

Registered number: 12239290

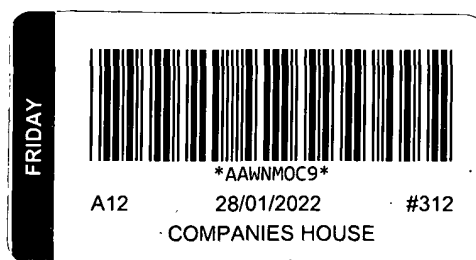
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## CRUISE HOLDING LIMITED

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### ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020



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**CRUISE HOLDING LIMITED**

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**COMPANY INFORMATION**

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|                             |   |
|-----------------------------|---|
| <b>Directors</b>            | I M S Downie (appointed 2 October 2019)<br>E M Kalawski (appointed 2 October 2019)<br>M A Sigler (appointed 2 October 2019) |
| <b>Company secretary</b>    | E M Kalawski  |
| <b>Registered number</b>    | 12239290  |
| <b>Registered office</b>    | 100 New Bridge Street<br>London<br>EC4V 6JA   |
| <b>Independent auditors</b> | PricewaterhouseCoopers LLP<br>Chartered Accountants and Statutory Auditors<br>1 Embankment Place<br>London<br>WC2N 6RH      |

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**CRUISE HOLDING LIMITED**

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## CRUISE HOLDING LIMITED

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### STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

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The Directors present their Strategic Report for Cruise Holding Limited (the "Company") and its subsidiaries (together the "Group") for the 15 month period from the date of incorporation to 31 December 2020 (the 'period' or '2020').

#### Principal activities

The principal activity of the Company in the period under review was that of a holding company and the directors intend it to continue as an investment holding company for the foreseeable future.

The principal activity of the underlying Group is cruise ship outfitting.

#### Organisational structure

Cruise Holding Limited was incorporated on 2 October 2019. The Company is a subsidiary of Platinum Cruise Principals International (Cayman) LLC (10% ownership) and Platinum Equity Small Cap Fund International (Cayman) LP (90% ownership) (collectively "Platinum").

On 30 October 2019, Cruise Intermediate Holding II Limited, a wholly owned subsidiary of Cruise Holding Limited, acquired 100% of the share capital of Serpeverde SpA. The same day the latter acquired 100% of the shares of DW Group SpA which held investments in a number of subsidiaries, together the 'De Wave Group'.

See further detail of the entities within the De Wave Group and their principal activities in note 1 on page 25.

#### Business review

During the period, the shipbuilding sector experienced a slowdown in production primarily due to the temporary closure of shipyards during Q2 2020, as a result of Covid-19 related restrictions. Following the easing of restrictions, production resumed and vessels were delivered with some delays. There were no cancellations of ship orders by shipowners and consequently the Group did not suffer any cancellation of orders for projects on new ships already acquired in the backlog.

The De Wave Group continued to obtain new contracts resulting in an order backlog at the end of the period of over €640m, with completion dates up to 2026.

With regard to refitting projects, as anticipated, despite the De Wave Group's excellent positioning amongst the main shipbuilders and shipowners, there was lower activity due to difficulties travelling and a general reduction in activity within the cruise industry.

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## CRUISE HOLDING LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### Key performance indicators

The key financial performance indicators during the period were as follows:

|  | 2020     |
|--|----------|
|  | €000     |
| Revenue                                    | 196,305  |
| Loss before tax                            | (69,795) |
| EBITDA* (before impairment of intangibles) | (9,263)  |
| Net current assets                         | 6,544    |
| Net financial position**                   | (98,412) |

\* Earnings before interest, taxes, depreciation and amortisation

\*\* The net financial position equates to the total loans and borrowings less cash

During the 15-month period ended 31 December 2020, the Group generated a loss before tax of €69.8m and negative EBITDA (before impairment of intangibles) of €9.3m. The loss was driven by the impairment of intangible assets and goodwill of €35.8m (see note 15 for further details), a reduction in margins compared to expected levels, and a reduction in volumes in the refitting sector.

The directors of the Company do not believe the use of KPI's are appropriate for assessing the performance or position of the Company as this is not a trading entity.

Revenue for the 15-month period amounted to €196.3m which was lower than the preacquisition revenue and is driven by the factors detailed further above.

At the period end, the Group is in a net current asset position of €6.5m and a net financial position of negative €98.4m. This is predominantly driven by loans and borrowings of €111.4m of which €66.2m are due after more than one year.

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## CRUISE HOLDING LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### **Principal risks and uncertainties**

The Group is exposed to the following risks. The Group's senior management (encompassing directors of Cruise Holding Limited and De Wave Group) oversees the management of these risks and reviews and agrees policies for managing each of these risks.

The Group's risk management strategy is aimed at minimising potential negative effects on the Group's financial performance. Risk management is centralised and financial risks are identified, evaluated and hedged for each of the Group's business units. Management provides indications for monitoring risk management, as well as for specific areas, regarding interest rate risk, exchange rate risk and the use of derivative and non-derivative instruments.

