

Registration number: 03157553

Magical Cruise Company, Limited

Annual report and financial statements

for the period from 3 October 2021 to 1 October 2022



Magical Cruise Company, Limited

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Magical Cruise Company, Limited

Strategic report

For the period from 3 October 2021 to 1 October 2022

The Directors present their strategic report of Magical Cruise Company, Limited (the 'Company') (trade name "Disney Cruise Line") for the period from 3 October 2021 to 1 October 2022 (prior financial period from 4 October 2020 to 2 October 2021).

The financial statements on pages 24 to 27 were approved by the Board of Directors on 29 June 2023 and signed on its behalf by the Director stated below.

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 loss for the financial year is \$325,799,000 (2021: \$629,475,000).

Revenue and operating losses have improved year over year due to resumed sailings, following a reduction in COVID-19 related restrictions and the addition of a new ship to the fleet, the Disney Wish, which was delivered in June 2022.

The Company experienced cancellations and booking postponements in the prior year due to COVID-19 which led to refunds, cruise credits of 125% of the reservation amount, as well as future booking payment deferrals. These future cruise credits expired 30 September 2022 (except for Disney Wish delays and Hurricane Ian related cancellations, which expire 31 December 2023 and 30 September 2024, respectively). The Company has also continued a short-term cruise date flexibility booking policy for reservations booked before 9 December 2022, allowing guests to change their sail date up to 15 days before departure where there are qualifying COVID-19 related health concerns.

On March 17, 2016, The Walt Disney Company (TWDC), through-subsiidiary, 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). At the time of entering into the agreement, DCL Maritime LLC contemporaneously entered into an internal contract to sell the ship to the Company to coincide with the timing of completion of the ship by Meyer Werft. As a result of COVID-19 the Disney Wish was delayed and ultimately delivered 9 June 2022.

As part of Disney Wish purchase, the Company issued 874,403,815 ordinary shares to Wedco Global Ventures LLP in exchange for cash in the amount of \$1,100,000,000. Concurrently, the Company received an additional \$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 is 15 June 2023 (1-year from the date of the agreement).

The Company also has committed to purchasing its sixth and seventh ships originally contracted to be delivered in calendar year 2022 and 2023. The impact of COVID-19 and the war in Ukraine has resulted in a delay to the delivery of these cruise ships. The Company now expects to the sixth and seventh ship to be delivered in 2024 and 2025, respectively. During September 2022, Disney announced the name of the 6th ship in their fleet as 'Disney Treasure'.

In November 2022, the Company purchased a partially completed ship, to expand its fleet and travel to new destinations from 2025 - the ship will be approximately 200,000 tons. Disney Cruise Line will incur the cost to complete construction. This ship is expected to be delivered in 2025.

The Directors are managing day to day working capital requirements closely with its related parent entity in order to meet the Company's liabilities as they fall due. As the impacts of COVID-19 on the cruise industry have continued to subside in fiscal 2023, it is anticipated that the unfavorable impacts on future financial performance will be less significant.

Magical Cruise Company, Limited

Strategic report

For the period from 3 October 2021 to 1 October 2022 (continued)

Future developments

The Company anticipates its financial performance will continue to improve and return to profitability in financial year 2023 as the industry recovers from a prolonged impact of COVID-19 and the business benefits from expanded capacity with the introduction of the Disney Wish, the Company's fifth cruise ship. In fiscal 2023, the Company has seen a continued increase in occupancy and booking levels, with occupancy exceeding the comparable actual financial year 2022 quarterly levels on a year over year 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. 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 is planned to open in Summer 2024. The Directors have reviewed 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 financial downsides. Based on this, whilst the Directors 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, as set out in Note 2, Going Concern.

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 years. The impact of pandemics on consumer confidence and ultimately occupancy levels could also affect our financial performance. However, regarding the recent Covid-19 related pandemic, sailings have fully resumed and we are seeing occupancy recover in 2022 and 2023 toward pre-pandemic levels.

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.

Magical Cruise Company, Limited

Strategic report

For the period from 3 October 2021 to 1 October 2022 (continued)

Principal risks and uncertainties (continued)

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*

Our objectives in managing exposure to commodity fluctuations are to use commodity derivatives to reduce volatility of earnings and cash flows arising from commodity price changes. The amounts hedged using commodity swap contracts are based on forecasted levels of consumption of certain commodities, such as fuel oil and gasoline. With respect to the risks the Directors regularly review such matters to mitigate their respective impact on the Company.

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 unauthorized 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 recognizable 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.

Magical Cruise Company, Limited

Strategic report

For the period from 3 October 2021 to 1 October 2022 (continued)

Principal risks and uncertainties (continued)

Key performance indicators (“KPIs”)

The Company’s KPI’s are as follows:

Measure	Description	Period ended 1	Period ended
		October	2 October
		2022	2021
		\$000	\$000
Turnover	Total sales for the financial period	1,134,017	98,702
Profit/(loss)	Overall profit/(loss) for the financial period	(325,799)	(629,475)

As the cruise industry continues to recover from the COVID-19 pandemic, we have seen an increase in occupancy levels in FY22 to 55% as of June 2022 that continued to improve for the full fiscal year to 63%. We have seen a further increase in occupancy levels in FY23 to 96% as of March 2023.

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 3 October 2021 to 1 October 2022 (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 year with a view to creating long term success for the Company and its stakeholders as a whole.

After voluntarily suspending all voyages in 2020 in response to the global pandemic, Disney Cruise Line worked with governmental authorities and industry partners to resume passenger operations in a phased manner starting in July 2021. Disney Cruise Line's fleet continued to operate with health and safety protocols throughout fiscal 2022 including requiring Guests and Crew Members to be fully vaccinated and tested for COVID-19 before boarding. Health and safety is a top priority for Disney Cruise Line and we continue to operate in a responsible manner and effectively manage any cases of COVID-19 aboard our ships. On the publishing date of this document, numerous health and safety requirements including Guest vaccination and testing are no longer required by health authorities or Disney Cruise Line. Vaccination continues to be required for all Crew Members.

