Registration number: 03157553

Magical Cruise Company, Limited

Annual report and financial statements

for the period from 2 October 2022 to 30 September 2023

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Magical Cruise Company, Limited

Strategic report for the period from 2 October 2022 to 30 September 2023

The Directors present their Strategic report of Magical Cruise Company, Limited (the 'Company') (trade name "Disney Cruise Line") for the period from 2 October 2022 to 30 September 2023 (prior financial period from 3 October 2021 to 1 October 2022).

Principal activities and business review

The principal activity of the Company is the operation of Disney themed luxury cruise vessels. It is considered that the Company's activities will remain unchanged for the foreseeable future.

The Company's profit for the financial period is $180,531,000 (2022: loss of $325,799,000).

Revenue and operating income improved period over period due to higher occupancy rates and the addition of a new ship to the fleet, the Disney Wish, which was delivered in June 2022 and sailed through the full fiscal year 2023.

On 17 March 2016, The Walt Disney Company (TWDC), through-subsidiary, DCL Maritime LLC, entered a contract with the German Shipyard Meyer Werft GmbH & CO. KG (Meyer Werft) to build and deliver the Disney Wish (~144,000-ton ship delivered in June 2022) as well as two additional ships (approximately 144,000 tons) the sixth and seventh ships in the fleet. During September 2022, Disney announced the name of the 6th ship in their fleet as 'Disney Treasure', and in March 2024 Disney announced the name of the 7th ship in their fleet as 'Disney Destiny'.

The Company originally contracted to purchase and receive the Disney Treasure and the Disney Destiny in calendar years 2022 and 2023, respectively. The impact of COVID-19 and the war in Ukraine has resulted in a delay in the delivery of these cruise ships. The Company now expects the Disney Treasure and the Disney Destiny to be delivered in 2024 and 2025, respectively.

As part of Disney Wish purchase, the Company received a $500,000,000 promissory note from Disney Enterprises, Inc with a maturity date of 15 June 2023 (1 year from the date of the agreement). On June 5, 2023 the Company paid off the promissory note and replaced it with a $500,000,000 revolving credit facility agreement with Disney Enterprises, Inc., concurrently borrowing $500,000,000, the maximum revolving credit facility amount. On 28 September 2023, the $500,000,000 revolving credit facility with Disney Enterprises, Inc. was paid in full, and no new borrowings have occurred. To partially fund repayment, the Company issued 311,194,824 ordinary shares of £1.00 in exchange for cash of $380,000,000 to Wedco EMEA Ventures Limited on 28 September 2023. The remaining amount (USD equivalent of $120,000,000) was paid using Company operating cash flows.

In November 2022, the Company purchased a partially completed ship, to expand its fleet (an eighth ship) and travel to new destinations - the ship will be approximately 200,000 tons. Disney Cruise Line will incur the cost to complete construction. In September 2023, Disney announced the name of this ship as the 'Disney Adventure'. The Disney Adventure is expected to be delivered in 2025.

On 31 August 2023, the Company was involved in a reorganisation that resulted in the transfer at book value of $2,939,368,000 of its ordinary shares (GBP 1 each) to Wedco EMEA Ventures Limited ("WEVL"). As a result of the reorganisation, the Company is now a wholly owned subsidiary of Wedco EMEA Ventures Limited.

Future developments

The Company anticipates its financial performance will continue to maintain profitability in 2024 as the industry continues to fully recover from the impact of COVID-19 and the business benefits from expanded capacity with the soon to be delivered Disney Treasure. In fiscal 2024, the Company has seen occupancy and booking levels continue to perform well, with occupancy exceeding the comparable actual financial period 2023 quarterly levels on a period over period basis.

We continue to remain optimistic about the future as the Company continues to advance the development of its next two new cruise ships and the recently acquired partially completed ship 'Disney Adventure'. All are in active construction and expected to be delivered in 2024 and 2025 time frames. In addition, DCL Island Development Limited (the Company's 100% owned subsidiary company) is advancing the development of its second private island, Lighthouse Point in Eleuthera, The Bahamas, which opened in June 2024.

Going concern

The Directors have undertaken an assessment by reviewing a cash flow forecast extending to a period no less than 12 months from the date of the financial statements, including consideration of severe yet plausible downsides, reflecting that the Company was in a net current liability position as at 30 September 2023. Whilst they expect to be able to meet the day to day cashflow needs of the Company, they have received assurances of continued financial support from a fellow Group undertaking, in the form of a letter of support, to allow the Company to meet its liabilities as they fall due without significant curtailment of operations for a period of at least 12 months from the date of these financial statements being signed.

On the basis of their assessment of the Company's financial position, its resources and support from fellow group company, the Directors believe that the Company is well placed to manage its business risks. Therefore, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Principal risks and uncertainties

From the perspective of the Company, its principal risks and uncertainties and future outlook are integrated with those of The Walt Disney Company ('Group') and are not managed separately. Accordingly, the risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's annual report which does not form part of this report. However, the Directors view the following as being the principal risks facing the Company:

1) Our sales may be adversely affected by changes in economic factors, political uncertainty and changes in consumer spending patterns

Many economic and other factors outside our control, including consumer confidence, consumer spending levels, political uncertainty, employment levels, consumer debt levels, inflation and deflation, as well as the availability of consumer credit, affect consumer spending habits. A significant deterioration in the global financial markets and economic environment, recessions or an uncertain economic outlook adversely affects consumer spending habits and results in lower levels of economic activity. In addition, an increase in price levels generally, or in price levels in a particular sector such as the energy sector, could result in a shift in consumer demand away from the entertainment and consumer products we offer, which could also adversely affect our revenues and, at the same time, increase our costs. Any of these events and factors could cause consumers to curtail spending and could have a negative impact on our financial performance and position in future financial periods. The impact of pandemics on consumer confidence and ultimately occupancy levels could also affect our financial performance.

2) Our industry is highly competitive and competitive conditions may adversely affect our revenues and overall profitability

The cruise industry is highly competitive and our results of operations are sensitive to, and may be adversely affected by, competitive pricing and other factors.

3) A variety of uncontrollable events may reduce demand for our products and services, impair our ability to provide our products and services or increase the cost of providing our products and services

Demand for and consumption of our products and services, is highly dependent on the general environment for travel and tourism. The environment for travel and tourism, as well as demand for and consumption of other entertainment products, can be significantly adversely affected in the U.S., globally or in specific regions as a result of a variety of factors beyond our control, including: adverse weather conditions arising from short-term weather patterns or long-term change, catastrophic events or natural disasters (such as excessive heat or rain, hurricanes, typhoons, floods, tsunamis and earthquakes); health concerns (including as it has been by COVID-19); international, political or military developments; and terrorist attacks. These events and others, such as fluctuations in travel and energy costs and computer virus attacks, intrusions or other widespread computing or telecommunications failures, may also damage our ability to provide our products and services or to obtain insurance coverage with respect to some of these events. An incident that affected our property directly would have a direct impact on our ability to provide goods and services and could have an extended effect of discouraging consumers from attending our facilities. Moreover, the costs of protecting against such incidents, including the costs of protecting against the spread of COVID-19, reduces the profitability of our operations.

4) Changes in regulations applicable to our businesses may impair the profitability of our businesses.

These regulations may include, but are not limited to:

- Federal, State and foreign privacy and data protection laws and regulations.
- Regulation of the safety and supply chain of consumer products and Cruise Line operations.
- Domestic and international wage laws, tax laws or currency controls.
- Environmental protection regulations.

5) Fuel prices

Fuel is a significant portion of overall costs. The Company is exposed to commodity fluctuations due to commodity price changes. The Company employs several levers to reduce exposure to fuel price fluctuations, such as price hedging strategies, fuel vendor diversification, and securing future supply through offtake agreements. With respect to the risks the Directors regularly review such matters to mitigate their respective impact on the Company.

Principal risks and uncertainties (continued)

6) Protection of electronically stored data and other cybersecurity is costly, and if our data or systems are materially compromised in spite of this protection, we may incur additional costs, lost opportunities, damage to our reputation, disruption of service or theft of our assets

We maintain information necessary to conduct our business, including confidential and proprietary information as well as personal information regarding our customers and employees, in digital form. We also use computer systems to deliver our products and services and operate our business. Data maintained in digital form is subject to the risk of unauthorised access, modification, exfiltration, destruction or denial of access and our computer systems are subject to cyberattacks that may result in disruptions in service. If our information or cyber security systems or data are compromised in a material way, our ability to conduct our business may be impaired, we may lose profitable opportunities or the value of those opportunities may be diminished. If personal information of our customers or employees is misappropriated, our reputation with our customers and employees may be damaged resulting in loss of business or morale, and we may incur costs to remediate possible harm to our customers and employees or damages arising from litigation and/or to pay fines or take other action with respect to judicial or regulatory actions arising out of the incident.

7) Damage to our reputation or brands may negatively impact our Company

Our reputation and globally recognisable brands are integral to the success of our business. Because our brands engage consumers across our businesses, damage to our reputation or brands in one business may have an impact on our other brands.

Key performance indicators ("KPIs")

The Company's KPI's are as follows:

Measure	Description	Period ended 30 September 2023 $'000	Period ended 1 October 2022 $'000
Turnover	Total revenue for the financial period	**2,161,547**	1,134,017
Profit/(loss)	Overall profit/(loss) for the financial period	**180,531**	(325,799)

We have seen an increase in occupancy for the full year to 95% as of September 2023 from 63% as of September 2022. We have seen a further increase in occupancy levels in fiscal year 2024 to 97% as of December 2023. The Company anticipates its financial performance will maintain profitability in 2024 due to favourable cruise industry demand coupled with the expanded capacity of the fleet from the soon-to-be-completed Disney Treasure (2024) as well as two new future cruise ships in 2025.

Section 172(1) statement

As a subsidiary within the Group of companies of which The Walt Disney Company is the ultimate parent company (the "Group"), the Company is subject to organisational and management systems which enable the Board of Directors ("the Board") to oversee governance of the activities of the Company. As is normal for large companies, the Board delegates authority for day-to-day management of the Company to the managers responsible for management of the Company. The Board ensures that when applying Group policies and delegating responsibility for operational matters to the managers, it does so with due regard to its fiduciary duties and responsibilities.

The Directors of the Company are aware of their duty under section 172 of the Companies Act 2006 to act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so they have considered (amongst other matters) factors (a) to (f) listed below:

a) the likely consequences of any decision in the long term;

b) the interests of the Company's employees (also known as "Cast Members");

c) the need to foster the Company's business relationships with suppliers, customers (known as "Guests") and others;

d) the impact of the Company's operations on the community and the environment;

e) the desirability of the Company maintaining a reputation for high standards of business conduct; and

f) the need to act fairly between members of the Company.

Magical Cruise Company, Limited

Strategic report for the period from 2 October 2022 to 30 September 2023 (continued)

Section 172(1) statement (continued)

In performing their duties under section 172, the Directors of the Company have had regard to the matters set out in section 172(1) as follows:

a) The likely consequences of any decision in the long term

We are aware that our decisions and strategies can have long-term effects on our business and its stakeholders. Therefore we aim to make well informed, fair and balanced decisions. Our key stakeholders, include Crew Members, Cast Members, Guests, home ports and ports of call, regulators and suppliers who are at the forefront of our minds when making decisions. We set out below some of the decisions the Board has taken during the course of the period with a view to creating long term success for the Company and its stakeholders as a whole.

During the first quarter of fiscal 2023, Disney Cruise Line continued to adjust its health and safety protocols as the COVID-19 public health environment improved, with vaccination requirements ending in early-September 2022 and testing requirements ending in mid-November 2022. By the second quarter of fiscal 2023, guest-related health and safety protocols returned to pre-pandemic operations, though Crew Members are still required to be vaccinated against COVID-19 and are tested for COVID-19 before boarding. Health and safety is a top priority for Disney Cruise Line as it continues to operate in a responsible manner and effectively manage any cases of COVID-19 aboard its ships.

Disney announced in November 2022 the acquisition of a partially completed ship. Disney is working with the Meyer Wismar Sarl & Co. KG shipbuilding company in Wismar, Germany to complete the cruise ship previously known as the Global Dream, renamed as 'Disney Adventure' in September 2023. In March 2023, Disney Cruise Line and Singapore Tourism Board announced an agreement to homeport the new ship exclusively in Singapore for at least five years beginning in 2025.

In September 2023, Disney revealed new details about its second Wish class ship, the Disney Treasure, which will embark on its maiden voyage, in December 2024. The third Wish class ship, the Disney Destiny, is expected to be delivered in 2025. All three Wish-class ships are (or will be) powered by liquified natural gas (LNG). At approximately 144,000 gross tons and 1,250 Guest staterooms, they are slightly larger than the Disney Dream and Disney Fantasy.

Disney Cruise Line celebrated its 25th anniversary with special "Silver Anniversary at Sea" entertainment, merchandise and experiences during select sailings from May through September of 2023. As part of its anniversary, Disney Cruise Line also unveiled a brand-new membership tier for its Castaway Club loyalty program. Members will now earn the distinction of Pearl status after 25 Disney Cruise Line vacations and will unlock new at-home and onboard benefits.

Disney Cruise Line introduced the MagicBand+ technology used at Walt Disney World Resort and Disneyland Resort to its fleet in fiscal 2023. Disney Cruise Line is calling the wearable technology DisneyBand+. Uses of the new technology include unlocking Guests' stateroom doors, charging onboard purchases, linking photos from DCL's onboard photographers, and discovering enchanting surprises throughout the cruise. DisneyBand+ is an optional add-on and is not included in the cruise fare.

Disney Cruise Line continued progress on its new terminal at Port Everglades in Fort Lauderdale, Florida, USA. The 15-year partnership commits to a minimum of 10.6 million passenger movements, and three 5-year extension options that could add another 11.25 million passenger movements. The agreement provides for one ship to be homeported in Port Everglades year-round beginning November 2023, joined by a second, seasonal ship in March 2025.

Disney shared new details in fiscal 2023 about its second island destination in Eleuthera, The Bahamas, which will debut to Guests in June 2024. The destination will be called Disney Lookout Cay at Lighthouse Point and will invite Guests to escape to a vibrant tropical retreat offering a unique window into the rich culture, traditions and stories of The Bahamas. Disney is working closely with Bahamian artists and advisors to create a destination that represents the natural beauty and rich culture of the Bahamas. The destination will create sustainable economic opportunities for Bahamians, protect and sustain the natural beauty of the site, celebrate culture, and help strengthen the community in Eleuthera. Disney has committed to develop less than 20 percent of the property, supply 90 percent of the site's power from solar energy, employ sustainable building practices, and donate more than 190 acres of privately owned land to the government.

Magical Cruise Company, Limited

Strategic report for the period from 2 October 2022 to 30 September 2023 (continued)

Section 172(1) statement (continued)

b) The interests of the Company's employees

Since its launch in 1998, Disney Cruise Line is a well-established name in the cruise industry, providing a setting where families can reconnect, adults can recharge and children can experience all Disney has to offer. We strive to provide exceptional service that reflects our iconic brand, enabled by the passion and hard work of our Cast and Crew. We understand the importance of our employees to our long-term success and are committed to providing a safe working environment, a diverse and inclusive culture and appropriate training and development.

Disney Cruise Line also complies with, and in some cases exceeds, the requirements set forth in the International Labour Organization's (ILO's) Maritime Labour Convention (MLC) which governs almost all aspects of working aboard a ship. Crew Members are organised through a collective bargaining unit (union) through the Federazione Italiana Transporti (FIT). The current union agreement went into effect on 1 January, 2023 and is binding for four years. It stipulates compensation, benefits, working hours, and contract lengths for the range of work positions on-board.

Disney Cruise Line Cast and Crew Members receive a wide range of employment benefits. While on contract in service of the ship, Crew Members receive medical care by the on-board medical team. Officers are offered full health benefits year-round when signed to a contract. Crew Members have access to mental health resources through an Employer Assistance Program offered in multiple languages, as well as access to online resources and wellness content offered on-demand via Crew stateroom TVs.