The directors do not believe there are any principal risks that are not financial risks. Financial risk management are further disclosed within the notes to these financial statements in note 3.

#### **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's financial assets subject to credit risk are trade and other receivables. All customers are subject to credit verification procedures and extended credit terms are only granted to customers to demonstrate a history of creditworthiness. Compliance with payment terms is continually monitored.

#### **Liquidity risk**

Liquidity risk is the risk that the Group and Company will encounter difficulty in meeting their obligations as they fall due. The Group and Company manage liquidity risk by preparing and monitoring cash flow forecasts to ensure there are sufficient liquid resources to meet operating needs.

#### **Exchange rate risk**

The Group and Company are exposed to fluctuations in foreign exchange rates where revenue, costs and borrowings are denominated in currencies other than the functional currency. The Group conducts sensitivity analysis of exchange rate movements in order to implement risk containment policies on a timely basis to mitigate the impact. Exchange rate risk is mitigated through the use of derivative instruments. For hedges of foreign currency purchases, the group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item.

#### **Price risk**

The Group obtains the majority of its supplies from stable markets that have not been subject to significant price or market fluctuations, acquiring production factors (tangible and intangible) to order. Some contracts subject to a customer's option relate to ships under construction in the financial years 2024-2026 and, therefore are potentially subject to additional risks than those already considered on the commencement of the contract.

Regarding the price risk of the cost of money, the Group is hedged on its medium/long-term positions by hedging contracts, as described below.

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## CRUISE HOLDING LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### Competition risk

With respect to competition risk, the market is now dominated by a few large groups that have recorded a significant increase in turnover, also through inorganic growth paths.

The tendency is for these groups to present themselves to shipyards and shipowners as "general contractors" capable of managing an increasingly broad spectrum of activities. This trend has been clearly seen through the way in which the major European shipyards are now operating and allocating work; they have significantly reduced the number of parties involved on each project. Because of this trend, we believe that the Group can continue to be an a key figure in Europe and the United States, able to compete with the major players in the industry.

We are not yet able to assess how the effects of the Covid-19 crisis have impacted on the competition, as the few new business opportunities do not allow us to assess the actual health of competitors.

#### Interest rate risk

The objective of reducing the amount of financial debt subject to changes in interest rates is achieved by entering into interest rate swap (IRS) contracts. Interest rate swaps are instruments that provide for the periodic exchange of variable rate interest flows against fixed rate interest flows, both calculated on the same notional reference capital.

At 31 December 2020, the notional value of the derivatives portfolio is equal to €45,959,518 with an overall fair value of €210,030. The instruments adopted by the Group do not have speculative purposes and are considered to be cash flow hedges, in line with the risk mitigation strategy adopted by the Company.

#### Covid-19 impact

On 11 March 2020, the World Health Organisation declared the outbreak of a novel strain of coronavirus ('Covid-19') as a global pandemic and recommended containment and mitigation measures worldwide. This resulted in a slowdown in production across the shipbuilding sector. There were no cancellations of orders by shipowners hence the Group was not affected in that regard however this resulted in some delays in production and a reduction in customer demand; this has adversely affected the performance of the Group during the period. See further detail in the Directors' Report on pages 9 to 11.

Furthermore, in the early months of 2021, there was a significant increase in the cost and scarcity in the market of some raw materials relating to metals due to the production stoppage resulting from the global crisis. This increase is expected to be temporary and the impact on the Group is expected to be an increase in costs of around €1m across 2021 and 2022.

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## CRUISE HOLDING LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### Directors' statement of compliance with duty to promote the success of the Group

##### Directors statement

Section 172 of the Companies Act 2006 requires all directors of a company to perform in the best interests of the company to promote the success of the company for the benefit of all of its shareholders. In order to fulfil these obligations the directors are required to consider:

- Likely long term consequences of decisions made
- The best interests of employees and to be mindful of this in their actions
- The need to balance the company's interests with the business relationships with amongst others, customers and suppliers; and
- The impact of the company's activities on the environment and communities in which we operate,
- In undertaking our duties as directors we are mindful that the decisions we make may not always be in the best interests of all of the interested parties however we are focused on setting our strategy, vision and goals in a way that means we are operating to ensure that we are considering the best interests of all. We believe this strategy allows for a stable and positive outlook for the business and the impact on our wider stakeholders.

During the period the board met four times and formally reviewed the business performance to ensure that we are operating in line with our strategy. This also considered the risks affecting the Company including those affecting the employees of the Group and the wider environment.

Whilst the strategy is set by the Company's directors, the day to day operation of the Group is primarily delegated to the De Wave Group management who we feel are best placed to input into and implement the strategy, reporting back on its performance and suitability to the activities of each business when considering the wider stakeholders.

#### Environmental and personnel

##### Environmental policies

The Group is focused on eco-efficiency and the application of operating procedures and practices that respect the environment, expressly requiring its suppliers to comply with the relevant environmental and health and safety regulations.

##### Personnel

The Company continues to strengthen all the initiatives required to protect the workplace, in accordance with the provisions of the relevant legislation. Strict attention was paid to scrupulous compliance with current legislation, taking care of the training and information of workers.