In December 2021, the Broward County Commission approved an amendment to the October 2021 agreement with Disney Cruise Line naming Port Everglades in Fort Lauderdale, Florida, USA, as our second year-round homeport. 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 fall 2023, joined by a second, seasonal ship in March 2025.

In the summer of 2022, Disney Cruise Line took delivery of its fifth ship, the Disney Wish - the first of three new Wish-class vessels announced previously. The Wish made her transatlantic voyage from the Meyer Werft shipyard in Germany to her homeport in Port Canaveral, Florida, USA, followed by its maiden voyage on July 14, 2022. The Wish offers three- and four-night cruises to Nassau, Bahamas, and Disney's Castaway Cay, a Disney destination located in the Abaco chain of The Bahamas. With the theme of enchantment, it showcases the immersive family entertainment, distinctly Disney storytelling, and unparalleled service that only Disney can deliver.

Disney Cruise Line also announced first details on the fleet's sixth ship, the Disney Treasure. Inspired by Walt Disney's love of exploration, it will be designed with the theme of adventure and is scheduled for delivery in 2024; with the third Wish-class ship expected to be delivered in 2025. All three Wish-class ships in the current fleet are powered by liquified natural gas (LNG), one of the cleanest-burning fuels available. At approximately 144,000 gross tons and 1,250 Guest staterooms, they are slightly larger than other ships in the fleet, namely the Disney Dream and Disney Fantasy.

Plans continued in fiscal 2022 for Disney Cruise Line's second island destination, Lighthouse Point, in Eleuthera, 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, brought to life through Disney storytelling and the unparalleled service of local Cast and Crew. 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 3 October 2021 to 1 October 2022 (continued)

Section 172(1) statement (continued)

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

The Bahamas Department of Environmental Planning and Protection issued a Certificate of Environmental Clearance for the project in November 2021, and construction commenced in Spring of 2022. In May, the Bahamas National Economic Council, made up of Members of the Bahamian Cabinet, approved the seabed lease for the project. It was the last significant approval for the project and allowed construction to begin on the marine facilities. Disney's Lighthouse Point is expected to open in Summer 2024.

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. It will complement Castaway Cay, giving families the opportunity to enjoy the site's beautiful beaches and explore nature, as well as enjoy the broader tourism offerings in Eleuthera.

In September 2022, Disney Cruise Line announced it's bringing the magic of a Disney vacation to Guests in Australia and New Zealand during brand-new "Disney Magic at Sea" cruises beginning late October 2023. The limited-time voyages are specially created to immerse local Guests in their favorite Disney, Pixar, Marvel and Star Wars stories through enchanting entertainment and enhanced experiences throughout each cruise. During the repositioning voyages between Honolulu and Sydney, the Disney Wonder will offer the fleet's first-ever South Pacific itineraries, offering Guests the chance to experience exotic destinations like Fiji and Samoa.

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 organized through a collective bargaining unit (union) through the Federazione Italiana Transporti (FIT). The current union agreement went into effect on 1 January, 2020 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.

Magical Cruise Company, Limited

Strategic report

For the period from 3 October 2021 to 1 October 2022 (continued)

Section 172(1) statement (continued)

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 Center 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.

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 maximize the positive impacts of our business on their communities. Today, more than 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. It is estimated that Disney Cruise Line operations contribute more than \$70 million toward the Bahamas gross domestic product annually.

Magical Cruise Company, Limited

Strategic report

For the period from 3 October 2021 to 1 October 2022 (continued)

Section 172(1) statement (continued)

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

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 nearly 100 years ago, operating responsibly has been an integral part of our DNA. 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 it calls home. The Disney Cruise Line Cast and Crew Members support many charitable organizations that nurture the lives of children and enrich the environment. Crew Members lead reading education programs in schools, give to local youth organizations 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 quarterly shore clean-ups to remove litter and debris from fragile coastlines. Each year, 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. Disney Cruise Line is a founding sponsor of the Eleuthera Business Hub, in partnership with the Eleuthera Chamber of Commerce and the Small Business Development Center and is providing financial support to small and medium-sized businesses.

During the Disney Wish unveiling event in April 2021, The Walt Disney Company announced a \$1 million donation to Make-A-Wish®. The funding will help deliver magic to even more Make-A-Wish® kids from all backgrounds, supporting Disney's ongoing commitment to diversity and inclusion. As part of this, Disney Cruise Line announced that all Make-A-Wish® children, including past, present and future wish recipients, are honored as godchildren of the Disney Wish. Redefining the longstanding maritime tradition of appointing a ship "godmother," this was the first time in Disney Cruise Line history that children are being recognized in this prestigious role which symbolically bestows good fortune on the vessel and its travellers. Disney Cruise Line continues to support the transformative work that wish-granting organizations do every day through newly announced initiatives which include an exclusive merchandise collection and the donation of a stateroom aboard a sailing of the Disney Wish.

Magical Cruise Company, Limited

Strategic report

For the period from 3 October 2021 to 1 October 2022 (continued)

Section 172(1) statement (continued)

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

In celebration of the Disney Wish's inaugural sailings, in July 2022 Disney Cruise Line launched its "Wishes Set Sail" program, an all-new initiative developed to support various youth activities in key port communities. In total, Disney Cruise Line distributed \$400,000 to local youth organizations throughout the Disney Wish's inaugural season as part of this campaign. This includes partnerships with Junior Achievement Bahamas, Ranfurly Home for Children Bahamas, LJM Maritime Academy in Nassau, and the Boys & Girls Clubs of Central Florida Brevard County Branches. The "Wishes Set Sail" campaign also supported back-to-school efforts in the Bahamas. More than 1,300 students in Abaco and Eleuthera received backpacks containing school supplies, courtesy of Disney Cruise Line. Crew Members based both in Florida and The Bahamas volunteered their time over several days filling the bags with pencils, notebooks, and other supplies.

