~~, as well as~~ **. Our future performance is also impacted by** general macroeconomic, financial, geopolitical, competitive, regulatory and other factors beyond our control ~~,~~ such as ~~the disruption caused by the COVID- 19 pandemic, the invasion of Ukraine,~~ inflation, higher fuel prices **, higher taxes** and higher interest rates. If we cannot generate sufficient cash to meet our debt service obligations or fund our other business needs, we may, among other things, need to refinance ~~all or a portion of~~ our debt, obtain additional financing, delay planned capital expenditures or sell assets. We cannot make assurances that we will be able to generate sufficient cash through any of the foregoing. If we are not able to refinance ~~any of~~ our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our obligations with respect to our debt. Refer to ~~“~~ Liquidity, Financial Condition and Capital Resources ~~”~~ . b. Our substantial debt could adversely affect our financial health and operating flexibility. We have a substantial amount of debt ~~and~~ **,** significant debt service obligations **and related covenant restrictions. Despite our leverage, we may incur more debt, subject to certain restrictions, in the future** . Our substantial debt has had and could continue to have important negative consequences for us. Our substantial debt could **, among other things** : • require us to dedicate a large portion of our cash flow from operations to service debt and fund repayments on our debt, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes; • increase our vulnerability to adverse general economic or industry conditions; • limit our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate **; • limit our ability to pay dividends or distributions on or redeem or repurchase capital stock and make other restricted payments** ; • place us at a disadvantage compared to others that have less debt; • make us more vulnerable to downturns in our business, the economy or the industry in which we operate; • limit our ability to raise additional debt or equity capital in the future to satisfy our requirements relating to working capital, capital expenditures, development projects, strategic initiatives or other purposes; • restrict us from ~~making strategic acquisitions,~~ introducing new technologies or exploiting business opportunities; • make it difficult for us to satisfy our obligations with respect to our debt; and • expose us to the risk of increased interest rates as certain of our borrowings are (and may be in the future) at a variable rate of interest. ~~c. Despite our leverage, we may incur more debt, subject to certain~~ **Certain** ~~restrictions~~ **of our indebtedness accrues interest at variable rates** , which **subjects** ~~could adversely affect our business and prevent~~ us ~~from fulfilling our obligations~~ **to interest rate volatility** with respect to **such instruments and could cause** our debt **service** ~~. We may incur additional debt in the future. Although the instruments governing our existing indebtedness contain restrictions on the incurrence of additional debt, including certain additional restrictions which went into effect in 2023, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of debt that could be incurred in compliance with these restrictions could be substantial and a portion of such debt currently is, and may in the future be, secured. The instruments governing our existing indebtedness do not prevent us from incurring liabilities that do not constitute “ Indebtedness ” as defined therein. If new debt is added to our existing debt levels, our business could be adversely affected, which may prevent us from fulfilling our~~ obligations ~~with respect~~ to **increase** ~~our debt. d. We are subject to maintenance covenants, as well as restrictive debt covenants, that may limit our ability to finance future operations and capital needs and pursue business opportunities and activities. We are also subject to financial covenants that could lead to an acceleration of the indebtedness of our debt facilities if we fail to comply. If we fail to comply with any of these covenants, it could have a material adverse effect on our business. Certain of our debt instruments limit our flexibility in operating our business. For example, some of our debt instruments limit the ability of Carnival Corporation, Carnival plc and certain of their respective subsidiaries to, among other things: • incur or guarantee additional indebtedness; • pay dividends or distributions on or redeem or repurchase capital stock and make other restricted payments; • make certain investments; • consummate certain asset sales; • engage in certain transactions with affiliates; • grant or assume certain liens; and • consolidate, merge or transfer all or substantially all of our assets. All of these limitations are subject to significant~~ **significantly** ~~exceptions and qualifications. Despite these exceptions and qualifications, we cannot provide assurance that the operating and financial restrictions and covenants in certain of our debt instruments will not adversely affect our ability to finance our future operations or capital needs or engage in other business activities that may be in our interest. Any future indebtedness may include similar or other restrictive terms. In addition, many of our debt agreements contain one or more financial covenants that require us to maintain a minimum liquidity, interest coverage, and shareholders’ equity and / or limit our debt to capital percentage. Our ability to comply with our debt covenants, including the financial maintenance covenants described above, and restrictions may be affected by events beyond our control, including global macroeconomic, financial and industry conditions, such as the continued resumption of our guest cruise operations and our ability to issue additional equity~~ . If we breach ~~any of these~~ -- **the** covenants or restrictions **in our debt instruments** ~~and are not able to receive waivers for these covenants~~ , we could be in default under the terms of certain of our debt ~~facilities~~ **instruments** and **may be required to seek covenant amendments or** the relevant ~~lenders~~ **creditors** ~~would~~ **could elect** ~~have the right~~ to declare the debt, together with accrued and unpaid interest and other fees, if any, immediately due and payable (or cancel any unfunded commitments, if applicable) and proceed against ~~any~~ **the** collateral, if any, securing that debt. ~~If the debt under certain of our debt instruments that we enter into were to be accelerated, our assets may be insufficient to repay our debt in full.