##### Training

Staff training has been specifically designed to meet the needs identified during the annual needs analysis and managed in accordance with the procedures encoded in the Quality Management System. Particular attention has been paid to the development of information systems skills to support the planning and management of site activities, training in tax and accounting procedures and language skills.



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## CRUISE HOLDING LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

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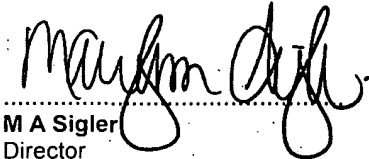
#### Engaging with others

We ensure that the views of our other stakeholders (suppliers, customers and the wider community) are considered through reports and information from senior management who have regular contact with these groups to ensure that the Board reacts to changing demands and circumstances as they impact on the operations of the group. During the Covid-19 pandemic this became particularly relevant and we have and continue to keep close working relationship with suppliers to ensure the continuity of the procurement of the raw material and packaging; and with customers to identify the best solutions to supply them.

#### Corporate governance

As a privately owned company there is no requirement to comply with the UK Corporate Governance code, however we do embrace the principals of good governance and act in a way that ensures that the business is operated in a collaborative way. We also ensure that we comply with any relevant laws in the countries in which we operate for the benefit of the business and all of its wider stakeholders.

This report was approved by the Board and signed on its behalf by:

WRB   
M A Sigler  
Director

Date: 25 January 2022

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## CRUISE HOLDING LIMITED

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

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The directors present their report on the company and the consolidated financial statements for the period ended 31 December 2020.

#### Principal activities

The principal activity of the Company in the period under review was that of a holding company.

The principal activity of the underlying Group is cruise ship outfitting. This can be further defined as follows:

In relation to the brands supplied to customers in the following three sub-groups:

- DE WAVE: specialising in the fit out of cabins and wet units;
- PRECETTI: specialising in the fit out of kitchens, catering areas and general refitting;
- SPENCER: specialising in the fit out of public areas;

The Group has a global presence operating in the main shipyards in Europe, USA, Middle East and Australia.

#### Results and dividends

The loss for the period, after taxation and minority interests, amounted to €53,915,000.

The Directors have not paid a dividend and do not recommend a dividend for the period ended 31 December 2020.

#### Directors

The directors who served during the period and up to the date of signing the financial statements were:

I M S Downie (appointed 2 October 2019)

E M Kalawski (appointed 2 October 2019)

M A Sigler (appointed 2 October 2019)

#### Future developments

The directors expect the Group and Company's activities to continue for at least 12 months from the date of this report and the foreseeable future.

In the first months of 2021 the cruise interiors market experienced important signs of recovery after the unexpected contraction due to the Covid-19 pandemic. The main cruise operators who were particularly affected by the pandemic and the resultant lockdowns have resumed their core activities and the expectation is that the market will be able to resume to pre-pandemic levels.

Despite some residual uncertainty, the Group has a strong order backlog in the new building sector, both in respect of the "public areas" branch and the wet units and cabins branch. New building orders are stabilising and the Group's increasingly well-defined tracking of construction progress will help to avoid dispersion of costs and resources, improving gross profit margins.

With regard to refitting and in general to the demand of the sector, in the first months of 2021, the Group witnessed a recovery in the number of requests for offers from customers, a positive sign from a commercial point of view.

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## CRUISE HOLDING LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### Qualifying third party indemnity provisions

The Company maintains liability insurance for its directors and officers during the period under review and up to the date of signing the financial statements. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

#### Matters covered in the strategic report

The Company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Strategic Report information required by The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of principal risks and uncertainties and financial risk management objectives and policies.

#### Research and development activities

During the period the Group carried out R&D activities in relation to new technical and technological solutions for the construction of elements for the naval furniture sector, incurring costs that were not capitalised during the period.

#### Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements, in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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 Group and the Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

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

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## CRUISE HOLDING LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### Disclosure of information to auditors

In the case of each director in office at the date the Director's Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's and 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 Group's and Company's auditors are aware of that information.

#### Post balance sheet events

In February 2021, De Wave Srl commenced arbitration proceedings before the National and International Chamber of Milan against the former shareholders of DW Group SpA and former management of the De Wave Group (responsible for the cabins and wet units division of De Wave Srl). These proceedings are primarily in relation to the drop in margins experienced by the Group contrary to what was represented by the former shareholders and sales managers during the sale of the De Wave Group to Platinum Equity, and a contraction in production volumes, primarily in the Refitting sector. The operating margins inherent in the wet unit and cabin order backlog turned out to be significantly lower to such an extent that, in 2020, some projects recorded negative margins. These lower levels of profitability led to contraction of the operating result in 2020 and along with the impairment of intangible assets has led to an overall loss for the Group. At present the arbitration proceedings are in early stages and the establishment of the Arbitration Board is pending.

The Group continues to focus on vertical integration of group companies which operate in dedicated parts of the process. On 10 November 2020, De Wave Srl resolved to merge with Spencer Contract Srl effective 1 January 2021.