Disney has an ongoing commitment to diversity, equity and inclusion (DE&I) through a company-wide initiative composed of six pillars focused on People, Culture, Content, Community, Transparency, and Accountability.

c) The need to foster the Company's business relationships with suppliers, customers and others

We pride ourselves on delivering exceptional service and world-class family holidays. We have strong relationships with our suppliers and work closely with them to provide our Guests with high quality experiences and products.

Guests

Creating unforgettable holiday experiences for our Guests is the primary motivation of our dedicated Disney Cruise Line Cast and Crew Members. Disney Cruise Line is considered a leader in the cruise industry by travel professionals, hospitality industry Groups, and most importantly - by our Guests. Families sailing with Disney Cruise Line expect a unique holiday experience that only Disney can deliver. At the heart of all we do is the Guest experience and satisfaction with the Disney Cruise Line product. Multiple touch points provide us with the opportunity to hear directly from our Guests about what we're doing right and areas for improvement. Our Call Centre and Guest Communications team resolves issues brought to our attention in a timely manner, corresponding directly with any Guest who reaches out to us for assistance before, during and after their cruise. Our team is specifically trained to assist our Guests with their holiday needs and consistently receives some of the highest Guest Service satisfaction ratings within our Company.

Suppliers

Disney Cruise Line has high standards for suppliers and has a thorough process for sourcing products and services of the best quality and value. Suppliers are held to TWDC's International Labour Standards and Code of Conduct for Suppliers. Our supply chains follow Disney policies and comply with UK government regulations. Food and beverage suppliers must follow a uniform set of TWDC guidelines that meet both Company and local standards, including conducting periodic sanitation and safety audits and maintaining liability insurance.

Disney Cruise Line also partners with travel agents for a significant source of cruise bookings. Travel agents must be a registered Member supplier in good standing with the Cruise Line Industry Association or the International Air Transport Association (IATA), and supply proof of all qualifying tax and other documentation required to do business as a travel agent/agency in its domestic and international markets. Travel agents and agencies must operate ethically, representing the Disney Cruise Line brand in good faith and providing accurate marketing and information about Disney Cruise Line's products.

Disney Cruise Line is committed to conducting business and providing products and services in an ethical manner. We also believe that including diverse suppliers in our sourcing process provides us the greatest opportunity to develop the most innovative, highest quality, and most cost-effective business solutions. We know this strengthens our Company as well as supporting our communities.

Magical Cruise Company, Limited

Strategic report for the period from 2 October 2022 to 30 September 2023 (continued)

Section 172(1) statement (continued)

c) The need to foster the Company's business relationships with suppliers, customers and others (continued)

Port Communities

Disney Cruise Line is very mindful of our impact on local communities. We engage in an ongoing basis with all our relevant stakeholders whether port authorities, ministers of tourism, shore excursion operators, and other in-destination partners to best understand how we can best collaborate with them to maximise the positive impacts of our business on their communities. Today, approximately 70 percent of the cruises offered by Disney Cruise Line have at least one stop in The Bahamas. Disney Cruise Line has made significant economic contributions to The Bahamas while demonstrating a strong commitment to the environment and the community.

Disney Cruise Line takes careful steps to ensure it respects the communities, environment and culture of each of its destinations through collaboration with stakeholders and relevant partners in ports of call. This includes understanding how to introduce our brand most appropriately to those communities, as well as introduce the unique character and culture of each destination to Disney Cruise Line Guests. We source products in our ports of call when it meets our quality standards, and we work with a variety of tour providers in each destination to diversify our products.

d) The impact of the Company's operations on the community and the environment

Community

Since The Walt Disney Company's founding 100 years ago, we remain deeply committed to operating with integrity, taking care of our people and doing good in our world as we grow our businesses. Our corporate social responsibility (CSR) efforts address the expectations of our people, consumers, communities, and investors, and help us to attract, retain, and develop talented and diverse creators and Cast Members, all of whom contribute to our business success. We take a strategic approach to setting our CSR priorities, addressing issues that are important to our businesses and to the communities where we operate. We regularly monitor issues and evolve our efforts to ensure we remain focused on the economic, environmental, and societal matters that impact those we serve.

Disney strives to inspire a world of belonging by embracing broad representation and respect for every individual in our workplace, storytelling, and communities; a world in balance by taking action to create a cleaner, safer, and healthier world; and a world of hope by supporting our communities, especially children. We are also investing in our people and operating responsibly.

Disney Cruise Line strives to make a positive impact in the many places around the world where it visits and operates. Disney Cruise Line Cast and Crew Members support many charitable organisations that provide youth education programs and that enrich the environment. Crew Members lead reading education programs in schools, give to local youth organisations and bring Disney characters to entertain children in port communities around the globe. Disney VoluntEARS also donate their time to plant micro-gardens at underserved schools, lead career exploration conversations for students interested in maritime careers, raise funds for worldwide disaster relief efforts, and host regular shore clean-ups to remove litter and debris from fragile coastlines. Each period, Cast and Crew Members donate thousands of hours of their personal time to benefit worthwhile causes in port communities around the world.

For more than 25 years, Disney Cruise Line has made significant contributions to support communities in The Bahamas. Recent key initiatives focus on supporting entrepreneurs and small businesses, workforce development starting at a young age, conservation and timely community needs.

During the holiday season, Cast and Crew Members travelled to the Ranfurly Homes for Children in Nassau, The Bahamas, to visit with the young residents and bring holiday cheer. The Ranfurly Homes for Children is a local non-profit foster care organisation that provides comprehensive childcare services for displaced children in the Bahamas. Disney Cruise Line crew members spent the day with the children creating holiday ornaments, delivering gifts and surprising the kids with a special visit from Captain Mickey Mouse. Disney Cruise Line returned to the Ranfurly Homes for Children in collaboration with the Agricultural Development Organization and other community partners to launch a new Community Farming project supporting youth gardening programs across The Bahamas.

In Papenburg, Germany, where Disney Cruise Line's Wish class ships are being built, Disney Cast and Crew volunteered at the local Christmas Market, distributing donated Christmas ornaments and children's books. Christmas cookies were also sold with all proceeds benefiting Make-A-Wish International as part of The Walt Disney Company's "From Our Family To Yours" campaign that aims to inspire a better world through the power of storytelling.

Magical Cruise Company, Limited

Strategic report for the period from 2 October 2022 to 30 September 2023 (continued)

Section 172(1) statement (continued)

d) The impact of the Company's operations on the community and the environment (continued)

Community (continued)

Disney Cruise Line collaborated in March 2023 with Junior Achievement Bahamas and The Bahamas Ministry of Youth, Sports and Culture to support students from 10 schools in Eleuthera to celebrate the rich traditions of Junkanoo - a longstanding Bahamian tradition, passed down from generation to generation that celebrates Bahamian culture. In addition to providing funding and donating materials to support the Eleuthera Junior Junkanoo competition, Disney Cruise Line hosted a series of virtual, interactive workshops for students to pair up with Disney professionals, who specialise in costuming, cosmetology and entertainment, to exchange ideas and learn from each other about Junkanoo and costume design. Disney Cruise Line is also a founding sponsor of the Eleuthera Business Hub, in partnership with the Eleuthera Chamber of Commerce and the Small Business Development Centre and is providing financial support to small and medium-sized businesses.

Disney is committed to supporting education in The Bahamas and continues to work with the Ministry of Education to inspire and educate the next generation of professionals. In 2019, Disney Cruise Line introduced a scholarship program in partnership with the LJM Maritime Academy for cadets aspiring to become ship captains and shipboard leaders. In addition, Disney Cruise Line sponsors the academy's Summer Camp program and welcomes students for day tours aboard its ships to experience first-hand what it's like to work aboard a ship.

As part of its commitment to inspire the next generation while creating lasting, positive impacts in The Bahamas, Disney Cruise Line donated school supplies to nearly 1,000 students across Abaco and in Eleuthera at the start of the school year in fiscal 2023. Supporting students who live near Disney Cruise Line's homeport in Port Canaveral, Florida, Cast and Crew volunteered their time to sort donated school supplies and fill backpacks ahead of the school year. Crew Members also volunteered with the nearby Children's Hunger Project, which provides weekend and summer meals to local children in Brevard County, Florida to fight childhood hunger and malnutrition. Similar initiatives to address food insecurity and support students' education took place in Disney Cruise Line's key port communities of Juneau and Skagway, Alaska, as well as in San Diego, California.

As part of The Walt Disney Company's global commitment of $100 million to help reimagine the patient experience in children's hospitals, Disney Cruise Line donated five Mobile Movie Theatres to children's hospitals in port communities in Florida, Texas, California and Louisiana during fiscal 2023. The donations were made with support from the Starlight Children's Foundation.

Environmental

The Walt Disney Company is committed to taking meaningful and measurable action to support a healthier planet for future generations as we operate and grow our business. Our commitment to environmental stewardship goes back to our founding nearly 100 years ago. Walt Disney himself said that "conservation isn't just the business of a few people. It's a matter that concerns all of us."

The environmental commitments detailed below represent some of the ways Disney Cruise Line is focused on helping to build on that legacy. Our environmental policies are based on a set of guiding principles intended to drive both our long-term environmental strategy and the everyday decision-making of our leadership and Cast and Crew Members around the world.

The Walt Disney Company has made a 2030 net zero pledge and aims to establish and sustain a positive environmental legacy for Disney and for future generations. The Company has ambitious environmental goals for 2030 focused on key areas of our business where we believe we can have a significant, lasting impact and make a positive difference in protecting our planet. Goals include:

- Have a positive impact on the communities where we operate our businesses;
- Create unique content and experiences that inspire connection with our planet and all who call it home;
- Reduce the environmental impacts of our operations, products, services, suppliers, licensees and value chains;
- Promote a culture of consideration, appreciation and respect for the environment among our leaders, Cast Members and Guests;
- Work with industry partners, non-governmental organisations, academia and others to create a cleaner, safer, healthier world for future generations.

Magical Cruise Company, Limited

Strategic report for the period from 2 October 2022 to 30 September 2023 (continued)

Section 172(1) statement (continued)

d) The impact of the Company's operations on the community and the environment (continued)

Environmental (continued)

At Disney Cruise Line, we are dedicated to minimising our impact on the environment through efforts focused on utilising new technologies, increasing fuel efficiency, minimising waste and promoting conservation worldwide. We strive to instill positive environmental stewardship in our Cast and Crew Members and seek to inspire others through programs that engage our Guests and the communities in our ports of call. Disney Cruise Line is consistently recognised as an industry leader and regularly wins awards such as the Blue Circle Award from Port of Vancouver for voluntary efforts to conserve energy and reduce emissions.

As of 1 January 2020, the International Maritime Organization instituted a regulation that requires all ships to use 0.5% sulfur fuel compared to 3.5% previously. Disney Cruise Line has taken this a step further by using 0.1% low sulfur fuel fleetwide at all times. As previously mentioned, our Wish class of cruise ships are powered by liquefied natural gas, or LNG. In addition to LNG used onboard the Wish class, in fiscal 2023 DCL blended up to 50 percent hydrotreated vegetable oil (HVO) into the fuel used on its Magic and Dream class ships, including while the Disney Dream sailed in UK waters. HVO is a renewable diesel that is made from sustainable sources, including recycled cooking oils and waste animal fats. Operationalising HVO at scale represents Disney Cruise Line's continued commitment to investing in new fuels that reduce emissions as the cruise line actively explores bio-LNG, green methanol and other fuel sources to encourage their development at scale within the maritime industry.

Disney Cruise Line coordinates itineraries to ensure shore-power-capable ships sail to ports of call that offer this technology. Using shore power reduces a ship's emissions by relying on the port's electric grid, instead of its engines, to power onboard systems like lighting and climate control. Furthermore, itineraries and ships' sailing speeds are optimised across the fleet to conserve fuel and reduce emissions while continuing to provide an exceptional guest experience.

As part of The Walt Disney Company's overall efforts to reduce the amount of single-use plastics, Disney Cruise Line has taken great measures to eliminate single-use plastics onboard and on Disney Castaway Cay, Disney's private island destination in The Bahamas. This effort has resulted in removing an annual volume of more than 14.7 million plastic straws and 2.2 million plastic amenity containers. Disney Cruise Line has also gone from annually distributing nearly 1 million plastic merchandise bags fleetwide annually to nearly zero. Other measures include the removal of plastic cutlery, stirrers and condiment packets. Disney Cruise Line is committed to diverting waste from traditional waste streams. Shipboard recycling processes have helped to eliminate on average more than 2,900 tons of metals, glass, paper, cardboard and plastic from traditional waste streams each period.

Disney Cruise Line has invested in technology to ensure water purity and taken steps to select earth-friendly cleaners. All Disney Cruise Line ships feature Advanced Wastewater Purification Systems (AWPS) that utilise natural processes to treat and purify on-board wastewater to levels far exceeding international shipping standards, and in some cases shore side potable water standards.

Since 1995, Disney has invested $125 million through the Disney Conservation Fund (DCF), a company initiative that supports community-based solutions to protect wildlife and their habitats. A core example of Disney Planet Possible-tangible actions the company is taking to inspire optimism for a brighter, more sustainable future-DCF philanthropic grants and the expertise of dedicated teams have helped to preserve and restore nature and biodiversity, build more resilient communities, advance science, and strengthen the natural systems that we all depend on for food, water, clean air, and more. In fiscal 2023, the DCF made nearly $7 million in grants, supporting organisations working on the ground in 18 countries.

In collaboration with Disney Cruise Line and Disney Conservation, a team of researchers has worked since 2007 to rehabilitate coral reefs in The Bahamas. In addition to corals, these reefs provide important habitats for other marine species, including endangered Nassau grouper and lobster. Disney collaborated with other coral reef management and conservation leaders to establish of the Florida Coral Rescue Centre. This state-of-the-art facility located in Orlando safeguards vulnerable corals not yet affected by Stony Coral Tissue Loss Disease. The centre is the largest facility of its kind in the United States and is part of a national network coordinated by the Association of Zoos and Aquariums. Disney also support the Perry Institute for Marine Science to address coral conservation and restoration across The Bahamas alongside its more than 38 partner organisations. This investment includes major funding for a similar coral rescue centre based in Nassau.

More details on Disney Cruise Line's dedication to minimising its impact on the environment is available at:

https://disneyconnect.com/dcl-press/fact/

More details on TWDC's environmental goals can be found at:

https://impact.disney.com/environment/environmental-sustainability/

Section 172(1) statement (continued)

e) The desirability of the Company maintaining a reputation for high standards of business conduct

We are committed to operating our businesses with integrity and adopting governance policies that promote the thoughtful and independent representation of our stakeholders' interests. The Board of Directors has adopted Corporate Governance Guidelines which address, among other things, the composition and functions of the Board of Directors. Our Board of Directors is also expected to uphold our Code of Business Conduct. Similarly, the Group Company's Standards of Business Conduct are applicable to all Cast Members of the Company including Board Members.

We regularly engage our leaders and Cast Members on these Standards through training and other forms of communication. It is compulsory that all office based Cast Members complete the mandatory online courses, examples include: Standards of Business Conduct, Bribery and Avoiding Corrupt Business Practices.

Acting responsibly and conducting our business ethically is an integral part of our brand.

f) The need to act fairly as between members of the Company

We are a wholly owned subsidiary of Wedco EMEA Ventures Limited, whose ultimate parent Company is The Walt Disney Company (TWDC). Magical Cruise Company is consolidated within TWDC results as part of the Disney Parks, Experiences, and Products Segment. Our parent company as well as TWDC are aware of key decisions and financial performance of the Company and take a keen interest in the strategies and future outlook of the Company.

Non-financial and sustainability information statement

1. Introduction

Effective for periods commencing on or after 6 April 2022, the Climate-related Financial Disclosure Regulations 2022 ("Regulations") were introduced in the UK, requiring certain qualifying companies to report on principal climate-related matters and their impact on the business. For the period ended 1 October 2023, Magical Cruise Company Limited, trading as Disney Cruise Line (the "Company") is required to comply with the Regulations for the first time.

This disclosure has been prepared in accordance with the new Regulations and provides the required information.

The main activity of the Company is providing travel experiences on cruise ships and in various coastal locations. The Company is actively monitoring the potential climate-related risks (physical and transition) and opportunities (as indicated in section 3 below), that could reasonably be expected to impact the Company. As one part of its strategy to mitigate the risk, the Company contributes to the Group's science-based climate-related targets.