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 female cadets aspiring to become ship captains and shipboard leaders.

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 we are focused on helping to build on that legacy, for every community and across the globe, generation after generation. 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 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 organizations, academia and others to create a cleaner, safer, healthier world for future generations.

Magical Cruise Company, Limited

Strategic report

For the period from 3 October 2021 to 1 October 2022 (continued)

Section 172(1) statement (continued)

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

At Disney Cruise Line, we are dedicated to minimizing our impact on the environment through efforts focused on utilizing new technologies, increasing fuel efficiency, minimizing 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 recognized 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 will be powered by liquefied natural gas, or LNG, one of the cleanest-burning fuels available. Currently, four Disney Cruise Line ships have the equipment necessary to plug into shore power if the option is available at the port. Disney Cruise Line coordinates itineraries to be sure shore power-capable ships sail to ports of call that offer this technology.

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 on-board 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 2,500 tons of metals, glass, plastic and paper from traditional waste streams each year.

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 utilize 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.

The Disney Conservation Fund ("DCF") was created more than 25 years ago to build on Walt Disney's legacy of saving wildlife, inspiring action, and helping to protect the planet. Disney Conservation is focused on saving wildlife for future generations through grants to leading conservation organizations working together to stabilize and increase the populations of at-risk animals including coral reefs, sea turtles, butterflies, cranes, elephants, gorillas and monkeys. In fiscal 2022, the DCF continued to provide financial support through grants helping more than 60 nonprofit organizations working across 32 countries. A Disney conservationist works with each organization to identify where Disney expertise can also play a role in reversing the decline of these animals and their habitats.

In collaboration with Disney Cruise Line and The Disney Conservation Fund, a team of Disney researchers has worked since 2007 to rehabilitate coral reefs in The Bahamas. They've planted more than 1,800 corals to rehabilitate five coral reefs, providing important habitat for the marine species, including endangered Nassau grouper and lobster, who call coral reefs home. To protect these reefs from excess algae growth, the team also relocates native long-spined sea urchins to the reefs to graze on algae, restoring balance to the ecosystem and allowing new corals to grow. This knowledge helped establish the Florida Coral Rescue Center in Orlando, the largest facility of its kind in the U.S. to care for and safeguard some of the most vulnerable species of Florida coral. The Disney Conservation Fund is also supporting the Perry Institute for Marine Science to address coral conservation and restoration across The Bahamas alongside more than 30 partner organizations. Disney Cruise Line also supports summer eco camps and community engagement efforts in Abaco, and helps provide conservation curriculum support for Bahamian school children.

Magical Cruise Company, Limited

Strategic report

For the period from 3 October 2021 to 1 October 2022 (continued)

Section 172(1) statement (continued)

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

More details on Disney Cruise Line's dedication to minimizing its impact on the environment is available at: <https://dclnews.com/fact-sheets/2022/07/01/disney-wish-environmental-fact-sheet/>.

More details on TWDC's environmental goals can be found at: <https://thewaltdisneycompany.com/environmental-sustainability>.

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.

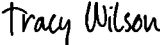
We regularly engage our leaders and Cast Members on these Standards through training and other forms of communication. It is compulsory that all office based Cast Members complete the mandatory online courses, examples include: Standards of Business Conduct, Bribery and Avoiding Corrupt Business Practices.

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 Global Ventures LLP, 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.

The Strategic report is authorised by the Board of Directors and signed on its behalf on 29 June 2023 by:

DocuSigned by:

98E94EC44ACD494.....
T L Wilson
Director

Magical Cruise Company, Limited

Directors' report

For the period from 3 October 2021 to 1 October 2022

The Directors present their financial statements of Magical Cruise Company, Limited (the 'Company') (trade name "Disney Cruise Line") for the year ended 3 October 2021 to 1 October 2022.

Future developments

Details of future developments can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

Dividends

Dividend income \$nil (2021: \$nil) was received and dividends \$nil were paid (2021: \$nil) during the year. No final dividend has been proposed by the Directors.

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 fees 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) *Commodity 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 2 Summary of significant accounting policies starting on page 28).

Magical Cruise Company, Limited

Directors' report

For the period from 3 October 2021 to 1 October 2022 (continued)

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 as follows:

S L Konstanz

J Filippatos

D F Londono

T Mazloun

E L Swets

Jr. W C Diercksen (resigned 4 October 2021)

S M Fox (appointed 29 June 2022)

T M Filippatos (resigned 29 June 2022)

K C Keiser (resigned 2 September 2022)

D C Donaldson (appointed 7 September 2022)

S D Siskie (appointed 7 September 2022)

T L Wilson (appointed 7 September 2022)

A C Phillips (appointed 11 October 2022)

Events after the reporting period

For details of any events that occurred after the reporting period, please refer to note 23.

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 year and especially due to the impacts of the COVID-19 pandemic, 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, suspending passenger operations and putting COVID-19 health safety measures in place.

Magical Cruise Company, Limited

Directors' report

For the period from 3 October 2021 to 1 October 2022 (continued)

Stakeholder engagement (continued)

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 year. For the Magical Cruise Company Limited Scope 1 emissions only are applicable, which is shown in the table below.

	Period ended 1 October 2022	Period ended 2 October 2021	Period ended 3 October 2020
Energy consumption used to calculate emissions (kWh)	40,142,484	170,763,841	56,583,468
Emissions from combustion of fuel for transport purposes (Scope 1) tCO ₂ e	10,814	46,000	15,242
Total gross tCO ₂ e based on above	10,814	46,000	15,242
Intensity ratio (tCO ₂ e/gross tonnage of ships)	0.12878	0.54783	0.18152

The 2021 and 2020 emissions have been recalculated and are listed above.