On 27 December 2021, De Wave Srl signed an agreement to acquire Tecnavi Srl with closing expected in Q1 2022. The Tecnavi acquisition will add technical capabilities in refrigeration systems for food service and ventilation, for both New Build and Refit projects.

#### Going concern

In March 2020 the global economy was impacted by the COVID-19 viral pandemic. The directors have taken appropriate actions to ensure that operations are able to continue and do not believe that this will impact on the ability of the Group and Company to continue as a going concern.

On 30 October 2019, De Wave Srl entered into a senior revolving facility with MPS ('Senior Facilities Agreement'). Under the Senior Facilities Agreement, De Wave Srl has one financial covenant, Total Leverage Ratio (Net financial position ('NFP')/EBITDA). In August 2020, De Wave Srl was granted a waiver in respect of the covenant tests due to be performed at 30 June 2020 and 31 December 2020 ('holiday period'). In light of the ongoing uncertainty caused by COVID-19 and the impact on the Group's operations expected in 2021, a second waiver request was made, and granted, in July 2021 with respect of the testing date of 30 June 2021. Alongside this the minimum Total Leverage Ratio levels were renegotiated and reset in respect of the six monthly testing dates from 31 December 2021 onwards.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these financial statements and the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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CRUISE HOLDING LIMITED

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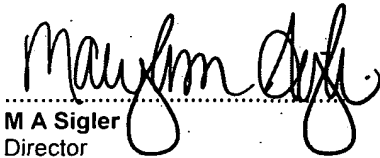
DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2020

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**Independent Auditors**

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board and signed on its behalf by:

WRB   
.....  
M A Sigler  
Director

Date: 25 January 2022

# ***Independent auditors' report to the members of Cruise Holding Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Cruise Holding Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group and Company's affairs as at 31 December 2020 and of the Group's loss and the Group's and Company's cash flows for the period from 2 October 2019 to 31 December 2020;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2020; the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Cash Flows, and the Consolidated and Company Statements 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.

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### **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 Group 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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### **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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 31 December 2020 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 Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

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

In preparing the financial statements, the directors are responsible for assessing the Group's and 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 Group and 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

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

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## **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 received 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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

*Patrick O'Brien*

Patrick O'Brien (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
26 January 2022

**CRUISE HOLDING LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

|  |      | 15 months ended<br>31 December<br>2020<br>€000 |
|--|------|--|
|  | Note |  |
| Revenue  | 7    | 196,305  |
| Cost of sales  | 9    | (160,631)                                      |
| <b>Gross profit</b>  |      | <b>35,674</b>                                  |
| Other operating income   | 8    | 2,790  |
| Administrative expenses  | 9    | (63,492)                                       |
| Impairment of intangibles  | 15   | (35,836)                                       |
| <b>Operating loss</b>  | 9    | <b>(60,864)</b>                                |
| Finance income   | 12   | 172  |
| Finance expense  | 12   | (9,103)  |
| <b>Loss before tax</b>   |      | <b>(69,795)</b>                                |
| Income tax credit  | 13   | 15,902   |
| <b>Loss for the period</b>   |      | <b>(53,893)</b>                                |
| <b>Other comprehensive (expense)/ income:</b>                      |      |  |
| <b>Items that will not be reclassified to profit or loss:</b>      |      |  |
| Actuarial losses (Employee benefits)                               | 27   | (81)   |
| Tax effect on actuarial losses (Employee benefits)                 | 13   | 22   |
|  |      | (59)   |
| <b>Items that will or may be reclassified to profit or loss:</b>   |      |  |
| Change in foreign exchange reserves                                | 27   | 1,843  |
| Loss on hedging instruments (cash flow hedge)                      | 27   | (172)  |
|  |      | 1,671  |
| <b>Total other comprehensive income for the period, net of tax</b> |      | <b>1,612</b>                                   |
| <b>Total comprehensive expense</b>                                 |      | <b>(52,281)</b>                                |
| <b>(Loss)/profit for the period attributable to:</b>               |      |  |
| Owners of the parent   |      | (53,915)                                       |
| Non-controlling interests  |      | 22   |
|  |      | (53,893)                                       |



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**CRUISE HOLDING LIMITED**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE PERIOD ENDED 31 DECEMBER 2020**

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**Total comprehensive (expense)/income attributable to:**

|                           |          |
|---------------------------|----------|
| Owners of the parent      | (52,303) |
| Non-controlling interests | 22       |
|                           | <hr/>    |
|                           | (52,281) |
|                           | <hr/>    |

The notes on pages 25 to 83 form part of these financial statements.