2. Governance

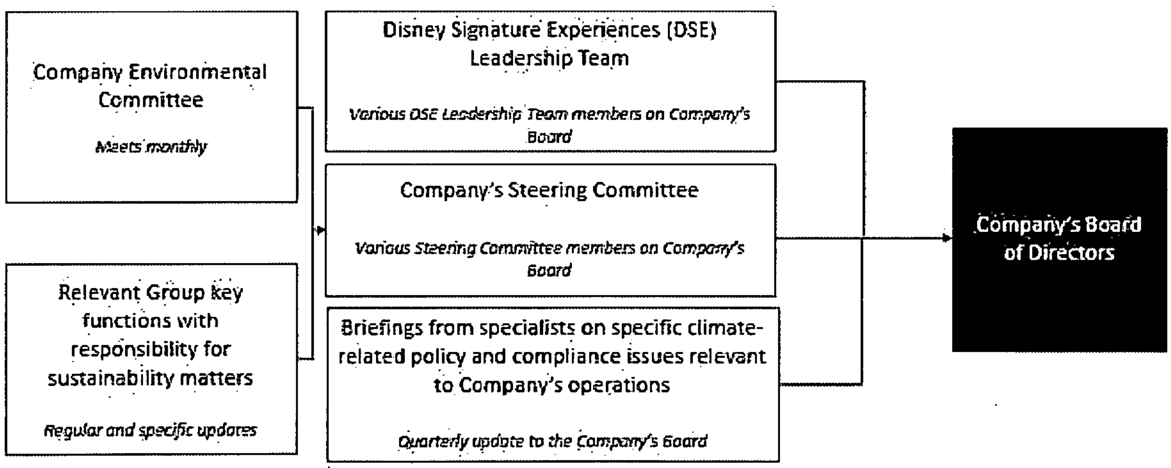

Chart 1: Deliver of reporting by key functions to Company's Board of Directors. References to the "Group" are references to the Company's ultimate parent company The Walt Disney Company, a company incorporated in the United States of America, and its subsidiaries.

Non-financial and sustainability information statement (continued)

2. Governance (continued)

The Company has a number of people working in key functions, responsible for assessing and managing day-to-day climate-related risks and opportunities associated with its business. This includes a group dedicated to safety, security and environmental sustainability, a group dedicated to maritime and engineering operations and a group dedicated to port strategy. These teams, amongst others, provide regular updates to the Steering Committee or the relevant members of the Disney Signature Experiences (DSE) Leadership Team, as outlined below.

A distinct Company Environmental Committee also meets monthly. This Committee includes representation from a number of expert functions, including but not limited to the Vice President of Safety, Security and Environmental Policy and Compliance, Environmental Compliance Managers, Environmental Technical Auditors, Island Environmental and Operations Directors and Managers, Safety Managers, Nautical and Marine Operations managers, Senior Vice President for Global Maritime and Engineering Operations, Legal and an environmental officer from each of the Company's ships, amongst others. The Environmental Committee meeting identifies, assesses and manages specific climate-related risks, planning, compliance, and practice and informs the Steering Committee on environmental and climate-related matters.

As outlined in the above chart, a Steering Committee for the Company meets weekly and includes representatives from all core business functions within the Company, including but not limited to Legal and Global Affairs, Marine and Engineering, Marketing, Revenue Management, Digital, Hotel operations, Entertainment, Risk Management, Finance, Security, Strategy, New Build, and Dry Dock. Three members of the Steering Committee are also on the Company's Board of Directors. As outlined above, the Steering Committee is briefed by the lead for the Company Environmental Committee and discusses management of climate-related issues, including but not limited to fuel efficiency and energy conservation, waste minimisation, water purification, environmental efforts, weather response, risk planning and strategy, as applicable.

The work of the Steering Committee is complemented by that of the DSE Leadership team, which comprises two members of the Company's Board of Directors and meets weekly. The DSE Leadership team considers the long-term strategy of the Company, including environmental policy and compliance relevant to the Company's operations. The DSE Leadership Team is briefed by the Vice President of Safety, Security and Environmental Policy and Compliance on climate-related risks and opportunities.

During FY23 the Directors of the Company's Board were formally updated on climate-related, environmental and sustainability matters in December 2022 by the Vice President of Safety, Security and Environmental Policy and Compliance. Topics covered included emissions and fuel, water, waste, sustainable design, and biodiversity.

The Company's ultimate parent company is The Walt Disney Company, a company incorporated in the United States of America, whose Board of Directors is responsible for oversight and governance of Environmental, Social and Governance ("ESG") programs and reporting for the Walt Disney Company and its subsidiaries (the "Group").

The Walt Disney Company's Board of Directors has established committees to facilitate and assist in the execution of its responsibilities. The Governance and Nominating Committee, Audit Committee and Compensation Committee are comprised entirely of independent Directors. The Walt Disney Company posts the charters of each of these committees on its website.

Corporate functions at Group level lend their expertise to assessing and managing climate-related risks and opportunities for the Company, including but not limited to corporate level management responsible for insurable risk, security and financial governance in the Group's finance organisation, and for government affairs, environmental sustainability, public policy and compliance in Legal and Global Affairs organisation; and by the Group's Risk Management Committee.

The Group's Risk Management Committee is chaired by the General Counsel and Chief Legal and Compliance Officer and the Chief Financial Officer. It is responsible for overseeing and supporting the Company's ongoing efforts to identify, assess and prioritise, manage, and monitor its enterprise risk.

The Group's Global Public Policy Environmental Sustainability Team collaborates across the enterprise to set Group environmental goals and policies. The Global Public Policy Environmental Sustainability team at Group level also interacts with the Company's Safety, Security, Environmental Policy, and Compliance team. These teams together have responsibility for oversight of the Company's efforts towards meeting the Group's environmental goals.

Leadership and key functions with responsibility for environmental sustainability matters at both Company and Group level collaborated throughout FY23, including on strategies related to climate-related risk management. As outlined below, the Company is in the process of formalising its company-level climate-related governance structure. This includes forming an advisory committee on climate-related matters and increasing the frequency of updates on climate-related issues to the Company's Board, and appointing a Board Director with oversight of climate, environment, and sustainability-related issues. That said, some aspects of governance and planning for climate risks is already occurring. This includes but is not limited to governance around purchasing of lower carbon fuels, supporting the Group's emissions reductions goals, and other matters.

Non-financial and sustainability information statement (continued)

3. Risk Management

Overview

The Company is responsible for identifying climate-related risks and opportunities, including those that impact its business over the short, medium and long-term through regular policy and business assessments with the input of relevant teams from the Group including those with responsibility for Environmental Sustainability, Legal and Global Affairs, Finance and ESG reporting. It employs a mix of general risk management tools and other tools specific to understanding climate impacts. It identifies significant physical and transition risks and opportunities through multi-disciplinary management, market-based assessment, qualitative scenario analysis, and other tools and approaches. For example, the Company maintains a risk register through which climate risks are assessed and managed in the context of operational hazards such as extreme weather events on cruise routes. This is done via a Continuity Planning Tool that is managed by the Company's Vice President of Safety, Security, and Environmental Policy and Compliance.

To manage the potential financial impact of potential risks, and support business continuity, the Group uses risk financing strategies including self-insurance, contractual risk transfer, commercial insurance, portfolio diversification and alternative risk financing techniques. The Group's Enterprise Risk Management function provides insights by working across the entire Group, together with business segments and units to help identify, assess, and mitigate operational risks-including those related to environmental matters-with these risk financing strategies. In addition, the Company addresses risks specific to climate through asset planning, resilience planning, and through emissions reduction efforts in support of the Enterprise emissions reduction targets. Please refer to Section 5 for further detail on the Group's targets, the Company's targets, and performance against those targets.

Risk Identification Process

In 2023, the Company engaged an independent third party to assist in its assessment of climate-related risks and opportunities across the short, medium and long-term. The Company and relevant legal and public policy teams in the Group track emerging climate-related policies and regulations in sectors and regions where it operates to plan for emerging requirements and manage disruption and cost to the business.

In December 2023 and the first calendar quarter of 2024, the Company conducted a dedicated climate risk and opportunity identification and assessment process to augment its regular, ongoing assessment of risks and opportunities. As part of this analysis, the Company's operations and strategies were assumed to remain at 2023 levels, however the model assumed that the cruise industry adapted to the evolving temperature pathways over the short to long-term time horizon.

The process began with an inventory of potential risks and opportunities based on multiple sources including the mandatory climate-related financial disclosures by publicly quoted companies, large private companies and LLPs non-binding guidance, the Taskforce on Climate-Related Financial Disclosures Implementation Guidance, input from an external expert firm and from relevant experts inside the Company. The inventory included transition risks associated with potential regulatory and market shifts associated with a transition to a low-carbon economy, and opportunities arising from efforts to mitigate and adapt to climate change (e.g. low carbon products, new markets and energy savings). It also considered physical risks associated with potential exacerbation of physical hazards associated with climate change.

Transition risks considered included:

- Shifts in labour prices
- New mandates and regulations
- Reduced spend by customers
- Increased carbon pricing
- Increased cost of raw materials
- Changes in energy and fuel costs
- Uncertainty in policy continuity
- Reputational risks associated with environmental matters
- Fluctuating travel costs
- Changes in business seasonality
- Supply chain risk for third parties

Non-financial and sustainability information statement (continued)

3. Risk Management (continued)

Risk Identification Process (continued)

Physical risks considered included:

- Wind
- Thunderstorm
- Precipitation
- Flood
- Hail
- Heat
- Drought
- Wildfire
- Cold

Risk Assessment Process

Following a broad business review which considered the potential impacts of all the above to the Company's business, a long-list of potential climate-related transition and physical risks and opportunities were identified for further evaluation. A review was conducted using relevant Group and Company documents and data, supplemented with internal experts' judgement, to develop this long-list. Consideration was given to the potential impacts of the above-mentioned risks and opportunities to the Company's business. The potential financial impacts of these risks and opportunities were assessed against the relevant elements of the Company's Income Statement and Statement of Financial Position, in addition to other factors including the ownership structure of physical sites and how critical these sites are to the Company.

A series of internal workshops was then conducted in light of the above, with cross-functional experts from the Company, the Group and external advisors, to refine the long-list into a short-list of potential principal climate-related risks and opportunities. At this stage, the assessment did not consider actions already in place or being considered to mitigate risks or take advantage of opportunities.

These short-listed risks and opportunities were carried forward for detailed risk mapping and scenario analysis across three dimensions:

- Impact: the potential financial impact of the risk or opportunity
- Likelihood: the probability of the risk or opportunity occurring
- Timeframe: potential trends associated with the risk or opportunity, over three-time horizons (see table below)

Timeframe	Definition	Rationale
Short	2030	Aligned to the timing of the Company's forecasting and planning process and the Group's 2030 environmental goals.
Medium	2040	Aligned with timing of the Company's medium term forecast and planning process.
Long	2050	Aligned with UN (United Nations) net-zero emissions goal time horizon.

The process taken for scenario analysis of shortlisted risks and opportunities included but was not limited to:

- Use of economic projections from a third party's Integrated Assessment Model (IAM) to help provide projections for potential fuel price increases and carbon taxes in different climate scenarios.
- Use of a third party physical risk analysis to help provide projections for potential physical risk impacts in different climate scenarios.

Non-financial and sustainability information statement (continued)

4. Principal Risks

Based on this assessment and related scenario analysis, the Board of Directors has concluded that the Company faces three principal physical risks and three principal transition risks, per table 4.1. The rationale for selecting these risks is provided in table 4.2. as well as the Board of Director's view on the actual and potential impacts on its business model and strategy is provided in table 4.3.

Table 4.1

#	Risk type	Principal Risk
1	Transition	Risk from increased fuel price
2	Transition	Risk from direct carbon pricing mechanisms
3	Physical	Risk of site damage from climate hazards in Bahamas
4	Physical	Risk of business interruption from exposure to physical climate hazards in Bahamas
5	Physical	Risk of business interruption from exposure to physical climate hazards in Florida
6	Transition	Risk of cruise travel demand reduction due to consumers' changing climate values

Table 4.2

#	Principal risk	Rationale for selection and impacts on The Company's business model and strategy
1	Risk from increased fuel prices	Fuel is a significant portion of overall costs. The Company currently uses a range of fuels including Marine Diesel Oil (MDO), Liquified Natural Gas (LNG) and Hydrotreated Vegetable Oil (HVO). The Company is also exploring potential use of green methanol. Each faces price pressure. Lower carbon fuels such as HVO and green methanol come with some price premiums and also face price pressure because supply may remain low as the nascent industry develops, and demand is likely to grow, as many players in marine shipping and cruise line seek to actively decarbonize. Fossil-fuels such as MDO and LNG could experience significant price increases primarily driven by the adoption of carbon pricing mechanisms.
2	Risk related to direct carbon pricing mechanisms	The Company operates in jurisdictions with mandatory carbon pricing mechanisms, with some jurisdictions implementing measures on a relatively fast timeline. For example, the European Union Emissions Trading System ("EU ETS") has included the maritime sector from 2024, and this is already leading to increased costs based on emissions related to the Company's EU sailings. In addition, the IMO 2023 strategy for Greenhouse Gas ("GHG") emissions reduction calls for global pricing mechanisms to reduce the gap between sustainable and convention fuels. Actual carbon prices may be different in different regions.
3	Risk of site damage from climate hazards in The Bahamas	The Company has an investment in a subsidiary which owns two port destinations in The Bahamas: Castaway Cay and Lookout Cay. Castaway Cay has already faced site damage due to hurricanes. Lookout Cay is open as of June 2024, and potentially faces similar exposure to hurricane-related hazards.

Magical Cruise Company, Limited

Strategic report for the period from 2 October 2022 to 30 September 2023 (continued)

Non-financial and sustainability information statement (continued)

4. Principal Risks (continued)

#	Principal risk	Rationale for selection and impacts on The Company's business model and strategy
4	Risk of business interruption from exposure to physical climate hazards in The Bahamas	The Company operates a significant number of cruise routes to and around two destinations in the Bahamas, Castaway Cay and Lookout Cay. Castaway Cay has previously faced business interruption due to hurricanes, while Lookout Cay, which has just opened, faces similar exposure to hurricane-related business-interruption hazards. There is a risk that business interruption due to physical climate hazard may impact sailings and potentially revenue streams of the Company.
5	Risk of business interruption due to exposure to physical climate hazards in Florida	The Company relies on three main sites in Florida: A Cruise terminal at Port Canaveral in coastal Central Florida; a Cruise terminal at Port Everglades in coastal South Florida; and a headquarters office in Celebration in inland Central Florida. While the Company does not own these locations, each has previously faced the impact of hurricanes. Each of these Florida locations face business interruption risks that could remain significant or worsen as a result of climate change. Many of the Company's itineraries depart from these terminals and sail in Caribbean waters that experience hurricanes. Business interruptions in the form of forced cancellations, rescheduling and rebooking of sailings have already occurred.
6	Risk of cruise travel demand reduction due to consumers' changing climate values	Ticket sales constitute most of the Company's total revenue and are potentially at risk if there is reduction in cruise sector activity as a result of environmental concerns. While this is not evident in consumer interest and bookings today, the Company expects some consumers may evaluate climate impacts of different travel options, reducing demand for long-distance travel or travel in hard to abate sectors like air travel and large ship cruising.

Table 4.3

#	Principal risk	Impacts on the Company's business model and strategy
1	Risk from increased fuel prices	There are two main impacts of the risk of increased fuel prices on the Company's business model and strategy: (A) the Company's use of multiple levers to reduce fuel use and emissions throughout the fleet; and (B) the Company's use of multiple methods to reduce exposure to fuel price fluctuations through fuel supply diversification. **A. The Company employs several levers to reduce fuel use and GHG emissions, as part of a comprehensive emissions reduction strategy. For example:** (1) New ship energy efficiency. The Company added the Disney Wish to the fleet in 2022 and this ship class is designed to comply with the more stringent Energy Efficiency Design Index (EEDI) that is required by the International Maritime Organization. EEDI requires that new build ships attain a 5 percent calculated reduction in emissions based on the 2008 baseline. Some of these design standards include enhanced hull hydrodynamic design, waste heat recovery, and efficient lighting systems.