~~ Borrowings under **our** other debt instruments that contain cross- default provisions may also be accelerated or become payable on demand ~~. In these circumstances~~ , **and** our assets may not be sufficient to repay ~~our~~ **such** indebtedness ~~then outstanding~~ in full. ~~At November 30, 2022, we were in compliance with the applicable covenants under our debt agreements. However, we cannot provide assurance that we will be able to maintain compliance with such debt facilities as of future testing dates. Failure to comply with the financial covenants of our debt facilities would have a material adverse effect as described above. Refer to Note 5- Debt for additional information. e. Our variable rate indebtedness exposes us to interest rate volatility, which could cause our debt service obligations to increase significantly. Borrowings under certain of our facilities are at variable rates of interest and expose us to interest rate volatility. As interest rates increase, our debt service obligations on certain of our variable rate indebtedness will increase even though the amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. At the end of 2021, the ICE Benchmark Administration, the administrator for London Interbank Offered Rate (" LIBOR "), ceased publishing one- week and two- month U. S. dollar LIBOR and will cease publishing all remaining U. S. dollar LIBOR tenors in mid- 2023. Concurrently, the United Kingdom' s Financial Conduct Authority announced the cessation or loss of representativeness of the U. S. dollar LIBOR tenors from those dates. The U. S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of, among other entities, large U. S. financial institutions, has recommended replacing U. S. dollar LIBOR with a new index that measures the cost of borrowing cash overnight, backed by U. S. Treasury securities (" SOFR "). SOFR is observed and backward- looking, which stands in contrast with LIBOR, which is an estimated forward- looking rate and relies, to some degree, on the expert judgment of submitting panel members. While we continue to monitor market developments to assess replacement rate options, the consequences of these developments with respect to LIBOR cannot be entirely predicted and may result in the level of interest payments on the portion of our indebtedness that bears interest at variable rates to be affected, which may adversely impact the amount of our interest payments under such debt. f. The covenants in certain of our export credit facilities may require us to secure those facilities in the future. Our export credit facilities contain provisions which may require that we provide a security interest in certain assets and in particular the relevant vessels that are the subject matter of those financings (or a comparable vessel). In certain of our export credit facilities, there is a requirement that if the credit rating of our senior indebtedness falls below investment grade (which occurred on June 24, 2020 and remained the case as of November 30, 2022) and at such time we have granted liens or security interests in respect of indebtedness exceeding 25 % of our total assets (excluding for these purposes the value of any intangible assets) as shown in our most recent Consolidated Balance Sheet, we will be required to provide a first- priority security interest in the relevant vessel that is the subject matter of that export credit facility (or a comparable vessel). In addition, under all our export credit facilities, there is also a requirement that if a security interest or lien is granted in respect of a vessel to secure borrowed money under any other export credit facility, then a first- priority security interest may be required to be provided over the relevant vessel which is the subject matter of that export credit facility (or a comparable vessel). If the events described above were to occur, we may be unable to comply with this requirement and would expect to seek covenant amendments from the lenders under the relevant facilities. Any such amendment may lead to increased costs, increased interest rates, additional restrictive covenants and other available lender protections that would be applicable to us under these debt facilities, and such increased costs, restrictions and modifications may vary among debt facilities. Our ability to give additional lender protections under these facilities, including the granting of security interests in collateral, will be limited by the restrictions in our indebtedness and security interest we have already granted. If we were not able to obtain amendments, the occurrence of such events may result in an event of default under these facilities and other debt facilities that contain cross default provisions that would be triggered. Some of the statements, estimates or projections contained in this document are " forward- looking statements " that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, operations, outlooks, plans, goals, reputation, cash flows, liquidity and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts are statements that could be deemed forward- looking. These statements are based on current expectations, estimates, forecasts and projections about our business and the industry in which we operate and the beliefs and assumptions of our management. We have tried, whenever possible, to identify these statements by using words like " will, " " may, " " could, " " should, " " would, " " believe, " " depends, " " expect, " " goal, " " aspiration, " " anticipate, " " forecast, " " project, " " future, " " intend, " " plan, " " estimate, " " target, " " indicate, " " outlook, " and similar expressions of future intent or the negative of such terms. Forward- looking statements include those statements that relate to our outlook and financial position including, but not limited to, statements regarding: • Pricing • Liquidity and credit ratings • Booking levels • Adjusted earnings per share • Occupancy • Adjusted EBITDA • Interest, tax and fuel expenses • Adjusted Net Income (Loss) • Currency exchange rates • Estimates of ship depreciable lives and residual values • Goodwill, ship and trademark fair values Certain of the risks we are exposed to are identified in this Item 1A. " Risk Factors. " This item contains important cautionary statements and a discussion of the known factors that we consider could materially affect the accuracy of our forward- looking statements and adversely affect our business, results of operations and financial position. Additionally, many of these risks and uncertainties are currently, and in the future may continue to be, amplified by our substantial debt balance as a result of the pause of our guest cruise operations. It is not possible to predict or identify all such risks. There may be additional risks that we consider immaterial or which are unknown. Forward- looking statements should not be relied upon as a prediction of actual results. Subject to any continuing obligations under applicable law or any relevant stock exchange rules, we expressly disclaim any obligation to disseminate, after the date of this document, any updates or revisions to any such forward- looking statements to reflect any change in expectations or events, conditions or circumstances on which any~~

~~such statements are based. Forward- looking and other statements in this document may also address our sustainability progress, plans, and goals (including climate change- and environmental- related matters). In addition, historical, current, and forward-looking sustainability- and climate- related statements may be based on standards and tools for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions and predictions that are subject to change in the future and may not be generally shared.~~