**CRUISE HOLDING LIMITED**  
**REGISTERED NUMBER: 12239290**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

|                                | Note | 2020<br>€000   |
|--------------------------------|------|----------------|
| <b>Assets</b>                  |      |                |
| <b>Non-current assets</b>      |      |                |
| Property, plant and equipment  | 14   | 8,625          |
| Right of use assets            | 14   | 5,528          |
| Intangible assets              | 15   | 106,225        |
| Trade and other receivables    | 18   | 51             |
|                                |      | <u>120,429</u> |
| <b>Current assets</b>          |      |                |
| Inventories                    | 17   | 14,036         |
| Trade and other receivables    | 18   | 91,165         |
| Cash and cash equivalents      |      | 13,003         |
|                                |      | <u>118,204</u> |
| <b>Total assets</b>            |      | <u>238,633</u> |
| <b>Liabilities</b>             |      |                |
| <b>Non-current liabilities</b> |      |                |
| Trade and other liabilities    | 19   | 2,915          |
| Lease liabilities              | 20   | 3,839          |
| Loans and borrowings           | 23   | 66,153         |
| Provisions                     |      | 75             |
| Deferred tax liability         | 13   | 9,460          |
|                                |      | <u>82,442</u>  |
| <b>Current liabilities</b>     |      |                |
| Trade and other liabilities    | 19   | 63,441         |
| Lease liabilities              | 20   | 1,469          |
| Loans and borrowings           | 23   | 45,263         |
| Provisions                     |      | 1,486          |
|                                |      | <u>111,659</u> |
| <b>Total liabilities</b>       |      | <u>194,101</u> |
| <b>Net assets</b>              |      | <u>44,532</u>  |

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CRUISE HOLDING LIMITED  
REGISTERED NUMBER: 12239290

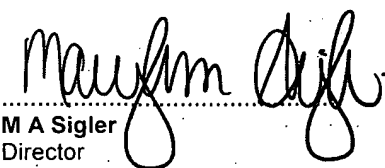
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT 31 DECEMBER 2020

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|   | Note | 2020<br>€000              |
|---|------|---------------------------|
| <b>Issued capital and reserves attributable to owners of the parent</b> |      |                           |
| Share capital   | 24   | 116                       |
| Share premium reserve   |      | 90,142                    |
| Cash flow hedging reserve   |      | (172)                     |
| Foreign exchange reserve  |      | 1,843                     |
| Other reserves  |      | 6,200                     |
| Retained earnings   |      | (53,974)                  |
|   |      | <hr/> 44,155              |
| Non-controlling interest  | 26   | 377                       |
|   |      | <hr/>                     |
| <b>TOTAL EQUITY</b>   |      | <hr/> <b>44,532</b> <hr/> |

The financial statements on pages 15 to 83 were approved and authorised for issue by the board of directors and were signed on its behalf by:

WRB   
M A Sigler  
Director  
Date: 25 January 2022

The notes on pages 25 to 83 form part of these financial statements.

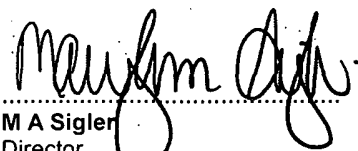
**CRUISE HOLDING LIMITED**  
**REGISTERED NUMBER: 12239290**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

|   | Note | 2020<br>€000   |
|---|------|----------------|
| <b>Assets</b>   |      |                |
| <b>Non-current assets</b>   |      |                |
| Investments   | 16   | 94,287         |
|   |      | <u>94,287</u>  |
| <b>Current assets</b>   |      |                |
| Trade and other receivables   | 18   | 6,246          |
| Cash and cash equivalents   |      | 978            |
|   |      | <u>7,224</u>   |
| <b>Total assets</b>   |      | <u>101,511</u> |
| <b>Liabilities</b>  |      |                |
| <b>Current liabilities</b>  |      |                |
| Trade and other liabilities   | 19   | 239            |
| Loans and borrowings  | 23   | 9,770          |
|   |      | <u>10,009</u>  |
| <b>Total liabilities</b>  |      | <u>10,009</u>  |
| <b>Net assets</b>   |      | <u>91,502</u>  |
| <b>Issued capital and reserves attributable to owners of the parent</b> |      |                |
| Share capital   | 24   | 116            |
| Share premium reserve   |      | 90,142         |
| Other reserves  |      | 6,200          |
| Retained earnings   |      | (4,956)        |
| <b>TOTAL EQUITY</b>   |      | <u>91,502</u>  |

The Company's loss for the period was €4,956,000.

The financial statements on pages 15 to 83 were approved and authorised for issue by the board of directors and were signed on its behalf by:

WRB   
M A Sigler  
Director  
Date: 25 January 2022

The notes on pages 25 to 83 form part of these financial statements.