Non-financial and sustainability information statement (continued)

4. Principal Risks (continued)

#	Principal risk	Impacts on the Company's business model and strategy
1	Risk from increased fuel prices	(2) Existing ship energy efficiency. The Company has established energy efficiency programs that extend beyond the new build program and have been integrated into the operation of the existing fleet. Each ship class has implemented a variety of programs aimed to improve energy and fuel efficiency. Similarly to the EEDI, all existing ships have been assigned an Energy Efficiency Existing Ship Index (EEXI), which is an assessment of the ship's efficiency based on its current design and installed equipment. The EEXI sets a specific limit on propulsion power for each ship that is designed to limit, by operational control, a ship's emissions. The EEXI is determined by the ship's classification society, Lloyd's Register in the case of the MCCL fleet, and approved by The Bahamas Maritime Authority. A ship may only exceed the power limits in emergency conditions. a) Throughout the Company's fleet, efforts have been initiated to reduce energy demand with an emphasis on lighting improvements and Heating Ventilation and Cooling (HVAC) upgrades. Conventional lighting in the ships have been replaced with LED lighting. Waste heat generated for propulsion is recycled to improve the efficiency of the HVAC cooling process. Additional efficiency enhancement projects are in process, focused on a variety of onboard systems, ranging from reverse osmosis to projection systems. b) Ships have also implemented efficiency projects focused on propulsion including propeller enhancements, propulsion control, and reducing friction. The Disney Magic and Disney Wonder have implemented an Air Lubrication System which creates bubbles along the hull to decrease the friction between the hull and water. Ships have also implemented new hull coatings to remove biofouling to reduce drag and the Company has implemented a fleetwide system of routine hull cleaning to continuously remove hull growth which results in friction and inefficiency. Innovative hull cleaning technologies are being explored through the Company's Research and Development program. (3) Increasing shore supplied electricity. Shore supplied electricity (SSE) provides an excellent opportunity to reduce emissions and Disney Magic and Disney Wonder are configured to receive SSE wherever it is available. Currently, the only SSE available is on the US West Coast and Canada and in select ports in Europe. Disney Dream will be upgraded to be SSE capable in 2024, Disney Fantasy will be upgraded in 2025. The Group continuously evaluates the energy efficiency of land-based electricity grids to ensure that ships connected to SSE grids are more sustainable than the shipboard energy systems. (4) Using renewable electricity. The Company maintains two island locations in The Bahamas that generate renewable electricity through installed solar energy systems. The system at Castaway Cay was commissioned in 2023 and is generating a substantial amount of power for the facility. The Castaway Cay solar array and battery storage system provide the majority of the electricity currently consumed on the island, and the Company's objective is to increase this to 100% by 2030. For Lookout Cay, which will begin operating in 2024, 90% of the destination's electricity will come from renewable sources, increasing to 100% by 2030. Using renewable electricity reduces the demand for diesel fuel to be supplied from ships and trucks to power generators. Electrification of transportation, watercraft and other equipment is also being pursued to leverage the renewables on island.

4. Principal Risks (continued)

#	Principal risk	Impacts on the Company's business model and strategy
1	Risk from increased fuel prices	(5) Optimising itineraries. Reducing fuel consumption by optimising itineraries for fuel efficiency is another lever employed by the Company. Ships engines have optimal loads for efficiency, that translate to a range of speed that is most efficient from an energy management perspective. Ships frequently select routes that avoid severe weather systems, which require significant increases in power to maintain navigation safety. Additional itinerary optimisations will be considered in the future to reduce speed and emissions. The implementation of facial recognition systems by US Customs and Border Protection (CBP) in the United States allows for the more efficient disembarkation of guests, improving the efficiency of port operations, and resulting in less port time and the potential for speed reduction by ships. These efforts are funded through standard short term operational budget allocations, secured long-term budgets, among others. **B. The Company employs several levers to reduce exposure to fuel price fluctuations, while continuing to pursue its environmental goals** (1) Fuel type diversification: The Company operates using three different fuel types, with scope for more in future. Hydrotreated vegetable oil (HVO) is an alternative to Marine Diesel Oil (MDO) and both products will be related to the same underlying markets and subject to the same price triggers. However, they do not move in parallel and therefore there is an opportunity for MCCL to adjust the type of fuel purchased based on price and taking into accounts its emissions goals. Purchase location can also affect the price differential, so there is further strategic opportunity in planning where to purchase each fuel type. The new vessels (one currently in operation, at least another two to follow) will operate using Liquified Natural Gas (LNG), the market rates of which do not necessarily reflect the rates of MDO. Therefore, by operating two distinct fuel types across the fleet, the Company can reduce its exposure to any price increase in one of those markets. a) Price hedging strategies: The Company is currently able to hedge Marine Diesel Oil (MDO) out of Port Canaveral and Port Everglades, securing effective prices for bunkers in these locations. Hedge policy prescribes a 90% hedge maximum within the fiscal year, the equivalent of approximately 50% of total MDO volume. The Company may hedge at least two years out, but the hedge policy maximum percentage is lower for future periods. Additionally, the Company can and has entered into fixed contract agreements with the Liquified Natural Gas (LNG) supplier, which has the same effect as a hedge. All LNG is currently delivered by a single supplier in Florida and therefore the Company is able to protect against price fluctuations on the vast majority of its LNG consumption (in current fiscal year). The Company continues to explore opportunities for hedging fuel in different locations. b) Fuel vendor diversification: Every year the Company negotiates with MDO suppliers in Port Everglades/Miami to provide fuel for the entire year under contract conditions that enable hedge accounting. This process enables the Company to compare the fuel premiums and quality of service from each prospective supplier. For locations around the world, the Company uses an agent to negotiate and source local fuel on their behalf.

Non-financial and sustainability information statement (continued)

4. Principal Risks (continued)

#	Principal risk	Impacts on the Company's business model and strategy
1	Risk from increased fuel prices	c) Securing future supply through offtake agreements: Due to the fledgling nature of the LNG market, the Company entered an agreement, following negotiations with different suppliers, to take a certain amount of volume over a period of ten (later revised to twelve) years from one particular supplier. This gave the supplier the confidence and security to invest in the necessary infrastructure, while the Company can rely on the availability of LNG for three new ships for the foreseeable future. A pricing structure for LNG deliveries was also put in place as part of this agreement.
2	Risk related to direct carbon pricing mechanisms	1. During the period of transition of implementation to a carbon pricing mechanisms, the Company is evaluating different strategies to reduce financial exposure associated with the purchase of allowances taking into account that any imbalance in carbon pricing mechanisms may only be temporary. For example, a global pricing mechanism as is being considered by the IMO could potentially level the playing field among regions. The Company uses a minimum of a ten-year outlook when making fuel and efficiency project decisions, allowing for consideration of future carbon pricing impacts. 2. Notwithstanding the fact that the Company is implementing a comprehensive emissions reduction strategy, the Company will continue to face financial risk due to the carbon pricing mechanisms enacted by the European Union and in development by the IMO. While this financial risk is currently in effect in Europe, the implementation of a global pricing mechanism by 2027 by the IMO, could serve to create a uniform carbon pricing mechanism that will affect all operations. Therefore the emissions reduction strategy and resulting decrease in emissions, will reduce the related financial consequences of direct carbon pricing mechanisms. That said, even assuming the Company contributes to the group achieving its 2030 emissions reduction targets, there will still be expenses associated with purchase of carbon credits. These future carbon credit expenses have been incorporated into financial plans associated with the Group's 2030 goals. In participating the EU Emissions Trading System (ETS), Italy was designated as the Administrative Authority for the Company, primarily based on the concentration of the Company's operations from Italian ports and destinations. Allowances based on the quantity of emissions in Europe will be purchased and surrendered to the Administrative Authority based on 40% of emissions in 2024. The level of emissions allowances required to be purchased rises to 70% in 2025 and 100% in 2026. To reduce the volatility of exposure associated with allowances, the Company continuously assesses market timing and has locked in a specific amount of allowances based on the forecast emissions for 2024 associated with the deployment of the Disney Dream to Europe.
3	Risk of site damage from climate hazards in Bahamas	Castaway Cay facilities have a resilient design, specifically constructed to mitigate the impact of severe weather events to allow for quick restoration and recovery. Permanent facilities (buildings, piers, and roads) are positioned above sea level and not currently modelled to be significantly at risk from sea level rise. Lookout Cay is constructed similarly. Both island destinations use a mix of sustainable energy (solar energy) and diesel fuel to generate electricity and power for vehicles. Both island destinations have maximised the use of natural surroundings to protect constructed facilities and prevent erosion of the sand and land features.

Magical Cruise Company, Limited

Strategic report for the period from 2 October 2022 to 30 September 2023 (continued)

Non-financial and sustainability information statement (continued)

4. Principal Risks (continued)

#	Principal risk	Impacts on the Company's business model and strategy
4	Risk of business interruption from exposure to physical climate hazards in Bahamas	As an element of the company's continuity of operations program, the Company remains aware of severe weather systems that may affect ship and island operations. The Company maintains a 24-hour operations centre in Florida as an alert and notification centre that is focused on all hazards that could potentially impact the Company operations. In the event that severe weather poses a risk to a ship's itinerary, a multi-disciplinary executive team (the Crisis Management Team) convenes to establish an alternative itinerary to avoid hazard. Because ships are highly mobile, itineraries may be adjusted significantly to ensure that the ship operates well away from any hazard. The Hurricane season in the Southeast United States and Caribbean Sea currently extends from June 1 to November 30, and the collective international government and business sectors throughout the region have developed extensive programs to prepare for and respond to natural disasters.
5	Risk of business interruption due to exposure to physical climate hazards in Florida	When a severe weather system poses a risk to operations in Florida, the Company's ships move in a coordinated fashion with other cruise ships to avoid the impacted port and shift to another if the primary port is unusable, thereby reducing or mitigating service disruption. Based on the geographic dispersion of Port Canaveral, Port Everglades, and Celebration, the system has the option to divert cruises.
6	Risk of cruise travel demand reduction due to consumers' changing climate values	The Company has employed a long-established record focused on environmental programs. These innovative initiatives include commitments to biodiversity, minimising impact on freshwater sources, energy conservation and fuel reduction, recycling and waste reduction, sustainable design, and partnerships through programs like the Disney Conservation Fund. If consumer interests shift away from the cruise industry due to environmental concerns, it would be anticipated that the Company's long history of dedication to the environment would help mitigate shifts faced by the other members of the industry.

5. Strategy

The Company's strategy to mitigate its principal risks has been developed using an understanding of current risks facing the Company. However, the Company has also considered these risks under two hypothetical climate scenarios with varying consequences:

1. A relatively low carbon future with global temperature increase constrained to 1.5°C. and substantial socio-economic transition and policy changes.
2. A relatively high carbon future with global temperature increase of 4°C and substantially more severe physical risks.

These scenarios correspond to IPCC (Intergovernmental Panel on Climate Change) Representative Concentration Pathways (RCP) 4.5 and 8.5 respectively and were chosen to reflect two significantly different hypothetical futures, each with very different potential operational and financial impacts. The Company's scenario analysis was qualitative in nature and its assessment of potential impact was limited to the extent to which the above trends could change over time through to 2050. The potential consequences from transition measures which might be anticipated within the 1.5°C scenario were assessed relative to a counterfactual baseline 4°C scenario.

While the Company has not completed a full quantitative assessment of the potential financial consequences of these risks, it has estimated ranges of potential financial consequence based on broad assumptions in these hypothetical future scenarios.

The Company continues to monitor and assess these risks as they develop, but based on its current qualitative assessment, the Board of Directors considers that the Company has adequate mitigating measures in place to manage the impact of these physical and transitional risks. As such, the Board of Directors considers the Company's business model and strategy are resilient to both of these potential scenarios, as detailed in table 5.1.

Magical Cruise Company, Limited

Strategic report for the period from 2 October 2022 to 30 September 2023 (continued)

Non-financial and sustainability information statement (continued)

5. Strategy (continued)

Table 5.1

The risk matrix used to assign low to very high risk uses following variables:

1. Impact: the extent to which a risk event could affect the Company's organisation's objectives and strategy. In this case we qualitatively assessed potential financial impact.
2. Likelihood: Refers to the potential probability of a risk event occurring.

The risk rating is based on a potential qualitative impact rating using the following logic:

Potential qualitative impact rating = Contribution to P&L (% costs or profit potentially at risk) X Variance between 1.5°C and 4°C scenarios (% difference between two scenarios)

Risk	Low	Medium	High	Very High

	Principal Risk	Scenario	2030	2040	2050	Potential exposure	Assessment
1	Risk from increased fuel prices	1.5°C				In a 1.5°C scenario, higher carbon fuel prices (MDO and LNG) could more than double by 2050 (real terms) due to relatively scarcity and potential taxes or levies which could negatively impact the Company's cost base causing the risk to rise to "very high" by 2040 and beyond.	The Company believes it has a relatively high degree of resilience in the 1.5 -degree scenario given its focus on long-term fuel reduction, its ability switch between fuels, and its fuel price hedging strategy.
		4°C				In a 4-degree scenario, fuel price increases are not anticipated to be as significant, and the risk is assessed as low.	The Company believes it has high resilience based on assessed low risk in the 4-degree scenario.
2	Risk from direct carbon pricing mechanisms	1.5°C				In a 1.5-degree scenario, increased scope and severity of carbon pricing globally could create high financial risk exposure by 2030, and very high by 2040. There may also be significant regional variation.	The Company believes its efforts to reduce fuel consumption and increase use of lower carbon fuels will help enable resilience to this risk, including through the ability to switch to lower carbon fuels or ships by location, as appropriate.
		4°C				In a 4-degree scenario, carbon taxes are not anticipated to be levied to a significant degree, and therefore carbon pricing risk is assessed as low.	The Company believes it has high resilience based on assessed low risk of high carbon pricing mechanisms in the 4-degree scenario.

Non-financial and sustainability information statement (continued)

5. Strategy (continued)

	Principal Risk	Scenario	2030	2040	2050	Potential exposure	Assessment
3	Risk of site damage from climate hazards in The Bahamas	1.5°C	[redacted]	[redacted]	[redacted]	The Bahamas are already exposed to multiple physical climate hazards, such as wind and thunderstorms that may cause site damage.	The Company believes its efforts to invest in resilient design allows high resilience in the 1.5-degree scenario.
		4°C	[redacted]	[redacted]	[redacted]	In a 4-degree scenario, site damage is not assessed to be significantly higher because of our investment in resilient design.	The Company believes its efforts to adopt resilient design allows medium resilience in the 4-degree scenario.
4	Risk of business interruption due to exposure to physical climate hazards in The Bahamas	1.5°C	[redacted]	[redacted]	[redacted]	The Bahamas are already exposed to multiple physical climate hazards that may cause business interruption.	The Company believes its flexible approach to itinerary planning allows high resilience to this risk in the 1.5-degree scenario.
		4°C	[redacted]	[redacted]	[redacted]	In a 4-degree scenario, business interruption risks are not considered significantly higher.	The Company believes its flexible approach to itinerary planning allows high resilience to this risk in the 4-degree scenario.
5	Risk of business interruption from exposure to physical climate hazards in Florida	1.5°C	[redacted]	[redacted]	[redacted]	Florida ports are already exposed to multiple physical climate hazards that may cause business interruption.	The Company believes its flexible approach to itinerary planning allows high resilience to this risk in the 1.5-degree scenario.
		4°C	[redacted]	[redacted]	[redacted]	In a 4-degree scenario, business interruption risks are not considered significantly higher.	The Company believes its flexible approach to itinerary planning allows high resilience to this risk in the 4-degree scenario.
6	Risk of cruise travel demand reduction due to consumers' changing climate values	1.5°C				In a 1.5-degree scenario, potential constraints to the long-term growth in cruise sector activity relative to the 4-degree scenario may have a medium impact to the Company across the short-, medium- and long-term.	The Company believes its active approach to reducing emissions helps allow resilience to this risk.
		4°C				In a 4-degree scenario this risk is deemed low.	The Company believes it has high resilience based on assessed low risk in the 4-degree scenario.