Please see the methodology notes on page 15 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.

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:
 - EU, UK MRV
<https://www.lr.org/en/services/classification-certification/uk-mrv-regulation/>
<https://www.lr.org/en/services/classification-certification/eu-mrv-and-imo-dcs-s-regulations/eu-mrv-regulation/>
 - MARPOL Convention
[https://www.imo.org/en/About/Conventions/Pages/International-Convention-for-the-Prevention-of-Pollution-from-Ships-\(MARPOL\).aspx](https://www.imo.org/en/About/Conventions/Pages/International-Convention-for-the-Prevention-of-Pollution-from-Ships-(MARPOL).aspx)
 - IMO Energy Efficiency Measures
<https://www.imo.org/en/OurWork/Environment/Pages/Improving%20the%20energy%20efficiency%20of%20ships.aspx>

Magical Cruise Company, Limited

Directors' report

For the period from 3 October 2021 to 1 October 2022 (continued)

Streamlined energy and carbon reporting disclosure (continued)

Methodology Notes

Reporting Period	3 October 2021 – 1 October 2022
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 01 October 2022.
Reporting method	GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
Emissions factor source	DEFRA, 2022 for all emissions factors https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022
Conversion factor source	Marine Gas Oil: https://www.epa.gov/system/files/documents/2022-04/ghg_emission_factors_hub.pdf
Calculation method	Activity Data x Emission Factor = GHG emissions Activity Data x Conversion Factor = kWh consumption
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 (tCO ₂ e /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%).

Magical Cruise Company, Limited

Directors' report

For the period from 3 October 2021 to 1 October 2022 (continued)

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.

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.

The Group has an ongoing commitment to progress diversity and inclusion, including board composition. In June 2020, the Group outlined 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.

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.

Magical Cruise Company, Limited

Directors' report

For the period from 3 October 2021 to 1 October 2022 (continued)

Statement of Corporate Governance arrangements (continued)

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.

The Board typically approves corporate actions through Board meetings held four times a year. 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 in order to make well-informed decisions. Some of the risks the Board consider are changes in economic conditions, impact of the pandemic and changes in regulations that impact 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.

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 Standards of Business Conduct, TWDC Agents Policy and Avoiding Corrupt Business Practices.

Magical Cruise Company, Limited

Directors' report

For the period from 3 October 2021 to 1 October 2022 (continued)

Statement of Corporate Governance arrangements (continued)

Purpose, Culture and Values (continued)

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 communicates strategies and business updates to its external and internal stakeholders through a variety of channels such as website and intranet communications, emails, newsletters, in person-meetings, and employee gatherings such as town halls and Crew assemblies which offer the opportunity for employees to hear directly from and ask 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 4 for more detail).

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 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 3 October 2021 to 1 October 2022 (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

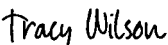
In the case of each Director in office at the date the Directors' report is approved:

- 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 year.

The Directors' report is authorised by the Board of Directors and signed on its behalf on 29 June 2023 by:

DocuSigned by:

98E94EC44ACD494.....
T L Wilson
Director

Magical Cruise Company, Limited

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 1 October 2022 and of its loss for the period from 3 October 2021 to 1 October 2022;
- 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 1 October 2022; ; Income statement, Statement of comprehensive income and Statement of changes in equity 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 5, 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.

Magical Cruise Company, Limited

Independent Auditors' Report to the Members of Magical Cruise Company, Limited

Report on the audit of the financial statements (continued)

Conclusions relating to going concern (continued)

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.

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 1 October 2022 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.

Magical Cruise Company, Limited

Independent Auditors' Report to the Members of Magical Cruise Company, Limited

Responsibilities for the financial statements and the audit (continued)

Responsibilities of the directors for the financial statements (continued)

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 also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006, tax legislation and employment laws. 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 the posting of inappropriate manual journals. Audit procedures performed by the engagement team included:

- Inquiries with management of known or suspected instances of non-compliance with laws and regulations, and fraud.
- Inquiries 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.

Magical Cruise Company, Limited

Independent Auditors' Report to the Members of Magical Cruise Company, Limited

Responsibilities for the financial statements and the audit (continued)

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.



Paul Wheeler (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 June 2023

Magical Cruise Company, Limited

Income statement

For the period from 3 October 2021 to 1 October 2022

	Note	Period ended 1 October 2022 \$ 000	Period ended 2 October 2021 \$ 000
Turnover	4	1,134,017	98,702
Cost of sales		<u>(1,058,859)</u>	<u>(512,937)</u>
Gross profit/(loss)		75,158	(414,235)
Administrative expenses		(398,112)	(219,657)
Other income		<u>-</u>	<u>935</u>
Operating loss	5	(322,954)	(632,957)
Interest receivable and similar income	6	2,147	163
Interest payable and similar expenses	7	<u>(4,923)</u>	<u>(877)</u>
Loss before taxation		(325,730)	(633,671)
Tax (charge)/credit on loss	10	<u>(69)</u>	<u>4,196</u>
Loss for the financial period		<u><u>(325,799)</u></u>	<u><u>(629,475)</u></u>

The above results were derived from continuing operations.

The notes on pages 28 to 49 form an integral part of these financial statements.

Magical Cruise Company, Limited**Statement of comprehensive income****For the period from 3 October 2021 to 1 October 2022**

	Period ended 1 October 2022 \$ 000	Period ended 2 October 2021 \$ 000
Loss for the period	(325,799)	(629,475)
Cash flow hedges:		
Gains/(losses) taken to other comprehensive income/(expense)	23,171	24,552
Less: reclassified to income statement	<u>(28,186)</u>	<u>(4,044)</u>
Other comprehensive income	<u>(5,015)</u>	<u>20,508</u>
Total comprehensive loss for the period	<u>(330,814)</u>	<u>(608,967)</u>

The notes on pages 28 to 49 form an integral part of these financial statements.