CRUISE HOLDING LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2020

|   | Share<br>capital<br>€000 | Share<br>premium<br>€000 | Cash flow<br>hedging<br>reserve<br>€000 | Foreign<br>exchange<br>reserve<br>€000 | Other<br>reserves<br>€000 | Accumulated<br>losses<br>€000 | Total<br>attributable<br>to equity<br>holders of<br>parent<br>€000 | Non-<br>controlling<br>interest<br>€000 | Total<br>equity<br>€000 |
|---|--------------------------|--------------------------|---|--|---------------------------|-------------------------------|--|---|-------------------------|
| <b>Comprehensive (expense)/income for the period</b>      |                          |                          |   |  |                           |                               |  |   |                         |
| (Loss)/profit for the period                              | -                        | -                        | -                                       | -                                      | -                         | (53,915)                      | (53,915)   | 22                                      | (53,893)                |
| Other comprehensive (expense)/income (note 27)            | -                        | -                        | (172)                                   | 1,843                                  | -                         | (59)                          | 1,612  | -                                       | 1,612                   |
| <b>Total comprehensive loss for the period</b>            | -                        | -                        | (172)                                   | 1,843                                  | -                         | (53,974)                      | (52,303)   | 22                                      | (52,281)                |
| <b>Contributions by and distributions to owners</b>       |                          |                          |   |  |                           |                               |  |   |                         |
| Issue of share capital (note 24)                          | 116                      | 90,142                   | -                                       | -                                      | -                         | -                             | 90,258   | -                                       | 90,258                  |
| Acquired on business combination (note 26)                | -                        | -                        | -                                       | -                                      | -                         | -                             | -  | 355                                     | 355                     |
| Capital contribution (note 25)                            | -                        | -                        | -                                       | -                                      | 6,200                     | -                             | 6,200  | -                                       | 6,200                   |
| <b>Total contributions by and distributions to owners</b> | 116                      | 90,142                   | -                                       | -                                      | 6,200                     | -                             | 96,458   | 355                                     | 96,813                  |
| <b>At 31 December 2020</b>                                | <b>116</b>               | <b>90,142</b>            | <b>(172)</b>                            | <b>1,843</b>                           | <b>6,200</b>              | <b>(53,974)</b>               | <b>44,155</b>  | <b>377</b>                              | <b>44,532</b>           |

The notes on pages 25 to 83 form part of these financial statements.

**CRUISE HOLDING LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

|   | Share<br>capital<br>€000 | Share<br>premium<br>€000 | Other<br>reserves<br>€000 | Accumulated<br>losses<br>€000 | Total equity<br>€000 |
|---|--------------------------|--------------------------|---------------------------|-------------------------------|----------------------|
| <b>Comprehensive loss for the period</b>                  |                          |                          |                           |                               |                      |
| Loss for the period                                       | -                        | -                        | -                         | (4,956)                       | (4,956)              |
| <b>Total comprehensive loss for the period</b>            | -                        | -                        | -                         | (4,956)                       | (4,956)              |
| <b>Contributions by and distributions to owners</b>       |                          |                          |                           |                               |                      |
| Issue of share capital (note 24)                          | 116                      | 90,142                   | -                         | -                             | 90,258               |
| Capital contribution (note 25)                            | -                        | -                        | 6,200                     | -                             | 6,200                |
| <b>Total contributions by and distributions to owners</b> | 116                      | 90,142                   | 6,200                     | -                             | 96,458               |
| <b>At 31 December 2020</b>                                | <b>116</b>               | <b>90,142</b>            | <b>6,200</b>              | <b>(4,956)</b>                | <b>91,502</b>        |

The notes on pages 25 to 83 form part of these financial statements.

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CRUISE HOLDING LIMITED

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CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

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|  | Note | 2020<br>€000         |
|--|------|----------------------|
| <b>Cash flows from operating activities</b>                      |      |                      |
| Loss for the period  |      | (53,893)             |
| <b>Adjustments for</b>   |      |                      |
| Depreciation of property, plant and equipment                    | 14   | 2,789                |
| Amortisation of intangible fixed assets                          | 15   | 12,975               |
| Impairment losses on intangible assets                           | 15   | 35,836               |
| Impairment loss recognised on trade receivables                  | 18   | 1,741                |
| Change in provisions for risks and charges and employee benefits | 22   | 747                  |
| Finance income   | 12   | (172)                |
| Finance expense  | 12   | 9,103                |
| Income tax credit  | 13   | (15,902)             |
|  |      | <hr/>                |
|  |      | (6,776)              |
| <b>Movements in working capital:</b>                             |      |                      |
| Trade and other receivables                                      |      | 30,577               |
| Inventories  |      | (10,375)             |
| Trade and other payables   |      | (18,276)             |
|  |      | <hr/>                |
|  |      | 1,926                |
| <br>Income taxes paid  |      | <br>(2,459)          |
| <br><b>Net cash used in operating activities</b>                 |      | <br><hr/><br>(7,309) |

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CRUISE HOLDING LIMITED

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CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2020

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|   |    | 2020<br>€000    |
|---|----|-----------------|
| <b>Cash flows from investing activities</b>               |    |                 |
| Acquisition of subsidiary, net of cash acquired           | 30 | (86,333)        |
| Purchases of property, plant and equipment                | 14 | (476)           |
| Proceeds from disposal of property, plant and equipment   |    | 67              |
| Purchase of intangibles                                   | 15 | (2,620)         |
| Interest received   | 12 | 172             |
| <b>Net cash used in investing activities</b>              |    | <b>(89,190)</b> |
| <b>Cash flows from financing activities</b>               |    |                 |
| Proceeds of share issue                                   |    | 90,258          |
| Loans and borrowings                                      |    | 25,375          |
| Interest paid   | 12 | (6,617)         |
| Principal elements of lease payments                      |    | (1,954)         |
| <b>Net cash from financing activities</b>                 |    | <b>107,062</b>  |
| <b>Net cash increase in cash and cash equivalents</b>     |    | <b>10,563</b>   |
| Cash and cash equivalents at the beginning of period      |    | -               |
| Exchange gains on cash and cash equivalents               |    | 2,440           |
| <b>Cash and cash equivalents at the end of the period</b> |    | <b>13,003</b>   |

The notes on pages 25 to 83 form part of these financial statements.