Non-financial and sustainability information statement (continued)

6. Metrics and Targets

The Company contributes to climate-related targets established at the Group level.

At the Group level, there has been a long-term goal set in 2009 to achieve net zero greenhouse gas emissions from direct operations (Scope 1 and 2) by 2030, and the Company remains committed to this goal.

In alignment with the Intergovernmental Panel on Climate Change and the Paris Climate Agreement, the Group has set quantitative and timebound absolute reduction goals for emissions from its direct operations (Scope 1 and 2), and absolute reduction and supplier and licensee engagement goals for emissions from its value chain (Scope 3). In calendar 2023, these goals were validated by the Science Based Targets Initiative (SBTi).

At Group level, metrics have been developed for scope 1 and 2 targets and performance has been tracked since 2009. The Group has initiated efforts to disclose Group-level scope 3 emissions, but has not yet started to share data for the immediately preceding performance year. The Group intends to do this in future periods.

By driving reductions in the overall Group-level carbon footprint, emissions targets help the Company manage the risks associated with fuel prices, carbon taxes and ticket sales. The Company has also set a target and key performance indicators for risks associated with business interruption associated with site damage in The Bahamas.

Group-level goals and targets associated with emissions from its direct operations (scope 1 and 2)[1]

- *Reduce absolute emissions from direct operations (Scope 1 and 2) by **46.2% by 2030,** against a fiscal 2019 baseline.*
- *Achieve **net zero emissions** for direct operations by 2030.*
- *Purchase or produce **100%** zero carbon electricity by 2030.*
- *Invest in natural climate solutions (in **sufficient quantities** to reach net zero in 2030 after 46.2% absolute reduction).*

Group-level goals and **targets** associated with emissions from its value chain (scope 3)

- *Reduce Scope 3 emissions through absolute reduction and supplier and licensee engagement:*
  - *Reduce absolute Scope 3 GHG emissions from purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, and franchises, by a **minimum of 27.5%** by 2030 against a fiscal 2019 baseline*
  - *Commit that 20% of suppliers, measured by emissions covering purchased goods and services, will have science-based targets by 2027*
  - *Commit that 72% of licensees, measured by emissions covering franchises, will have science-based targets by 2027*

[1]The Group's environmental goal-setting process adapts to changes in its businesses and in relevant protocols that it follows. For emissions, the Group measures actual emissions and forecasts future emissions based on information available on its business plans, secular changes, projects, process changes, and other factors.

Magical Cruise Company, Limited

Strategic report for the period from 2 October 2022 to 30 September 2023 (continued)

Non-financial and sustainability information statement (continued)

6. Metrics and Targets (continued)

At the Group level, recent year performance and progress to the Group's scope 1 and 2 targets is provided in table 6.1:

Table 6.1

Group-level Goal/**Target**	Goal/**Target** Metric	**Group FY19**	**Group FY20**	**Group FY21**	**Group FY22**	**Group FY23**	**Performance to Group Target (FY19-FY23)**
Reduce absolute emissions from direct operations (Scope 1 and 2 by **46.2%** by 2030, against a 2019 baseline	Scope 1 (metric tons CO2e)	909,382	614,971	503,221	901,714	993,347	
	Scope 2 Emissions (location based) (metric tons CO2e)	913,359	714,874	675,984	702,062	782,066	
	Scope 2 Emissions (market based) (metric tons CO2e)	898,696	681,456	687,042	679,506	727,414	
	Total Scope 1 and 2 Emissions (market-based) (metric tons CO2e)	1,808,078	1,296,427	1,190,263	1,581,220	1,720,761	5% reduction in total Scope 1 and 2 emissions (market based)
Invest in natural climate solutions	Retired Carbon Credits (metric tons CO2e)	860,620	470,209	410,120	801,077	803,744	
Achieve **net zero emissions** for direct operations by 2030	Net Emissions (Scope 1 and 2, market based) (metric tons CO2e)	947,458	826,218	780,143	780,143	917,017	3% reduction in net emissions (Scope 1 and 2, market based)
Purchase or produce **100% zero carbon electricity** by 2030	**Percentage of Zero Carbon Electricity**	Not Reported	Not Reported	30%	34%	37%	3 percentage point increase in 100% zero carbon electricity from prior year

Performance against scope 3 goals and targets will be provided at the Group level in future reports.

The Company is planning to contribute to the Group level targets by establishing a cap for emissions growth in ways that allow for the Group level targets to be realistically pursued. In addition, the Company has established intensity targets for scope 1 and 2 emissions..

Magical Cruise Company, Limited

Strategic report for the period from 2 October 2022 to 30 September 2023 (continued)

Non-financial and sustainability information statement (continued)

6. Metrics and Targets (continued)

Company-level goal and target associated with emissions from its direct operations (scope 1 and 2)

The Company is undergoing significant growth, and as such, in line with Cruise industry peers, has established targets focused on reducing emission intensity per passenger cruise day ("PCD"). Base year and performance year data is provided in table 6.2. Fiscal year 2020-2022 performance is not provided due to the unusual nature of the COVID period.

Table 6.2

Company-level Goal/**Target**	Company-level Goal/**Target**	**Company FY19**	**Company FY20**	**Company FY21**	**Company FY22**	**Company FY23**	**Performance to Company Target (FY19-FY23)**
Reduce emissions intensity by **40%** by 2030, against a FY2019 baseline	Scope 1 and 2 emissions (Metric Tons CO2 Equivalent) per PCD	0.12	Not applicable (COVID anomaly)	Not applicable (COVID anomaly)	Not applicable (COVID anomaly)	0.12	No significant change

Given post-COVID return to business, emissions intensity remained stable between 2019 and 2023. The Company plans to continue using the levers described in the sections above to begin to decouple business growth from emissions, and drive emissions intensity down in pursuit of its target.

*Company-level goal and **target** associated with site damage in The Bahamas*

As well as its emissions intensity target, the Company has established a target associated with managing the risk of business disruption due to potential site damage in The Bahamas:

- ***Zero** operational days lost as a consequence of severe weather events*

This target focuses on resilience of the Company's island sites in the Bahamas: Castaway Cay and Lookout Cay. The premise of the target is that the sites are built in ways that seek to limit or avoid significant site damage during and after severe weather events. As such, once any potential severe weather events subside and sailing to these destinations is considered safe, the target will be met if sailings can proceed to the destinations.

Continuously Improving Measurement and Monitoring

The Company captures and reports emissions data by vessel and island destination, inputs the data in the Group's corporate system of record, and utilises this single source of information to build and deliver dashboards and performance metrics throughout the organisation to increase awareness and engagement. The Company reports in alignment with multiple organisations including IMO requirements and Group commitments.

Volumetric emissions generated by source and type are reported, as well as the operational data needed to calculate intensity metrics. Emissions intensity is utilised to articulate efficiency gains per experience delivered during a period of significant business growth.

In addition to volumetric and intensity calculations, the Company monitors percent renewable fuel and energy, as well as percent non-potable source water, as it strives to maximise these renewable sources.

Magical Cruise Company, Limited

Strategic report for the period from 2 October 2022 to 30 September 2023 (continued)

Non-financial and sustainability information statement (continued)

7. Key Performance Indicators (KPIs)

At the Group level, three KPIs are used to assess progress against public targets:

- *Reduction in absolute Scope 1 and 2 emissions (market based).*
- *Reduction in net emissions (Scope 1 and 2, market based).*
- *Increase in 100% zero carbon electricity.*

Calculations for progress towards reduction in absolute Scope 1 & 2 emissions at the Group level are based on the following definition and rationale:

1. Absolute scope 1 and 2 GHG emissions are measured and calculated with reference to the principles in the World Resources Institute and the World Business Council for Sustainable Development Greenhouse Gas Protocol's "A Corporate Accounting and Reporting Standard, 2004 Revised Edition".
2. The KPI to assess progress on absolute emissions is calculated as follows:
   a) Total scope 1 and 2 emissions in the prior fiscal year
   b) Total scope 1 and 2 emissions in the baseline fiscal year (FY 2019)
   c) Difference between prior year and baseline year, in percentage terms

Calculations for progress towards reduction in net emissions at the Group level are based on the following definitions and rationale:

1. Net emissions are defined as scope 1 emissions + Scope 2 emissions (market based) - carbon credits. Market-based emissions are used where available in calculating carbon credit retirements, total emissions, and net emissions. Scope 2 emissions (market-based) include emission reductions attributed to utility green power purchases, power purchase agreements, and unbundled energy attribute certificates. The Group will have achieved its 2030 "net zero emissions" goal when "net emissions," as defined above, equals zero. The Group's approach to carbon credits can be found in the Natural Climate Solutions White Paper and can be summarised as carbon credits are from projects developed according to recognised standards (e.g., Climate Action Reserve, Verified Carbon Standard, Gold Standard) and are retired annually. All credits are verified by accredited third-party reviewers.
2. The KPI to assess progress on net emissions is calculated as follows:
   a) Net emissions (based on the above definition) in the prior fiscal year.
   b) Net emissions in the baseline fiscal year (FY 2019).
   c) Difference between prior year and baseline year, in percentage terms.

Calculations for progress towards increase in 100% zero carbon electricity at the Group level are based on the following definition and rationale:

1. The Group defines zero carbon electricity as any type of electricity generation that does not generate GHGs, such as solar, wind, geothermal, nuclear, and large-scale hydropower. Percentage zero carbon electricity is zero carbon electricity consumption divided by total electricity consumption.
2. Per the Group's goal statement to "Purchase or produce 100% zero carbon electricity", the quantity of zero carbon electricity counted is either purchased from the grid or through power purchase agreements or produced by the Group.
3. Since there is no formal base year for this goal, the KPI to assess progress towards 100% zero carbon electricity is percentage point increase from the prior year.

Magical Cruise Company, Limited

Strategic report for the period from 2 October 2022 to 30 September 2023 (continued)

Non financial and sustainability information statement (continued)

7. Key Performance Indicators (KPIs)

At the Company level, the following KPI is used to assess progress toward the emission intensity reduction target:

- *Reduction in scope 1 and 2 emissions (market based) per passenger cruise day.*

Calculations for progress towards this emissions intensity target are based on the following logic:

1. *Total scope 1 and 2 emissions (market based) divided by number of passenger cruise days in the prior fiscal year*
2. *Total scope 1 and 2 emissions (market based) divided by number of passenger cruise days in the baseline year (FY 2019)*
3. *Difference between prior year and baseline year, in percentage terms.*

At the Company level, the following KPI is used to assess progress toward the site damage target:

- *Number of operational days lost as a direct consequence of severe weather events*

Calculations for progress towards this site damage target are based on the following rationale:

1. A severe weather event is defined as a named storm, or severe weather that results in no sailing to one or both island site in The Bahamas
2. Once the severe weather event has passed, and it is safe to sail, it is determined if guest visitation is possible at one or other of The Bahamas island sites
3. If guest visitation is not possible after the severe weather event has passed and it is safe to sail, then that is deemed an operational day lost and therefore implies non-achievement of the target.

Approved by the Board on 24 June 2024 and signed on its behalf on 27 June 2024 by:

DocuSigned by:
Steven Konstanz
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S L Konstanz
Director

Magical Cruise Company, Limited

Directors' report for the period from 2 October 2022 to 30 September 2023

The Directors present their report and audited financial statements of the Company for the period from 2 October 2022 to 30 September 2023.

Future developments

Details of future developments can be found in the Strategic Report on page 1.

Dividends

Dividends of $nil (2022: $nil) were received by the Company during the period. There were no dividends proposed or paid by the Company during the period (2022: $nil). The Directors do not propose any final dividends to be paid after the period end.

Branches

The Company has a branch in the Bahamas.

Financial risk management policies and objectives

The Company's operations expose it to financial risks. The most significant risks are described below.

1. *Credit risk:* The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counter party is subject to a limit, which is assessed continually by the Company's credit control function.

   The Company requires all stateroom guests to make a minimum deposit to confirm a reservation. Guests have the option to pay in full or make partial payments until the full balance is due. Full payment is required in advance of sailing (timing varies depending on cruise itineraries and accommodations) and may be subject to service fees for changes or cancellation fee as applicable up to and including 100% of the fare. On-board guest accounts have an established spending limit, the amount of which must be paid in full each time the existing limit is reached, before continuing to be able to charge to their accounts.

2. *Foreign exchange risk:* The Company may hold assets and liabilities denominated in foreign currencies. No derivative financial instruments are used to manage the risk of fluctuating exchange rates, so no hedge accounting is applied. The Company has in place a foreign exchange policy, driven by the ultimate parent Company, The Walt Disney Company, and will reconsider the appropriateness of this policy should operations change in nature.

3. *Interest rate risk:* The Company can have interest bearing assets and liabilities. The Company monitors its portfolio of interest bearing assets and liabilities and their financial impact. The Company will reconsider the appropriate structure of its portfolio should operations change in size or nature.

4. *Fuel hedge risk:* The Company hedges pricing risk in relation to forecasted future fuel purchases by entering into cash flow hedge relationships (refer to Hedging arrangements within note 3 Summary of significant accounting policies starting on page 44).

Directors of the Company

The Directors who held office during the period and up to the date of approval of the financial statements, except as noted, were are as follows:

S L Konstanz
J Filippatos
D F Londono
T Mazloum
E L Swets
S M Fox (resigned on 22 August 2023)
D C Donaldson
S D Siskie
T L Wilson
A C Phillips (appointed on 11 October 2022 and resigned on 22 June 2023)
D A Fares (appointed on 4 October 2023)
T C Falls JR (appointed on 12 June 2024)

There were no third-party indemnity provisions during the period from 2 October 2022 to 30 September 2023 (2022: $nil). No compensation for loss of office was paid during the period (2022: $nil).

Events after the reporting period

For details of any events that occurred after the reporting period, please refer to note 24.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled whilst in employment, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee involvement

Consultation with employees has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made which are likely to affect their interests, and that all employees are aware of the financial and economic performance of their business units, and of the Company as a whole. Communication with all employees continues through newsletters, briefing groups and the availability of the annual report. This is consistent with the section 172 statement found within the Strategic report.

Stakeholder engagement

We focus on providing unforgettable family cruising for our Guests and operating our business responsibly. We continue to maintain strong relationships and open communication with all of our stakeholders. Our ongoing and transparent communication with our stakeholders allows them to provide feedback and allows us to make well informed and appropriate decisions which benefit the Company and stakeholders as a whole. This is consistent with the section 172 statement found within the Strategic report.

Throughout the period, our Crew and Cast Members' and Guests' health, safety and wellbeing have been key in our decision making. We have followed government guidance in our offices and on our ships, and enforced appropriate COVID-19 health safety measures.

Our strategic decisions were made with our stakeholders in mind and we will continue to engage with them and incorporate their views in our future planning and decision making.

Streamlined energy and carbon reporting (SECR) disclosure

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1, 2 and to some extent Scope 3 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial period. For the Magical Cruise Company Limited Scope 1 emissions only are applicable, which is shown in the table below.

	Period ended 30 September 2023	Period ended 1 October 2022
Energy consumption used to calculate emissions (kWh)	47,992,295	40,142,484
Emissions from combustion of fuel for transport purposes (Scope l) tCO2e	10,992	10,814
Total gross tCO2e based on above	10,992	10,814
Intensity ratio (tCO2e/gross tonnage of ships)	0.08476	0.12878

Please see the methodology notes on page 28 for more details on the calculation above.

All emissions from our head office at 3 Queen Caroline Street have been included in The Walt Disney Company Limited's SECR disclosure. The Walt Disney Company Limited is the owner of the building and all invoices are billed to The Walt Disney Company Limited and therefore we have disclosed all emissions in their financial statements as it was immaterial to obtain.

The period over period variance is caused by the different vessels and number of voyages sailed within UK waters (arriving or departing from a UK port) during each financial period.