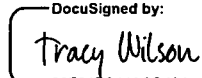
Magical Cruise Company, Limited

Statement of financial position As at 1 October 2022

	Note	As at 1 October 2022 \$ 000	As at 2 October 2021 \$ 000
Fixed assets			
Tangible assets	11	3,196,625	1,920,979
Investments	12	315,300	315,300
		<u>3,511,925</u>	<u>2,236,279</u>
Current assets			
Inventories	13	25,179	16,434
Debtors	14	256,065	70,019
Cash at bank and in hand		104,220	74,499
		<u>385,464</u>	<u>160,952</u>
Creditors: amounts falling due within one year	15	<u>(1,473,634)</u>	<u>(742,925)</u>
Net current liabilities		<u>(1,088,170)</u>	<u>(581,973)</u>
Total assets less current liabilities		2,423,755	1,654,306
Creditors: amounts falling due after more than one year	15	<u>(1,748)</u>	<u>(1,485)</u>
Net assets		<u>2,422,007</u>	<u>1,652,821</u>
Capital and reserves			
Called-up share capital	17	2,452,600	1,352,600
Share premium account	17	1,063	1,063
Other reserves	17	438,758	443,773
Profit and loss account	17	(683,856)	(358,057)
Other distributable reserve		213,442	213,442
Total shareholders' funds		<u>2,422,007</u>	<u>1,652,821</u>

The financial statements of Magical Cruise Company, Limited (registration number: 03157553) were authorised by the Board of Directors for issue on 29 June 2023

They were signed on its behalf on 29 June 2023 by:

DocuSigned by:

 98E94EC44ACD494.....

T L Wilson
 Director

The notes on pages 28 to form an integral part of these financial statements.

Magical Cruise Company, Limited**Statement of changes in equity
For the period from 3 October 2021 to 1 October 2022**

	Called up share capital \$ 000	Share premium account \$ 000	Other distributable reserves \$ 000	Other reserves \$ 000	Profit and loss account \$ 000	Total \$ 000
At 4 October 2020	-	1,063	213,442	423,265	271,418	909,188
Loss for the period	-	-	-	-	(629,475)	(629,475)
Net movement on fuel hedges	-	-	-	20,508	-	20,508
Total comprehensive loss	-	-	-	20,508	(629,475)	(608,967)
New share capital subscribed	1,352,600	-	-	-	-	1,352,600
At 2 October 2021	1,352,600	1,063	213,442	443,773	(358,057)	1,652,821
	Called up share capital \$ 000	Share premium account \$ 000	Other distributable reserve \$ 000	Other reserves \$ 000	Profit and loss account \$ 000	Total \$ 000
At 3 October 2021	1,352,600	1,063	213,442	443,773	(358,057)	1,652,821
Loss for the 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 subscribed	1,100,000	-	-	-	-	1,100,000
At 1 October 2022	2,452,600	1,063	213,442	438,758	(683,856)	2,422,007

The notes on pages 28 to 49 form an integral part of these financial statements.

Magical Cruise Company, Limited

Notes to the financial statements For the period from 3 October 2021 to 1 October 2022

1 General information

Magical Cruise Company, Limited (the 'Company') is a company limited by shares. It is incorporated under the Companies Act 2006 and domiciled in the England, 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 Global Ventures LLP 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. See note 22 for further information.

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 and is included within that Company's consolidated financial statements.

2 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 years presented, unless otherwise stated.

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 UK, on a basis consistent with the prior year.

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 note 3.

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.

Magical Cruise Company, Limited

Notes to the financial statements

For the period from 3 October 2021 to 1 October 2022 (continued)

2 Summary of significant accounting policies (continued)

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 1 October 2022. 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.

All of the Company's cruise ships have resumed sailing, with occupancy continuing to increase as demand for travel rebounds.

On the basis of their assessment of the Company's financial position and resources, 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.

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 prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102;
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102;
- v) 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.

Magical Cruise Company, Limited

Notes to the financial statements

For the period from 3 October 2021 to 1 October 2022 (continued)

2 Summary of significant accounting policies (continued)

Accounting reference date

The Company has taken advantage of flexibility under the Companies Act 2006 to end the accounting year on the closest Saturday to 30 September each year. An accounting reference date of 1 October 2022 has been adopted for the current period. The financial year represents the 52 weeks ended 1 October 2022 (prior financial year was the 52 weeks ended 2 October 2021).

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.

Turnover

Revenue related to the provision of cruise berths is recognised using the accruals method over the number of cruise days sailed by each voyage. 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.

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 60 days or more before sailing.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. The tax expense/(income) is recognised either in the Income statement, other comprehensive income or equity depending on the transaction that resulted in the tax expense/(income).

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 year or prior years. 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 year and only non-trading income remains subject to corporation tax.

Magical Cruise Company, Limited

Notes to the financial statements

For the period from 3 October 2021 to 1 October 2022 (continued)

2 Summary of significant accounting policies (continued)

Taxation (continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that they will be recovered against the reversal of deferred tax liability or other future taxable profits.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on a non- discounted basis.

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

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.

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.

Magical Cruise Company, Limited

Notes to the financial statements

For the period from 3 October 2021 to 1 October 2022 (continued)

2 Summary of significant accounting policies (continued)

Impairment of non-financial assets (continued)

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.

Tangible assets and depreciation

Tangible assets are stated at historical purchase cost less accumulated depreciation. 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.

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.