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CRUISE HOLDING LIMITED

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COMPANY STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

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|   | Note | 2020<br>€000   |
|---|------|----------------|
| <b>Cash flows from operating activities</b>   |      |                |
| Loss for the period   |      | (4,956)        |
| <b>Adjustments for</b>  |      |                |
| Finance expense   |      | 491            |
| Net foreign exchange gain   |      | (655)          |
|   |      | <u>(5,120)</u> |
| <b>Movements in working capital:</b>  |      |                |
| Trade and other payables  | 19   | 239            |
|   |      | <u>(4,881)</u> |
| <b>Cash generated from operations</b>   |      |                |
|   |      | <u>(4,881)</u> |
| <b>Net cash used in operating activities</b>  |      | <u>(4,881)</u> |
| <b>Cash flows from financing activities</b>   |      |                |
| Proceeds from share issue, net of business combination funds settled by the shareholder | 24   | 1,847          |
| Proceeds from bank borrowings   |      | 4,712          |
| Interest paid on bank borrowings  |      | (491)          |
|   |      | <u>6,068</u>   |
| <b>Net cash from financing activities</b>   |      | <u>6,068</u>   |
| <b>Net cash increase in cash and cash equivalents</b>                                   |      | <u>1,187</u>   |
| Cash and cash equivalents at the beginning of period                                    |      | -              |
| Exchange loss on cash and cash equivalents  |      | (209)          |
|   |      | <u>978</u>     |
| <b>Cash and cash equivalents at the end of the period</b>                               |      | <u>978</u>     |

The notes on pages 25 to 83 form part of these financial statements.

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 1. General information

Cruise Holding Limited (the 'Company') is a private limited company incorporated by shares in the United Kingdom and registered in England. The Company's registered office is at 100 New Bridge Street, London, EC4V 6JA. These company and consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is primarily involved in cruise ship outfitting.

In relation to the product brands supplied to customers and the processing required, the various entities are identified by the following specificities:

- De Wave S.r.l., based in Milan (Italy), active in marine outfitting for new builds and refitting, specialising in the construction of cabins, wet units and public areas;
- De Wave Polska Sp. z o.o., based in Warsaw (Poland), active in the production and processing of prefabricated wet units for ships on behalf of third parties;
- Precetti S.r.l., with registered office in Vazzola (Italy), active in marine fit-outs for new builds and refitting and specialised in the production of kitchens and restaurants;
- Precetti Inc., based in Miami (USA), active in marine refitting and specialised in the construction of kitchens, restaurants, cabins and public areas.
- Precetti Pte Ltd, based in Singapore, active in marine refitting and specialised in the construction of kitchens, restaurants, cabins and public areas
- Spencer Contract S.r.l., with head office in Milan (Italy), active in marine fit outs for new builds for both cruise ships and mega yachts, specialised in the creation of public areas;
- PM 4.0 S.r.l. based in Sovizzo (Italy), active in the production of metal carpentry for marine interiors;
- PM5 S.r.l. based in Milan (Italy), active in the assembly of components for cruise ship interiors.

These company and consolidated financial statements cover the 15 month period from incorporation on 2 October 2019 to 31 December 2020.

#### 2. Basis of preparation

The Group's consolidated and the Company's individual financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS').

Details of the Group's accounting policies, including changes during the period, are included in note 5.

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and elected not to present its own Statement of Comprehensive Income in these financial statements.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgements and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in note .

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 2. Basis of preparation (continued)

##### Basis of measurement

The financial statements have been prepared on the historical cost basis modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss.

##### Change in accounting policies

##### i) New standards, interpretations and amendments effective from 2 October 2019

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 31 December 2020 that have a material impact on the financial statements.

##### ii) New standards, interpretations and amendments not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods on foreseeable future transactions.

#### 3. Financial instruments

##### Financial risk management

The Group's activities are exposed to the following risks:

- market risk (defined as exchange rate and interest rate risk);
- credit risk;
- liquidity risk;
- price risk

The Group's risk management strategy is aimed at minimising potential negative effects on the Group's financial performance. Some types of risk are mitigated through the use of derivative instruments. Risk management is centralised and identifies, evaluates and hedges financial risks in close collaboration with the Group's business units. The company management provides indications for monitoring risk management, as well as for specific areas, regarding interest rate risk, exchange rate risk and the use of derivative and non-derivative instruments.

In early 2020, De Wave Srl entered into a hedging transaction, in the form of an interest rate swap ('IRS'), with some of the banks which are party to the Senior Facilities Agreement in order to mitigate the interest rate risk arising on the loan itself. This is for a notional amount of €42.9m consistent with the level of potential risk. The transaction, which is in the nature of a hedge, is structured as an IRS with a floor at zero, maturing on December 31, 2023 and commencing in early 2020.