Magical Cruise Company, Limited

Directors' report for the period from 2 October 2022 to 30 September 2023 (continued)

Streamlined energy and carbon reporting (SECR) disclosure (continued)

Energy efficiency action summary

Magical Cruise Company Limited continues to achieve direct savings in energy and associated carbon emissions, through operational and technological improvements, including;

- Shipping companies apply relevant International, Flag and Port State requirements. Some examples:
    - UK MRV - UK Monitoring, Recording and Verifying CO2 emissions (MRV) regulation. EU MRV - EU Monitoring, Recording and Verifying CO2 emissions (MRV) regulation
    - The International Convention for the Prevention of Pollution from Ships (MARPOL)
    - International Maritime Organization (IMO) Energy Efficiency Measures

Methodology notes

Reporting Period	2 October 2022 - 30 September 2023
Boundary (consolidation approach)	Operational approach
Alignment with financial reporting	SECR disclosure has been prepared in line with Magical Cruise Company, Limited annual financial statements made up to 30 September 2023.
Reporting method	GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
Emissions factor source	DEFRA, 2023 for all emissions factors https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023
Calculation method	Activity Data x Emission Factor = GHG emissions
Other relevant information on calculation	Where applicable consumption was converted to kWh using conversion factors linked above, while emissions were calculated with the DEFRA emission factors. Transport data was calculated from metric tons to kWh and GHG emissions using the method above.
Reason for the intensity measurement choice	Following the recommendations of the SECR legislation and based on the nature of our business, gross tonnage of ships (tCO2e /gross tonnage of ships) gives the best overview on our efficiency performance on a longer scale.
Rounding	Due to rounding there might be a minor difference compared to the actual GHG emissions (no more than 1%).

Statement of corporate governance arrangements

This section sets out the Company's corporate governance controls, policies and procedures as required by The Companies (Miscellaneous Reporting) Regulations 2018.

As a subsidiary within the group of companies of which The Walt Disney Company is the ultimate parent company (the "Group"), the Company adheres to the Group's governance ethos and practices. The Company operates in accordance with its Memorandum and Articles of Association; The Walt Disney Company Standards of Business Conduct; and the governance principles set out below.

The Group strategy is set and managed by The Walt Disney Company and, as a subsidiary of the Group, the Company is responsible for the implementation of all local elements of the Group strategy, as necessary and where appropriate. The Board and wider Disney leadership oversee the Company's alignment with the Group's purpose, goals, strategies, ethics and compliance with the Group's Standards of Business Conduct and associated policies.

Owing to the extensive governance protocols already in place, it was decided that the Wates Principles for Large Private Companies should not be formally adopted by the Company but used as useful principles of good governance by which to measure its own existing corporate governance practices.

These corporate governance practices are detailed below:

Magical Cruise Company, Limited

Directors' report for the period from 2 October 2022 to 30 September 2023 (continued)

Statement of corporate governance arrangements (continued)

Board composition

The composition of the Board aims to reflect a balance of skills, experience and knowledge. Along with the Managing Director of the Company and the President of Disney Signature Experiences, the Board includes members from Finance, Consumer Products, Global Public Policy, Media Network Content and Global Marine and Technical Operations. Supporting the Board Members at all meetings are representatives from Disney's Finance and Consumer Insights, with regular updates from Marketing and other areas. The Board's strong backgrounds and varied skillsets enables them to make effective decisions, meet the organisation's strategic needs, and overcome strategic challenges faced by the Company.

On 20 November 2022, Robert A. Iger returned to the Company as Chief Executive Officer ("CEO") and a director. Mr. Iger previously spent more than four decades at the Company, including 15 years as CEO. In announcing Mr. Iger's appointment, the Company noted he has agreed to serve as CEO for four years with a mandate from the Company's Board of Directors "to set the strategic direction for renewed growth and to work closely with the Board in developing a successor to lead the Company at the completion of his term."

The Group has an ongoing commitment to progress diversity and inclusion (D&I), including board composition. The Group promotes a multi-faceted plan to bring about important changes across the Group, comprised of six pillars: Transparency, Representation, Accountability, Community, Content, and Culture. The Company is committed to moving these efforts forward. An example is our Reimagine Tomorrow endeavour which began to execute a multi-faceted plan to drive brave, meaningful change across the Company through initiatives such as the CEO Diversity and Inclusion Council.

Board members must abide by The Group's Standards of Business Conduct and must exhibit high standards of integrity, commitment and independence of thought and judgement. Directors have sufficient time, energy and attention to ensure the diligent performance of his or her duties, including attending meetings of the Board.

Directors also receive regular updates on new legislation, regulatory requirements and other changes, to ensure that they are fully equipped when making decisions about the business.

The Board ensures its composition is appropriate given the size and interests of the Company and all board composition changes are approved by the Board.

Director responsibilities

The Directors are primarily responsible for overseeing the delivery of the Group strategy in the UK, Europe, Middle East and Africa (EMEA) and North America by directing the management of the business, including the day-to-day running of the Company's business and operations. Directors work closely with management to ensure strategy is implemented and the Board monitor progress, including via Board meetings and more informal meetings with senior management.

The Board review and where appropriate approve the Company's major financial objectives, plans and actions. They review accounting principles and practices to be used in the preparation of the Company's financial statements and meet with the auditors to discuss any audit findings. They also assess major risk factors relating to the Company and its performance, and review measures to address and mitigate such risks. Some of the risks the Board consider are changes in economic conditions and changes in regulations that impact the Company.

The Board typically approves corporate actions through Board meetings held four times a period. Meetings can also be held on an ad-hoc basis if there is a need to approve certain resolutions. All meetings are minuted, signed and approved by the Chairperson.

The Board receives regular reports and board packs on the Company's financial performance and presentations from different departments such as legal, tax and compliance on new legislation, strategy, corporate governance and regulatory requirements and Environmental committee on climate-related risks (physical & transition) and opportunities in order to make well-informed decisions. The formal responsibility of reviewing feedback and engagement from stakeholders has been delegated to management. In addition, the Company has a number of people working in key functions, responsible for assessing and managing day-to-day climate-related risks and opportunities associated with its business. This includes a group dedicated to safety, security and environmental sustainability, a group dedicated to maritime and engineering operations and a group dedicated to port strategy. These teams, amongst others, provide regular updates to the Steering Committee or the relevant members of the Disney Signature Experiences (DSE) Leadership Team. Corporate functions at Group level lend their expertise to assessing and managing climate-related risks and opportunities for the Company.

Remuneration

Directors' emoluments and any associated annual bonus (whether cash or equity-based) is determined by assessing individual performance against financial, strategic and individual targets are ultimately determined by US-based management of the Group. This enables Directors to be rewarded for annual financial performance delivered for the wider Group as a whole as well as performance against key strategic priorities. Additionally, benchmarking for senior level roles is undertaken using external consultants to ensure appropriate levels of remuneration. Directors do not receive any additional direct compensation for their service as Directors.

Magical Cruise Company, Limited

Directors' report for the period from 2 October 2022 to 30 September 2023 (continued)

Statement of corporate governance arrangements (continued)

Purpose, Culture and Values

Since its launch in 1998, Disney Cruise Line has established itself as a leader in the cruise industry, providing a setting where families can reconnect, adults can recharge and children can experience all Disney has to offer. We strive to provide exceptional service that reflects our iconic brand, enabled by the passion and hard work of our Cast and Crew. We aim to conduct our business with honesty, integrity and in compliance with the laws everywhere we operate.

We believe that our stakeholders value the way we conduct our business. We have a global commitment to conduct our business and create our products in a responsible and ethical manner focusing on six areas: ethical conduct, responsible content, environmental stewardship, community engagement, civic engagement and respectful workplaces.

The Group has a whistleblowing hotline where Cast Members can report unethical, improper or illegal behaviour or questionable activities regarding the Company's business. The messages are then investigated by an independent group function with any issues cascaded up to senior management and the Board where appropriate. All employees also complete training on a variety of compliance related courses including but not limited to: Standards of Business Conduct, "TWDC Agents Policy Explained" and "Avoiding Corrupt Business Practices FCPA".

Our key stakeholders include Guests, Crew Members Cast Members, government organisations and regulators, shareholder, suppliers and port communities. The Board aims to make well-informed decisions whilst being mindful of impacts on its stakeholders, long-term consequences and the values of the Group.

The Board, via management, communicate strategy and business updates covering a range of topics, from health and safety announcements to news on business developments, through Town Halls and Newsletters. Town Halls offer the opportunity for Cast Members to submit questions to senior leadership.

Leadership, Opportunity & Risk, Stakeholder Relationships & Engagement

The Company focusses on providing quality products and best in class service to its customers and operating its business responsibly. The Company continues to maintain strong relationships and open communication with all of its stakeholders (please see our Section 172 statement starting on page 3 for more detail). We engage with our stakeholders in many different forms, some examples include: Town Halls and Newsletters for our employees, social media and online, our supplier portal, direct and in person communication.

The Board continues to monitor risk factors relating to the Company and its performance, and regularly reviews measures to address and mitigate such risks. It also monitors how the Group strategy is implemented and communicated.

Financial risks are managed through careful monitoring of performance against budget, rolling quarterly forecasts as well as a long range planning process.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and audited financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial 52 week period. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law.

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Magical Cruise Company, Limited

Directors' report for the period from 2 October 2022 to 30 September 2023 (continued)

Statement of Directors' responsibilities in respect of the financial statements (continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

An elective resolution has been passed to dispense with the obligation to annually reappoint the auditors, and therefore PricewaterhouseCoopers LLP are deemed to be reappointed for the next financial period.

Approved by the Board on 24 June 2024 and signed on its behalf on 27 June 2024 by:

DocuSigned by:

Steven Konstanz

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S L Konstanz
Director

Independent auditors' report to the members of Magical Cruise Company, Limited

Report on the audit of the financial statements

Opinion

In our opinion, Magical Cruise Company, Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2023 and of its profit and cash flows for the period from 2 October 2022 to 30 September 2023;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Statement of financial position as at 30 September 2023; Income statement, Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 6, we have provided no non-audit services to the company in the period under audit.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- applying audit procedures over the going concern assessment which included a cash flow forecast extending to a period no less than 12 months from the date of the financial statements and a letter of support from a fellow Group undertaking.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the members of Magical Cruise Company, Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 30 September 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Admiralty and Maritime legislation and Marine Protection, Research and Sanctuaries Act, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate manual Journals.. Audit procedures performed by the engagement team included:

Independent auditors' report to the members of Magical Cruise Company, Limited

- Inquires with management of known or suspected instances of non-compliance with laws and regulations, and fraud.
- Inquires with management and external counsel of any pending litigation.
- Identifying and testing journal entries and, including those with unusual account combinations or those with unexpected users or words.
- Challenging judgements made by management in accounting estimates, specifically in relation to investments.
- Incorporating an element of unpredictability into our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other matter

The Statement of cash flows for the period ended 1 October 2022, forming the corresponding figures of the Statement of cash flows for the period ended 30 September 2023, is unaudited.

Paul Wheeler (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 June 2024

Magical Cruise Company, Limited

Income statement for the period from 2 October 2022 to 30 September 2023

	Note	Period ended 30 September 2023 $'000	Period ended 1 October 2022 $'000
Turnover	5	**2,161,547**	1,134,017
Cost of sales		**(1,545,942)**	(1,058,859)
Gross profit		**615,605**	75,158
Administrative expenses		**(421,975)**	(398,112)
Operating profit/(loss)	6	**193,630**	(322,954)
Interest receivable and similar income	7	**20,542**	2,147
Interest payable and similar expenses	8	**(25,914)**	(4,923)
Profit/(loss) before taxation		**188,258**	(325,730)
Tax on profit/(loss)	11	**(7,727)**	(69)
Profit/(loss) for the financial period		**180,531**	(325,799)

All of the above transactions relate to continuing operations.

The notes on pages 40 to 59 form an integral part of these financial statements.

Magical Cruise Company, Limited

Statement of comprehensive income for the period from 2 October 2022 to 30 September 2023

	Period ended 30 September 2023 $'000	Period ended 1 October 2022 $'000
Profit/(loss) for the financial period	**180,531**	(325,799)
Cash flow hedges:		
Gains taken to other comprehensive income	**14,053**	23,171
Less: reclassified to income statement	**(2,170)**	(28,186)
Other comprehensive income/(loss)	**11,883**	(5,015)
Total comprehensive income/(loss) for the period	**192,414**	(330,814)

All of the above transactions relate to continuing operations.

The notes on pages 40 to 59 form an integral part of these financial statements.

Magical Cruise Company, Limited

Statement of financial position as at 30 September 2023

	Note	As at 30 September 2023 $'000	As at 1 October 2022 $'000
Fixed assets			
Tangible assets	12	**3,246,679**	3,196,625
Investments	13	**315,300**	315,300
		3,561,979	3,511,925
Current assets			
Inventories	14	**28,915**	25,179
Debtors (including $10,330,000 (2022: $1,728,000) due after more than one year)	15	**575,168**	256,065
Cash at bank and in hand		**82,861**	104,220
		686,944	385,464
Creditors: amounts falling due within one year	16	**(1,253,350)**	(1,473,634)
Net current liabilities		**(566,406)**	(1,088,170)
Total assets less current liabilities		**2,995,573**	2,423,755
Creditors: amounts falling due after more than one year	16	**(1,152)**	(1,748)
Net assets		**2,994,421**	2,422,007
Capital and reserves			
Called up share capital	18	**2,832,600**	2,452,600
Share premium account	18	**1,063**	1,063
Other distributable reserve		**213,442**	213,442
Other reserves	18	**450,641**	438,758
Profit and loss account	18	**(503,325)**	(683,856)
Total shareholders' funds		**2,994,421**	2,422,007

The notes on pages 40 to 59 form an integral part of these financial statements.

The financial statements on pages 35 to 59 were approved by the Board of Directors on 24 June 2024 and signed its behalf on 27 June 2024 by:

DocuSigned by:
Steven Konstanz
355E5DAA33F54DF...
S L Konstanz
Director
Company registered number: 03157553

Magical Cruise Company, Limited

Statement of changes in equity for the period from 2 October 2022 to 30 September 2023

	Called up share capital $'000	Share premium account $'000	Other distributable reserves $'000	Other reserves $'000	Profit and loss account $'000	Total shareholders' funds $'000
At 3 October 2021	1,352,600	1,063	213,442	443,773	(358,057)	1,652,821
(Loss) for the financial period	-	-	-	-	(325,799)	(325,799)
Net movement on fuel hedges	-	-	-	(5,015)	-	(5,015)
Total comprehensive loss	-	-	-	(5,015)	(325,799)	(330,814)
New share capital issued	1,100,000	-	-	-	-	1,100,000
At 1 October 2022	2,452,600	1,063	213,442	438,758	(683,856)	2,422,007
Profit for the financial period	-	-	-	-	180,531	180,531
Net movement on fuel hedges	-	-	-	11,883	-	11,883
Total comprehensive income	-	-	-	11,883	180,531	192,414
New share capital issued	380,000	-	-	-	-	380,000
At 30 September 2023	**2,832,600**	**1,063**	**213,442**	**450,641**	**(503,325)**	**2,994,421**

The notes on pages 40 to 59 form an integral part of these financial statements.

Magical Cruise Company, Limited

Statement of cash flows for the period from 2 October 2022 to 30 September 2023

	Note(s)	Period ended 30 September 2023 $'000	Unaudited Period ended 1 October 2022 $'000
Cash flows from operating activities			
Profit/(loss) for the financial period		**180,531**	(325,799)
Adjustments for:			
Tax on profit/(loss)	11	**7,727**	69
Interest receivable and similar income	7	**(20,542)**	(2,147)
Interest payable and similar expense	8	**25,914**	4,923
Depreciation charges	6	**219,933**	147,564
Loss/(gain) on disposal of tangible fixed assets		**4,550**	(173)
Net foreign exchange adjustment from transactions		**14,053**	2,862
Cash flow before working capital changes		**432,166**	(172,701)
Increase in inventory		**(3,737)**	(8,745)
Increase in debtors		**(310,964)**	(185,760)
Increase in creditors		**287,641**	228,166
		405,106	(139,040)
Taxes paid		**-**	(197)
Net cash generated/(used) from operating activities		**405,106**	(139,237)
Cash flows from investing activities			
Purchase of tangible fixed assets		**(274,537)**	(1,423,383)
(Increase)/decrease in derivative financial assets	15,17	**(8,141)**	286
Decrease in derivative financial liabilities	16,17	**(2,932)**	(2,932)
Interest received		**8,253**	2
Net cash used in investing activities		**(277,357)**	(1,426,027)
Cash flows from financing activities			
Interest paid		**(26,938)**	-
Repayment of borrowings	16	**(1,000,000)**	-
Decrease in other reserve (hedging)		**(2,170)**	(5,015)
Proceeds from issue of borrowings	16	**500,000**	500,000
Proceeds from issue of ordinary share capital	18	**380,000**	1,100,000
Net cash (used in)/generated from financing activities		**(149,108)**	1,594,985
Net (decrease)/increase in cash and cash equivalents		**(21,359)**	29,721
Cash and cash equivalents at beginning of period		**104,220**	74,499
Cash and cash equivalents at the end of financial period		**82,861**	104,220

1. General information

Magical Cruise Company, Limited (the 'Company') is a private company limited by shares and is incorporated, domiciled and registered in England and Wales in the United Kingdom. The address of its registered office is 3 Queen Caroline Street, Hammersmith, London, W6 9PE.