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 1 October 2022 the Company held \$43,133,448 in overnight cash deposits (2021: \$46,004,000). As at 1 October 2022 the Company did not hold any bank overdrafts (2021: \$nil).

Magical Cruise Company, Limited

Notes to the financial statements For the period from 3 October 2021 to 1 October 2022 (continued)

2 Summary of significant accounting policies (continued)

Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

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.

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans 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.

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.

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.

Magical Cruise Company, Limited

Notes to the financial statements

For the period from 3 October 2021 to 1 October 2022 (continued)

2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Hedging arrangements (continued)

Gains or losses deferred in other comprehensive income are transferred to the Income statement in the same year 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 presentation of the derivative financial asset was separately presented on the balance sheet in previous years however in the current year the derivative financial asset is presented within Debtors and can be further seen in Note 14.

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

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.

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.

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.

Lease incentives

Incentives received to enter into an operating lease are credited to the Income statement, to reduce the lease expense, on a straight-line basis over the period of the lease. The Company has taken advantage of the transition exemption under paragraph 35.10(p) of FRS 102 to continue to recognise the existing lease incentives at the transition date on the same basis as previous UK GAAP. Under previous UK GAAP operating lease incentives, including rent free periods and fit-out contributions, were spread over the shorter of the lease period or the period to when the rental was set to a fair market rent. FRS 102 requires that such incentives to be spread over the lease period.

Employee benefits

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

Magical Cruise Company, Limited

Notes to the financial statements For the period from 3 October 2021 to 1 October 2022 (continued)

2 Summary of significant accounting policies (continued)

Employee benefits (continued)

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 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 retained earnings 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.

It 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 retained earnings.

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 21.

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.

Government grant

The Company recognises government grants when there is a reasonable assurance the Company will comply with the conditions attached to them and the grants will be received, in accordance with section 24 of FRS 102. The grants are measured at the fair value of the asset received or receivable.

Magical Cruise Company, Limited

Notes to the financial statements

For the period from 3 October 2021 to 1 October 2022 (continued)

2 Critical accounting judgements and key source 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 11 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 has been identified as at 1 October 2022.

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 12 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 20 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 16 for further details.

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

Magical Cruise Company, Limited

Notes to the financial statements

For the period from 3 October 2021 to 1 October 2022 (continued)

3 Turnover

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

	Period ended 1 October 2022 \$ 000	Period ended 2 October 2021 \$ 000
Cruise revenue	1,072,647	76,642
Other revenue	61,370	22,060
	<u>1,134,017</u>	<u>98,702</u>

Turnover consists of amounts earned for the provision of cruise berths as well as amounts earned from the sale of merchandise, beverage, amenities and recreational activities provided during the cruises.

Geographical segments

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

4 Operating loss

Operating loss is stated after charging:

	Period ended 1 October 2022 \$ 000	Period ended 2 October 2021 \$ 000
Depreciation expense	147,564	135,176
Operating lease charges – cruise vessel	<u>-</u>	<u>47,596</u>

Cost of sales includes \$192,479,000 inventory expense for the period (2021: \$44,731,000).

	Period ended 1 October 2022 \$ 000	Period ended 2 October 2021 \$ 000
Audit of the financial statement	270	272
Other assurance services	13	21
	<u>283</u>	<u>293</u>

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

Magical Cruise Company, Limited

Notes to the financial statements

For the period from 3 October 2021 to 1 October 2022 (continued)

6 Interest receivable and similar income

	Period ended 1 October 2022 \$ 000	Period ended 2 October 2021 \$ 000
Bank interest receivable	630	23
Intercompany - interest receivable	1,517	140
	<u>2,147</u>	<u>163</u>

7 Interest payable and similar expenses

	Period ended 1 October 2022 \$ 000	Period ended 2 October 2021 \$ 000
Intercompany interest payable	<u>4,923</u>	<u>877</u>

8 Staff costs and numbers

The aggregate payroll remuneration (including Directors' remuneration) comprised:

	Period ended 1 October 2022 \$ 000	Period ended 2 October 2021 \$ 000
Wages and salaries	248,613	147,322
Social security costs	3,755	2,407
Other pension costs	5,431	3,930
	<u>257,799</u>	<u>153,659</u>

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

	Period ended 1 October 2022 No.	Period ended 2 October 2021 No.
Shipboard personnel	5,123	2,081
Administrative personnel	1,098	889
	<u>6,221</u>	<u>2,970</u>

Magical Cruise Company, Limited

Notes to the financial statements

For the period from 3 October 2021 to 1 October 2022 (continued)

9 Directors' remuneration

The Directors' remuneration for the period was as follows:

	Period ended 1 October 2022 \$ 000	Period ended 2 October 2021 \$ 000
Aggregate emoluments	1,519	1,161
Other director benefits	623	637
Amounts receivable under long-term incentive schemes	12	27
Company contributions paid to defined contribution plan	34	39
	<u>2,188</u>	<u>1,864</u>

In respect of the highest paid Director:

	Period ended 1 October 2022 \$ 000	Period ended 2 October 2021 \$ 000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	765	545
Defined contribution pension scheme	6	6
Other director benefits	459	313
Defined benefit amount accrued	<u>198</u>	<u>139</u>

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

Retirement benefits are accruing to 3 Directors (2021: 2) under a defined benefit scheme and 4 Directors (2021: 3) under a defined contribution plan in respect of their qualifying services. No (2021: 3) Directors exercised share options in the ultimate parent company in the year and 3 (2021:2) Directors received shares under long term incentive schemes.

No Directors services (2021: 1) were recharged to the Company by other group Companies. The above details of Directors' emoluments do not include the emoluments of 8 (2021: 4) Directors who are paid by other group companies. For the remaining Directors it is not possible to determine an allocation of their remuneration for services to the Company as their duties are incidental to the overall role for the Group.