The Company is a wholly privately owned subsidiary of Wedco EMEA Ventures Limited whose ultimate parent Company is The Walt Disney Company, incorporated in the United States of America. The consolidated financial statements of The Walt Disney Company are publicly available.

The Company's principal activity is the operation of Disney themed luxury cruise vessels.

The Company has taken advantage of the exemption under section 401 of the Companies Act 2006 from preparing Group financial statements as it is a wholly owned subsidiary of The Walt Disney Company, whose registered address is 500 South Buena Vista St.Burbank, California, 91521-9722 USA and is included within that company's consolidated financial statements.

2. Statement of compliance

The financial statements of Magical Cruise Company, Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102').

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in 'Critical accounting judgements and key sources of estimation uncertainty' (note 4).

b) Going concern

The Directors have undertaken an assessment by reviewing a cash flow forecast extending to a period no less than 12 months from the date of the financial statements, including consideration of severe yet plausible downsides, reflecting that the Company was in a net current liability position as at 30 September 2023. Whilst they expect to be able to meet the day to day cashflow needs of the Company, they have received assurances of continued financial support from a fellow Group undertaking, in the form of a letter of support, to allow the Company to meet its liabilities as they fall due without significant curtailment of operations for a period of at least 12 months from the date of these financial statements being signed.

On the basis of their assessment of the Company's financial position, its resources and support from fellow group company's, the Directors believe that the Company is well placed to manage its business risks. Therefore, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Magical Cruise Company, Limited

Notes to the financial statements for the period from 2 October 2022 to 30 September 2023 (continued)

3. Summary of significant accounting policies (continued)

c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a Group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of The Walt Disney Company which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions in its financial statements:

i) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;

ii) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102;

iii) from the requirement to provide certain share-based payments disclosures as required by paragraphs 26.18(b), 26.19, 26.20, 26.21 and 26.23 of FRS 102, concerning its own equity instruments.

d) Accounting reference date

The Company has taken advantage of flexibility under the Companies Act 2006 to end the accounting period on the closest Saturday to 30 September each year. An accounting reference date of 30 September 2023 has been adopted for the current period. The financial period represents the 52 weeks ended Saturday 30 September 2023 (prior financial period was the 52 weeks ended Saturday, 1 October 2022).

e) Foreign currency

Functional and presentation currency

The Company's functional and presentation currency is US dollars and rounded to thousands.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement.

f) Turnover

Sales of cruise vacations are recognised as revenue as the services are provided to the guest. Guests can also receive a full refund without a fee if they cancel for any reason 90/120 days depending upon itinerary.

Revenue related to the provision of cruise berths is recognised over time, based on the number of cruise days. All other cruise revenue, including the sale of merchandise, beverage, amenities, and recreational activities provided during the cruises as well as other operating income, is recognised when the goods are delivered or service is provided.

3. Summary of significant accounting policies (continued)

g) Interest receivable and interest payable

Interest receivable and similar income include interest receivable on funds invested.

Interest payable and similar expenses include interest payable recognised in profit or loss using the effective interest method.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established.

h) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. The Company entered the UK tonnage tax regime on 29 June 2008. The Company's trading profit is subject to the Tonnage tax regime for the full period and only non-trading income remains subject to corporation tax.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

i) Fixed asset investments and investment income

Fixed asset investments are stated at historical cost. Provision is made where in the opinion of the Directors an investment is impaired. Income from investments is included to the extent of dividends and distributions received. Investments are reviewed for any impairment indicators at the reporting date.

The accounting treatment of the distribution is determined by whether the distribution paid or received is considered to represent a return of the capital of the subsidiary or not. Where it is deemed to represent a return of capital, a reduction in the parent's investment balance in that subsidiary is recorded rather than the recognition of dividend income in the Income statement. The factors considered by the Directors when determining whether a distribution represents a dividend or return of capital include the following:

- The amount of the distribution relative to the original investment value;
- The legal form of the distribution; and
- The future operating plans for the subsidiary after the distribution.

If the amount of the distribution exceeds the carrying value of the investment balance, the excess gain is recognised in the Income statement, to the extent that it is realised or in the Statement of comprehensive income to the extent that it is unrealised. If the distribution is considered to represent a dividend the parent recognises the dividend in the Income statement.

3. Summary of significant accounting policies (continued)

j) Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a post-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Income statement, unless the asset has been revalued when the amount is recognised in the other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Income statement.

k) Tangible assets and depreciation

Tangible assets are stated at historical purchase cost less accumulated depreciation and less any accumulated impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated on a straight line basis at rates estimated to write off the cost of the assets over their estimated useful lives or the life of the lease, whichever is shorter. Depreciation for assets under the course of construction commences when assets are available to be placed in service. The residual values are reassessed annually and the Directors believe a 0% residual value remains appropriate considering all relevant factors.

The principal useful lives in use are:

Asset class	Depreciation method and rate
Stage show and other on-board entertainment and programming costs	3 to 5 years
Furniture, fixtures, leasehold improvements and equipment (including cruise ships)	2 to 40 years

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in Income statement.

The componentisation method is used to capitalise and depreciate the cruise ships. Each component of a ship that has a cost that is significant in relation to the total cost is depreciated separately if the component is consumed in a different manner or over a different time period to the rest of the asset.

l) Inventories

Inventories of finished goods and goods for resale are stated at the lower of cost and estimated selling price less cost to complete and sell. Estimated selling price is the price at which inventories can be sold in the normal course of business after allowing for the costs of realisation. Provisions have been made for obsolescence, based upon aging of inventory, historical and forecasted sales, estimated margins and current events or changes in market conditions. The cost of inventory is determined through the use of weighted average methodology.

m) Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. As at 30 September 2023 the Company held $26,605,518 in overnight cash deposits (2022: $43,133,448). As at 30 September 2023 the Company did not hold any bank overdrafts (2022: $nil).

3. Summary of significant accounting policies (continued)

n) Financial instruments

i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method where applicable.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Income statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii) Financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow Group Companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

iv) Hedging arrangements

The Company manages exposure to commodity fluctuations by using derivatives to reduce volatility of earnings and cash flows arising from commodity price changes. The amounts hedged using derivative contracts are based on forecasted levels of consumption of certain commodities, such as fuel oil and gasoline.

Derivatives are initially accounted for and measured at fair value on the date a derivative contract is entered into and subsequently measured at fair value. The gain or loss on re-measurement is taken to the Income statement except where the derivative is a designated cash flow hedging instrument.

3. Summary of significant accounting policies (continued)

n) Financial instruments (continued)

iv) Hedging arrangements (continued)

Gains or losses deferred in other comprehensive income are transferred to the Income statement in the same period as the underlying fuel purchase. The ineffective portions of the gain or loss on the hedging instrument are recognised in profit or loss. For the portion of hedges deemed ineffective or transactions that do not qualify for hedge accounting under FRS 102, any change in assets or liabilities is recognised immediately in the Income statement. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

The Company has taken exemption from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102.

o) Cruise deposits

Cruise deposits are recorded upon receipt by the Company's agents and deferred until the cruise occurs at which time they are recognised as revenue.

p) Drydock costs

Drydock costs are broken into two categories:

Overhaul Costs - costs which are typically more repair and maintenance in nature and do not generally add economic value to the vessel. These costs are expensed as incurred.

Additions/Improvements - costs are typical capital costs and add economic value to the vessel. When these assets can be identified and quantified separately, they are capitalised after assigning a residual value and depreciated over the normal useful life of the asset.

q) Leased assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the Income statement on a straight line basis over the period of the lease.

3. Summary of significant accounting policies (continued)

r) Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension and defined benefit pension plans.

Short term benefits

Short term benefits are recognised as an expense in the period in which the service is received. Holiday pay is recognised as an expense in the period in which the service is received.

Defined contribution pension plans

Contributions are made on behalf of the Company by the parent undertaking into defined contribution plans and are charged to the Income statement when they fall due. Pension costs were allocated to the Company based on its share of the costs of contributions for the Group as a whole.

Defined benefit pension plans

In respect of the defined benefit plan, liabilities are measured using the projected unit method for reporting in these financial statements under section 28 of FRS 102. Annual valuations are prepared by independent professionally qualified actuaries. Actuarial gains and losses are recognised by the parent undertaking.

The plan is a Group defined benefit scheme. Although the scheme is a defined benefit arrangement, it is a Group scheme. It has not been possible to identify the underlying assets and liabilities attributable to each participating company and therefore has been accounted for as a defined contribution scheme. Therefore, the pension cost recognised in the Income statement for this scheme represents contributions payable by the Company to the scheme for the period.

Share based payments

The fair value of grants made under the equity settled employee share option plans is calculated at the date of grant using an appropriate lattice model. Compensation expense for restricted stock units (RSUs) is based on the market price of the shares underlying the awards on the grant date. In accordance with FRS 20 'Share based payments', the fair value of equity-based awards is charged to the Income statement over the vesting period of the awards with a corresponding credit to the profit and loss reserve. The value of the charge is adjusted to reflect expected and actual levels of option vesting. At each reporting date, the entity revises its estimates of the number of options that are expected to vest.

The Company recognises the impact of the revision to original estimates, if any, in the Income statement, with a corresponding adjustment to reserves. The Company is required to compensate The Walt Disney Company for the difference between the market value of the underlying shares on exercise date and the proceeds from exercise of the share options. This intercompany charge is denominated in US Dollars based on the US Dollar market value of the underlying shares and exercise price. The intercompany charge is offset to equity against the profit and loss reserve.

s) Related party transactions

The Company has taken the exemption as provided by paragraph 33.1A of FRS 102 and does not disclose transactions with members of the same Group that are wholly owned. The Company also does not disclose transactions with related parties which are not wholly owned with the same Group in note 22.

The Company has also taken exemption from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Useful economic lives of tangible assets (E)

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. As a result, impairments are made where required. See note 12 for the carrying amount of tangible assets and policy notes for the useful economic lives for each class of asset.

Investments (E & J)

The Company's fixed asset investments are held at historical cost, adjusted for impairment where applicable. At each reporting date non-financial assets are assessed to determine whether there is an indication that the asset may be impaired. The assessment includes the consideration of internal and external factors. No indicators of impairment have been identified as at 30 September 2023.

Should an indicator of impairment be identified a formalised value-in-use model is prepared. The value-in-use model involves management's analysis and estimates of the respective investments' forecasted future cash flows, territory market conditions, recent applicable market transactions and net asset composition. See note 13 for the carrying amount of the Company's investments.

Defined benefit pension scheme (J)

Certain employees participate in a Group defined benefit pension scheme with other companies in the region. In the judgment of the Directors, the Company does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore, the scheme is accounted for as a defined contribution scheme, see note 21 for further details.

Hedging arrangements (E)

The Company manages exposure to commodity fluctuations by using derivatives to reduce volatility of earnings and cash flows arising from commodity price changes and also designates certain derivatives as cash flow hedging instruments. When entering into such derivative contracts and hedge accounting arrangements management carefully considers the accuracy of forecasted purchases and monitors the actual results in order to ensure hedge accounting arrangements are reported accurately. See note 17 for further details.

**(E - critical accounting estimates and assumptions; J - critical judgements in applying the Company's accounting policies).*

5. Turnover

The analysis of the Company's turnover for the period from continuing operations is as follows:

	Period ended 30 September 2023 $'000	Period ended 1 October 2022 $'000
Cruise revenue	**2,063,693**	1,072,647
Other revenue	**97,854**	61,370
	2,161,547	1,134,017

Cruise revenue is the provision of cruise berths and amounts earned from the sale of merchandise, beverage, amenities and recreational activities provided during the cruises. Other revenue consists of royalties and licensing fees, and cruise cancellation fees.

The Company's subsidiary, DCL Island Development Limited (DCLID), earns a commission on land-based sales at a DCLID-owned and operated island destination in the Bahamas (i.e., Castaway Cay). Land-based revenue attributable to DCLID commissions is as follows:

	Period ended 30 September 2023 $'000	Period ended 1 October 2022 $'000
Cruise revenue	**2,036,406**	1,053,145
Bahamian Land-based Revenue	**27,287**	19,502
Other Revenue	**97,854**	61,370
	2,161,547	1,134,017

	Period ended 30 September 2023 $'000	Period ended 1 October 2022 $'000
MCCL Portion	**21,766**	15,892
DCLID Portion	**5,521**	3,610
Bahamian Land-based Revenue Total	**27,287**	19,502

Geographical segments

There are no geographical segments to the business as vessels are in different locations and at sea during the period.

6. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	Period ended 30 September 2023 $'000	Period ended 1 October 2022 $'000
Depreciation expense	**219,933**	147,564
Loss/(gain) on disposal of tangible assets	**4,550**	(173)

Cost of sales includes $265,618,000 inventory expense for the period (2022: $192,479,000).

6. Operating profit/(loss) (continued)

	Period ended 30 September 2023 $'000	Period ended 1 October 2022 $'000
Audit of the financial statement	**344**	270
Other assurance services	**15**	13

Any additional audit fees associated with overruns for the period are being borne by The Walt Disney Company Limited and disclosed by this entity.

7. Interest receivable and similar income

	Period ended 30 September 2023 $'000	Period ended 1 October 2022 $'000
Bank interest receivable	**8,252**	630
Intercompany - interest receivable	**12,290**	1,517
	20,542	2,147

8. Interest payable and similar expenses

	Period ended 30 September 2023 $'000	Period ended 1 October 2022 $'000
Intercompany interest payable	**25,914**	4,923
	25,914	4,923

9. Staff costs and numbers

The aggregate payroll remuneration (including the Directors' remuneration) was as follows:

	Period ended 30 September 2023 $'000	Period ended 1 October 2022 $'000
Wages and salaries	**290,587**	248,613
Social security costs	**4,635**	3,755
Other pension costs	**6,478**	5,431
	301,700	257,799

9. Staff costs and numbers (continued)

The monthly average number of persons (including the Directors) employed by the Company during the period, analysed by category was as follows:

	Period ended 30 September 2023 No.	Period ended 1 October 2022 No.
Shipboard personnel	**6,345**	5,123
Administrative personnel	**1,231**	1,098
	7,576	6,221

10. Directors' remuneration

The Directors' remuneration for the period was as follows:

	Period ended 30 September 2023 $'000	Period ended 1 October 2022 $'000
Aggregate emoluments	**1,712**	1,519
Other director benefits	**585**	623
Amounts receivable under long-term incentive schemes	**11**	12
Company contributions paid to defined contribution plan	**35**	34
	2,343	2,188

In respect of the highest paid Director:

	Period ended 30 September 2023 $'000	Period ended 1 October 2022 $'000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	**778**	765
Defined contribution pension scheme	**7**	6
Other director benefits	**299**	459
Defined benefit amount accrued	**183**	198

The tables above have been expanded to provide further information in line with the requirements of Companies Act 2006.

Retirement benefits are accruing to 2 Directors (2022: 3) under a defined benefit scheme and 3 Directors (2022: 4) under a defined contribution plan in respect of their qualifying services. No (2022: nil) Directors exercised share options in the ultimate parent company in the period and 3 (2022: 3) Directors received shares under long term incentive schemes at a gain of $560,000 (2022: $697,000). No compensation for loss of office was paid during the period (2022: $nil).

No Directors services (2022: $nil) were recharged to the Company by other Group Companies. The above details of Directors' emoluments does not include the emoluments of 7 (2022: 8) Directors who are paid by other Group companies. For the remaining Directors their remuneration for services to the Company is not determined as their duties are incidental to the overall role for the Group.

11. Tax on profit/(loss)

The charges for taxation is based on the taxable profit/(loss) for the period, and comprises of:

	Period ended 30 September 2023 $'000	Period ended 1 October 2022 $'000
Current tax		
UK Corporation tax at 22.01% (2022: 19.00%)	4,647	68
Adjustments in respect of prior periods	3,080	1
Total tax on profit/(loss)	7,727	69

All tax is recognised in Profit and loss account.

The tax on profit/(loss) before taxation for the period is lower (2022: higher) than the standard rate of corporation tax in the UK of 22.01% (2022: 19.00%). The differences are explained below:

	Period ended 30 September 2023 $'000	Period ended 1 October 2022 $'000
Profit/(loss) before taxation	188,258	(325,730)
Profit/(loss) before taxation multiplied by the standard rate in the UK of 22.01% (2022: 19.00%)	41,435	(61,889)
Effects of:		
Income not taxable for tax purposes	(30,543)	-
Adjustments in respect of prior periods	3,080	1
Expenses not deductible for tax purposes	-	66,130
Group relief for nil consideration	(6,308)	(4,241)
Other permanent differences	90	68
Current tax (current period) exchange difference arising on movement between opening and closing spot rates	(27)	-
Total tax charges for the period	7,727	69

Factors affecting the future tax charges

In the Finance Bill 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25.0% (rather than remaining at 19.0% as previously enacted). This new law was substantially enacted on 24 May 2021.

The OECD has announced a suite of rules to combat Base Erosion and Profit shifting. The OECD have announced model rules which are being implemented in the countries who have signed up to the BEPS regime. The UK are due to introduce their Pillar 2 legislation over the summer 2023. The company is doing an exercise to evaluate the impact of the Pillar 2 legislation in the UK and other relevant territories.

Magical Cruise Company, Limited

Notes to the financial statements for the period from 2 October 2022 to 30 September 2023 (continued)

12. Tangible assets

	Assets under course of construction $'000	Stage shows and other on board entertainment and programming costs $'000	Furniture, fixtures, leasehold improvements and equipment (including cruise ships) $'000	Total $'000
Cost				
At 2 October 2022	21,131	139,068	4,301,238	4,461,437
Additions	121,643	327	152,567	274,537
Disposals	(1,217)	(1,209)	(22,828)	(25,254)
Transfers	-	42,114	(42,114)	-
At 30 September 2023	**141,557**	**180,300**	**4,388,863**	**4,710,720**
Accumulated depreciation				
At 2 October 2022	-	126,007	1,138,805	1,264,812
Charge for the period	-	14,759	205,174	219,933
Disposals	-	-	(20,704)	(20,704)
At 30 September 2023	-	**140,766**	**1,323,275**	**1,464,041**
Net book value				
At 30 September 2023	**141,557**	**39,534**	**3,065,588**	**3,246,679**
At 1 October 2022	21,131	13,061	3,162,433	3,196,625

13. Investments

	Shares in group undertakings $'000
Cost	
At 2 October 2022	315,300
At 30 September 2023	**315,300**
Impairment	
At 2 October 2022	-
At 30 September 2023	-
Net book value	
At 30 September 2023	**315,300**
At 2 October 2022	315,300

The Company has investments in the following subsidiary undertakings:

Company name	Registered address	Class of shares	Ownership 30 September 2023 %	Ownership 1 October 2022 %
The Walt Disney Company Africa (Proprietary) Limited	I Oakdale Road, 1st Floor Oakdale House, The Oval Newlands 7700 c/o the Alexander Corporate Group Limited	Ordinary	100	100
DCL Island Development Limited	One Millars Court, Millars Court, Nassau, Bahamas	Ordinary	100	100

All of the above investments are directly owned by the Company. The Directors assessed and determined that no events or circumstances were identified to have a potential impairment trigger. The Directors are of the opinion that the recoverable amount of these investments is not less than the carrying value of the investments.

Notes to the financial statements for the period from 2 October 2022 to 30 September 2023 (continued)

14. Inventories

	30 September 2023 $'000	1 October 2022 $'000
Food and beverage	**11,250**	8,846
Merchandise goods for resale	**5,549**	3,676
Consumables (including fuel)	**12,116**	12,657
	28,915	25,179

There is no material difference between the carrying amount of stock and the replacement cost. Inventories are stated after provisions for impairment of $517,000 (2022: $478,000).

15. Debtors

Amounts falling due within one year:

	30 September 2023 $'000	1 October 2022 $'000
Trade debtors	**61,456**	7,440
Amounts owed by group undertakings	**478,199**	229,246
Derivative financial assets (note 17)	**9,372**	7,118
Prepayments and accrued income	**15,811**	10,533
	564,838	254,337

The Company has $nil provisions for impairment of trade debtors during the period (2022: $nil).

Amounts falling due after more than one year:

	30 September 2023 $'000	1 October 2022 $'000
Derivative financial assets (note 17)	**10,330**	1,728

16. Creditors

Amounts falling due within one year:

	30 September 2023 $'000	*Restated 1 October 2022 $'000
Trade creditors	**45,226**	38,331
Amounts owed to group undertakings	**202,317**	815,493
Taxation and social security	**11,001**	3,135
Deposits received on cruises	**844,881**	567,018
Derivative financial liabilities (note 17)	**23**	2,738
Accruals and deferred income	**149,902**	46,919
	1,253,350	1,473,634

In the prior period, included within amounts owed to group undertakings is a $500,000,000 promissory note from Disney Enterprises, Inc at an annual interest rate equal to the lesser of: (i) the maximum rate permitted by applicable law; and (ii) Libor Rate plus 50 basis points. Interest is payable semi-annually; and the maturity date was 15 June 2023 (1-year from the date of the agreement). The remaining prior period amounts owed to group undertakings are trade payables that are unsecured and bear no rate of interest. The amounts have no set repayment date and, therefore, have been classified as due on demand. Amounts are kept current through regular payments.

On 9 June 2023, the Company extinguished its $500,000,000 promissory note agreement with Disney Enterprises, Inc and replaced it with a $500,000,000 revolving credit agreement with Disney Enterprises, Inc. The annual interest rate was equal to the lesser of: (i) the maximum rate permitted by applicable law; and (ii) Secured Overnight Financing Rate ("SOFR") plus 80 basis points. Interest is payable semi-annually; and the maturity date is 14 June 2024 (approximately one year from the date of the agreement).

On 28 September 2023, the $500,000,000 revolving credit facility with Disney Enterprises, Inc. was paid in full, and no new borrowings have occurred. To partially fund repayment, the Company issued 311,194,824 ordinary shares of £1.00 in exchange for cash of $380,000,000 to Wedco EMEA Ventures Limited on 28 September 2023. The remaining amount (USD equivalent of $120,000,000) was paid using Company operating cash flows.

The remaining amounts owed to group undertakings are trade payables that are unsecured and bear no rate of interest. The amounts have no set repayment date and, therefore, have been classified as due on demand. Amounts are kept current through regular payments.

*Prior year trade creditors and accruals and deferred income balances have been reclassed to align to current year grouping.

	30 September 2023 $'000	1 October 2022 $'000
Amounts falling due after more than one year		
Accruals and deferred income	**1,149**	1,528
Derivative financial liabilities (note 17)	**3**	220
	1,152	1,748

17. Financial instruments by category

	Note	30 September 2023 $'000	1 October 2022 $'000
Financial assets measured at amortised cost:			
Trade debtors	15	**61,456**	7,440
Amounts owed by group undertakings	15	**478,199**	229,246
Cash at bank and in hand		**82,861**	104,220
Financial assets measured at fair value through profit and loss:			
Derivative financial instruments - maturing within one year	15	**9,372**	7,118
Derivative financial instruments - maturing after one year	15	**10,330**	1,728
		642,218	349,752

	Note	30 September 2023 $'000	*Restated 1 October 2022 $'000
Financial liabilities measured at amortised cost:			
Trade creditors*	16	**45,226**	38,331
Accrued expenses	16	**149,902**	46,919
Amounts owed to group undertakings	16	**202,317**	815,493
Financial liabilities measured at fair value through profit and loss:			
Derivative financial instruments - maturing within one year		**23**	2,738
Derivative financial instruments - maturing after one year		**3**	220
		397,471	903,701

*Prior year trade creditors and accruals and deferred income balances have been reclassed to align to current year grouping.

Derivative financial instruments

Cash flow hedging arrangements

The Company maintains derivative arrangements for the purchase of fuel (commodity swaps). These derivative positions are primarily determined at the balance sheet date using internal discounted cash flow models that reference observable inputs such as commodity prices and interest rates.

Derivative financial assets maturing within one year on un-matured fuel hedges amounted to $9,372,000 as at 30 September 2023 (2022: $7,118,000). Derivative financial assets maturing after one year amounted to $10,330,000 as at 30 September 2023 (2022: $1,728,000). These derivative financial assets have been designated in a cash flow relationship and there was no ineffectiveness to be recorded in the Income statement for the period. These amounts have been recognised in equity and will be transferred to the Income statement when the forecasted fuel purchases occur.

Derivative financial liabilities maturing within one year on un-matured fuel hedges amounted to $23,000 as at 30 September 2023 (2022: $2,738,000). Derivative financial liabilities maturing after one year on un-matured fuel hedges amounted to $3,000 as at 30 September 2023 (2022: $220,000). These have been designated in a cash flow relationship and there was no ineffectiveness to be recorded in the Income statement for the period. These amounts have been recognised in equity and will be transferred to the Income statement when the forecasted fuel purchases occur.

The total the amount of the change in fair value of the hedging instrument recognised in other comprehensive income for the period was a gain $14,053,000 (2022: $23,171,000) and $2,170,000 (2022: $28,186,000) was reclassified from equity to profit or loss for the period. There was no (2022: $nil) ineffectiveness to be recorded in the Income statement for the period.

18. Called up share capital and reserves

	30 September 2023 $'000	1 October 2022 $'000
Allotted and fully paid: 2,174,847,533 (2022: 1,863,652,709) Ordinary shares of £1 each converted at an exchange rate of $1.302 (2022: $1.258)*	**2,832,600**	2,452,600

*During the current period, the Company allotted and fully paid 311,194,824 shares of £1 converted at $1.221. During the prior period, the Company allotted and fully paid 874,403,815 shares of £1 converted at $1.258.

Reserves

Profit and loss accounts

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investments, net of dividends paid and other adjustments.

Share premium account

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

Other reserves

The other reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred and capital contributions.

Other distributable reserve

The other distributable reserve relates to a share premium conversion.

19. Commitments and contingencies

During the years 2016-2017, the Company entered into agreement with DCL Maritime LLC (a fellow group undertaking), for purchase of three new ships scheduled to be delivered in 2022, 2024 and 2025. After an initial delay resulting from COVID, the Disney Wish was the first of the three delivered in June 2022. Please see Strategic report (page 1) for more information. Contractual arrangements can be amended with mutual agreement by both parties.

The Company has the following minimum contractual payments under these purchase agreements for each of the following periods:

	30 September 2023 $'000	1 October 2022 $'000
Within one year	**21,415**	10,888
Within two to five years	**1,915,543**	1,764,226
After five years	**132,351**	171,356
	2,069,309	1,946,470

19. Commitments and contingencies (continued)

Operating leases

The Company has the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	30 September 2023 $'000	1 October 2022 $'000
Within one year	**1,168**	1,140
Between two and five years	**4,969**	4,849
Later than five years	**2,905**	4,193
	9,042	10,182

The Company has contractual obligations for maintenance and other services of $1,988,000 at 30 September 2023 (2022: $3,308,000).

Port Commitments

The Company has entered into contractual agreement with Port Everglades and Port Cozumel based on minimum annual guarantees.

	30 September 2023 $'000	1 October 2022 $'000
Within one year	**12,658**	-
Between two and five years	**75,927**	54,151
Later than five years	**218,827**	237,397
	307,412	291,548

20. Share-based payments

Under the Disney Discretionary Stock Option Scheme, certain employees of the Company may be granted options to acquire shares of stock in the ultimate parent Company, The Walt Disney Company, at exercise prices equal to or exceeding the market price at the date of grant. Options are exercisable ratably over a three-year period from the grant date (exercisable ratably over a four-year period from the grant date prior to fiscal 2021). Restricted stock units (RSUs) generally vest ratably over three years (four years for grants prior to fiscal 2021) and Performance RSUs generally fully vest after three years, subject to achieving market or performance conditions. Certain RSUs awarded to senior executives vest based upon the achievement of performance conditions. The share options are settled using the equity instruments of the Company's ultimate parent Company, The Walt Disney Company. The share-based payment expense for the period is $5,298,000 (2022: $6,433,000).

The volatility assumption considers both historical and implied volatility and may be impacted by the Company's performance as well as changes in economic and market conditions.

21. Pensions

The shore side employees of the Company participate in the Group defined benefit pension plan. The defined benefit pension plan is provided under the Disney Associated Companies' Retirement Plan and the Disney Salaried Pension Plan D. The cost of contributions to the Group scheme is based on pension costs across the Walt Disney Company Group as a whole, and is allocated to the Company based on an estimate. The pension cost recognised in the Income statement for this scheme represents contributions payable by the Company to the scheme for the period, \$6,478,000 (2022: \$5,431,000). Details of the Group defined benefit plan are given in the financial statements of The Walt Disney Company and Subsidiaries. Details of the more significant points of the scheme are discussed below.

The cost is assessed in accordance with the advice of Mercer Human Resources & Investor Solutions, consulting actuaries. The latest actuarial valuation of the scheme was performed as at 30 September 2023 using the Project Unit Credit method. The principal assumptions adopted in the valuation were that, over the long term, the investment return would be 7% (2022: 7%) per annum, the rate of salary increase would be 3.4% (2022: 3.2%), and the discount rate 5.95% (2022: 5.44%). At the date of the latest actuarial valuation at 30 September 2023, the market value of the assets of the scheme was \$10,420,000,000 (2022: \$9,874,000,000), and the actuarial value of the assets was sufficient to cover 115% (2022: 107%) of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The Company also participates in a Group defined contribution plan. The defined contribution plan is provided under the Disney Salaried Savings and Investment Plan. The Plan calls for contributions being made by its members and the Company on a matching basis and pension costs incurred by the Company for fiscal 2023 and 2022 were not material. The expense in the year from the plan was \$151,000 (2022: \$141,000).

22. Related party transactions

The Company is a wholly owned subsidiary of Wedco EMEA Ventures Limited whose ultimate parent undertaking and controlling party is The Walt Disney Company. Consequently, the Company utilises the exemption contained in paragraph 33.1A of FRS 102, 'Related party disclosures', not to disclose any transactions with entities that are included in the consolidated financial statements of The Walt Disney Company. The address at which the consolidated financial statements of the ultimate parent company are publicly available is included in note 23.

The Company has taken advantage of the exemption from providing certain related party transaction disclosures as mentioned in the accounting policy.

Key management includes the Directors and members of senior management. The Company has taken the exemption from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

23. Ultimate parent undertaking

As part of the group reorganisation as stated in the Strategic report on page 1, the Company's immediate parent company up to 31 August 2023 was Wedco Global Ventures LLP, incorporated in United States of America. The Company's immediate parent company since 31 August 2023 is Wedco EMEA Ventures Limited, incorporated in England and Wales in the United Kingdom.

The Company is a subsidiary undertaking of The Walt Disney Company, which is the ultimate parent company and controlling entity, incorporated in the United States of America.

The largest and smallest group for which consolidated financial statements are prepared and of which the Company is a member is The Walt Disney Company (tax identification number: 83-0940635). Copies of their financial statements can be obtained from 500 South Buena Vista Street, Burbank, California 91521-9722, United States of America.

24. Events after the reporting period

There were no events after the reporting period that require a disclosure.