Magical Cruise Company, Limited

Notes to the financial statements For the period from 3 October 2021 to 1 October 2022 (continued)

10 Tax (charge)/credit on loss

The (charge)/credit for taxation is based on the taxable loss for the period, and comprises:

	Period ended 1 October 2022 \$ 000	Period ended 2 October 2021 \$ 000
Current taxation		
Tonnage tax	68	65
Adjustments in respect of prior periods	1	(4,261)
Total tax on loss	<u>69</u>	<u>(4,196)</u>

The tax on loss before taxation for the period is higher than the standard rate of corporation tax in the UK (2021: higher than the standard rate of corporation tax in the UK) of 19% (2021: 19%).

The differences are reconciled below:

	Period ended 1 October 2022 \$ 000	Period ended 2 October 2021 \$ 000
Loss before taxation	<u>(325,730)</u>	<u>(633,671)</u>
Corporation tax at standard rate in the UK of 19% (2021: 19%)	(61,889)	(120,398)
Adjustments in respect of prior periods	1	(4,261)
Non tonnage tax items	66,130	123,642
Tonnage tax income	68	65
Group relief for nil consideration	(4,241)	(3,244)
Total tax charge/(credit)	<u>69</u>	<u>(4,196)</u>

Factors affecting the future tax charges

The Finance Act 2022 introduced provisions to increase the tax rate from 19% to 25% from 1 April 2023. The impact of this change is expected to be \$nil.

Magical Cruise Company, Limited

Notes to the financial statements

For the period from 3 October 2021 to 1 October 2022 (continued)

11 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 3 October 2021	21,177	133,819	2,885,161	3,040,157
Additions	-	-	1,423,383	1,423,383
Disposals	(46)	(78)	(1,979)	(2,103)
Transfers	-	5,327	(5,327)	-
At 1 October 2022	<u>21,131</u>	<u>139,068</u>	<u>4,301,238</u>	<u>4,461,437</u>
Accumulated depreciation				
At 3 October 2021	-	118,736	1,000,442	1,119,178
Charge for the period	-	7,349	140,215	147,564
Disposal	-	(78)	(1,852)	(1,930)
At 1 October 2022	<u>-</u>	<u>126,007</u>	<u>1,138,805</u>	<u>1,264,812</u>
Carrying amount				
At 1 October 2022	<u>21,131</u>	<u>13,061</u>	<u>3,162,433</u>	<u>3,196,625</u>
At 2 October 2021	<u>21,177</u>	<u>15,083</u>	<u>1,884,719</u>	<u>1,920,979</u>

The Company entered into an agreement to acquire the Disney Wish from DCL Maritime LLC for the ships determined fair market value of \$1,416,038,944, which was delivered on 9 June 2022.

Magical Cruise Company, Limited

Notes to the financial statements

For the period from 3 October 2021 to 1 October 2022 (continued)

12 Investments

	1 October 2022 \$ 000	2 October 2021 \$ 000
Carrying amount	<u>315,300</u>	<u>315,300</u>

The Company has investments in the following subsidiary undertakings:

Shares in group undertakings	Business	Country of registration/ incorporation	Proportion of nominal value of voting shares held	
			2022	2021
The Walt Disney Company Africa (Proprietary) Limited	Distributing and merchandising services	South Africa	100%	100%
DCL Island Development Limited	Exclusive port provider in Castaway Cay for Disney cruises	Bahamas	100%	100%

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.

The registered address of the subsidiaries are:

The Walt Disney Company Africa (Proprietary) Limited	1 Oakdale Road, 1st Floor Oakdale House, The Oval Newlands 7700 c/o the Alexander Corporate Group Limited
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DCL Island Development Limited	One Millars Court, Millars Court, Nassau, Bahamas
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The Company is a subsidiary of Wedco Global Ventures LLP and is included in the consolidated financial statements of The Walt Disney Company which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

Magical Cruise Company, Limited

Notes to the financial statements

For the period from 3 October 2021 to 1 October 2022 (continued)

13 Inventories

	1 October 2022 \$ 000	2 October 2021 \$ 000
Food and beverage	8,846	6,276
Merchandise goods for resale	3,676	2,157
Consumables (including fuel)	12,657	8,001
	<u>25,179</u>	<u>16,434</u>

There is no material difference between the carrying amount of stock and the replacement cost. Inventories are stated after provisions for impairment of \$478,361 (2021: \$752,403).

14 Debtors

	1 October 2022 \$ 000	2 October 2021 \$ 000
Amounts falling due within one year		
Trade debtors	7,440	20,033
Amounts owed by group undertakings	229,246	34,539
Derivative financial assets (note 16)	7,118	8,026
Prepayments and accrued income	10,533	6,887
	<u>254,337</u>	<u>69,485</u>

The Company has \$nil provisions for impairment of trade debtors during the year (2021: \$nil).

	1 October 2022 \$ 000	2 October 2021 \$ 000
Amounts falling due after more than one year		
Derivative financial assets (see note 16)	<u>1,728</u>	<u>534</u>

Magical Cruise Company, Limited

Notes to the financial statements

For the period from 3 October 2021 to 1 October 2022 (continued)

15 Creditors

	1 October 2022 \$ 000	2 October 2021 \$ 000
Amounts falling due within one year		
Trade creditors	67,779	49,727
Amounts owed to group undertakings	815,493	141,065
Other taxation and social security	3,135	1,520
Deposits received on cruises	567,018	537,789
Derivative financial liabilities (note 16)	2,738	6
Accruals and deferred income	17,471	12,692
Corporation tax	-	126
	<u>1,473,634</u>	<u>742,925</u>

In the current year, 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 is 15 June 2023 (1-year from the date of the agreement). 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.

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.

	1 October 2022 \$ 000	2 October 2021 \$ 000
Amounts falling due after more than one year		
Amounts received on future cruises	-	100
Accruals and deferred income	1,528	1,365
Derivative financial liabilities	220	20
	<u>1,748</u>	<u>1,485</u>

Magical Cruise Company, Limited

Notes to the financial statements

For the period from 3 October 2021 to 1 October 2022 (continued)

16 Financial instruments

		1 October 2022 \$ 000	2 October 2021 \$ 000
Financial assets measured at amortised cost:	Note		
Trade debtors	14	7,440	20,033
Amounts owed by group undertakings	14	229,246	34,539
Cash and short-term deposits		104,220	74,499
Financial assets measured at fair value through profit and loss:			
Derivative financial instruments - maturing within one year	14	7,118	8,026
Derivative financial instruments - maturing after one year	14	1,728	534
		<u>349,752</u>	<u>137,631</u>
	Note	1 October 2022 \$ 000	2 October 2021 \$ 000
Financial liabilities measured at amortised cost:			
Trade creditors	15	67,779	49,727
Accrued expenses	15	17,471	8,420
Amounts owed to group undertakings	15	815,493	141,065
Financial liabilities measured at fair value through profit and loss:			
Derivative financial instruments - maturing within one year		2,738	6
Derivative financial instruments - maturing after one year		220	20
		<u>903,701</u>	<u>199,238</u>

Derivative financial assets maturing within one year on un-matured fuel hedges amounted to \$7,118,000 as at 1 October 2022 (2021: \$8,026,000). Derivative financial assets maturing after one year amounted to \$1,728,000 as at 1 October 2022 (2021: \$534,000). 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 year. 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 \$2,738,000 as at 1 October 2022 (2021: \$6,000). Derivative financial liabilities maturing after one year on un-matured fuel hedges amounted to \$220,000 as at 1 October 2022 (2021: \$20,000). These have been designated in a cash flow relationship and there was no ineffectiveness to be recorded in the Income statement for the year. These amounts have been recognised in equity and will be transferred to the Income statement when the forecasted fuel purchases occur.

Magical Cruise Company, Limited

Notes to the financial statements For the period from 3 October 2021 to 1 October 2022 (continued)

17 Called-up share capital and reserves

	1 October 2022	2 October 2021
	\$	\$
Allotted and fully paid: 1,863,652,709 (2021: 989,248,894) Ordinary shares of £1 each converted at an exchange rate of \$1.258 (2021: 1.3673)*	<u>2,452,600,000</u>	<u>1,352,600,016</u>

*During the current year, the Company allotted and fully paid 874,403,815 shares of £1 converted at \$1.258. During the prior year, the Company allotted and fully paid 989,248,894 shares of £1 converted at \$1.367.

Reserves

Profit and loss account

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, 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 distributable reserve

The Other Distributable Reserve relates to a share premium conversion.

18 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 to be 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:

	1 October 2022	2 October 2021
	\$ 000	\$ 000
Within one year	10,888	966,210
Between two and five years	1,764,226	2,086,140
Later than five years	171,356	251,080
	<u>1,946,470</u>	<u>3,303,430</u>

Magical Cruise Company, Limited

Notes to the financial statements

For the period from 3 October 2021 to 1 October 2022 (continued)

18 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:

	1 October 2022 \$ 000	2 October 2021 \$ 000
Within one year	1,140	547
Between two and five years	4,849	4,731
Later than five years	4,193	5,450
	<u>10,182</u>	<u>10,728</u>

The Company has contractual obligations for maintenance and other services of \$3,308,000 at 1 October 2022 (2021: \$5,282,000).

Port Commitments

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

	1 October 2022 \$ 000	2 October 2021 \$ 000
Within one year	-	-
Between two and five years	54,151	-
Later than five years	237,397	-
	<u>291,548</u>	<u>-</u>

19 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 year is \$6.4m (2021: \$3.3m).

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.

Magical Cruise Company, Limited

Notes to the financial statements

For the period from 3 October 2021 to 1 October 2022 (continued)

20 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, \$5,431,000 (2021: \$3,930,000). 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 2022 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% (2021: 7%) per annum, the rate of salary increase would be 3.2% (2021: 3.2%), and the discount rate 5.44% (2021: 2.82%). At the date of the latest actuarial valuation at 30 September 2022, the market value of the assets of the scheme was \$9,874,000 (2021: \$12,011,000), and the actuarial value of the assets was sufficient to cover 107% (2021: 93.1%) 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 2021 and 2020 were not material. The expense in the year from the plan was \$141,241 (2021: \$144,084).

21 Related party transactions

The Company is a wholly owned subsidiary of Wedco Global Ventures LLP 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 22.

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.

Magical Cruise Company, Limited

Notes to the financial statements

For the period from 3 October 2021 to 1 October 2022 (continued)

22 Ultimate parent undertaking and related undertakings

Ultimate parent undertaking

Magical Cruise Company, Limited is a wholly owned subsidiary of Wedco Global Ventures LLP whose ultimate parent is The Walt Disney Company, 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 as follows:

Name	The Walt Disney Company
Country of incorporation	United States of America
Tax identification number	83-0940635
Address from where copies of the group financial statements can be obtained	500 South Buena Vista St. Burbank, California 91521-9722 USA

Related undertakings:

The Company's related undertakings are listed below:

Direct subsidiaries	Name	Country	Ownership
	The Walt Disney Company Africa (Proprietary) Limited	South Africa	100%
	DCL Island Development Limited	Bahamas	100%

23 Events after the reporting period

In November 2022, the Company purchased a partially completed ship, to expand its fleet and travel to new destinations from 2025 - the ship will be approximately 200,000 tons. Disney Cruise Line will incur the cost to complete construction. This ship is expected to be delivered in 2025.

As of 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. The annual interest rate is 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 1-year from the date of the agreement).