Spencer Contract S.r.l. has an arrangement in place to hedge the risk of interest rate changes on a bank loan with a residual notional of €1m structured in the form of an IRS.

Precetti S.r.l. has an arrangement in place to hedge the risk of interest rate changes on a bank loan with a residual notional of €1.75m structured in the form of an IRS.

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 3. Financial instruments (continued)

All the aforementioned transactions took place with lending banks which calculated market values (so-called "mark to market") as at 31 December 2020 equal to a total of €210,075 in favour of the bank. With reference to derivative financial instruments on interest rates, "mark to market" means, at the reference date, the present value of the future cash flows of the individual transaction, calculated on the basis of the discount factors referable to each flow and inferred the interest rate curve and the volatility curve existing on the financial markets at the aforementioned date.

##### *Interest rate risk*

The objective of reducing the amount of financial debt subject to changes in interest rates is achieved by entering into interest rate swap (IRS) contracts. Interest rate swaps are instruments that provide for the periodic exchange of variable rate interest flows against fixed rate interest flows, both calculated on the same notional reference capital.

At 31 December 2020, the notional value of the derivatives portfolio is equal to €45,959,518 with an overall fair value of €210,030. The instruments adopted by the Group do not have speculative purposes and are considered to be cash flow hedges, in line with the risk mitigation strategy adopted by the Company.

##### *Foreign exchange risks*

The day to day transactions of the Group are primarily carried out in Euros, reducing the impact of changes in exchange rates. The Group carries out a sensitivity analysis on the trend in exchange rates in order to be able to promptly implement timely risk containment policies where deemed necessary.

##### *Price risk*

The Group obtains its supplies from stable markets that have not been subject to significant price or market fluctuations, acquiring production factors (tangible and intangible) to order. Some contracts subject to a customer's option relate to ships under construction in the financial years 2024-2026 and, therefore are potentially subject to risks exceeding those already considered on the commencement of the contract.

Regarding the price risk of the cost of money, the Group is hedged on its medium/long-term positions by hedging contracts, as described above.

##### *Credit risk*

Credit risk arises on trade receivables. To mitigate the risk, all customers are subject to credit verification procedures and there procedures in place aimed at limiting the concentration of exposure to individual counter-parties or groups, through an analysis of creditworthiness. Credit status is constantly monitored which allows the Group to promptly verify any non-fulfillment or deterioration in the counterparties' creditworthiness and to take necessary mitigating action.

CRUISE HOLDING LIMITED

NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

3. Financial instruments (continued)

*Credit risk (continued)*

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of invoices over a period of 36 months before 31 December 2020 and the corresponding historical credit losses experienced within this period. These are then adjusted, if necessary, to reflect current and forward-looking information, including macroeconomic information relating to the customers' ability to meet credit obligations. A summary of receivables by maturity is provided below:

| Not yet due | 0-60 days<br>overdue | 60-120 days<br>overdue | 120-360 days<br>overdue | Over 360 days<br>overdue | Total      |
|-------------|----------------------|------------------------|-------------------------|--------------------------|------------|
| €           | €                    | €                      | €                       | €                        | €          |
| 25,548,959  | 3,471,316            | 773,452                | 1,640,631               | 1,726,456                | 33,160,814 |

*Liquidity risk*

Liquidity risk is the risk that the Group and Company will encounter difficulty in meeting their obligations as they fall due. Liquidity risk arising from the normal operations of the Group is closely managed to ensure that an adequate level of liquidity is maintained and there are adequate credit lines available to obtain funds where necessary.

At 31 December 2020, the Group had credit lines in place for a total of €127m, approved by various credit institutions.

Against these credit lines, the unused balance at 31 December 2020 is equal to €25m.

Furthermore, it should be noted that:

- there are different sources of financing, with different banking institutions;
- there are no significant concentrations of liquidity risk in terms of either financial assets or lending sources.

The following tables show the expected cash flows in the years to come relating to financial and non-financial liabilities as at 31 December 2020:

| At 31 December 2020<br>(In thousands of Euro) | Carrying value | Within 12<br>months | Between 1<br>and 5 years | Over 5 years  |
|---|----------------|---------------------|--------------------------|---------------|
| Bank loans and other financial liabilities    | 111,206        | 45,053              | 26,003                   | 40,150        |
| Derivative financial liabilities              | 210            | 210                 | -                        | -             |
| Trade payables                                | 40,621         | 40,621              | -                        | -             |
| Contract liabilities                          | 15,608         | 15,608              | -                        | -             |
| Lease liabilities                             | 5,308          | 1,469               | 3,839                    | -             |
| Other payables and accruals                   | 10,127         | 7,212               | 2,915                    | -             |
| <b>Total</b>                                  | <b>183,080</b> | <b>110,173</b>      | <b>32,757</b>            | <b>40,150</b> |

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### Financial instruments (continued)

##### *Capital management*

The Group's objective in terms of capital management is to safeguard business continuity in order to guarantee shareholder returns and benefits to other stakeholders. The Group also sets itself the objective of maintaining an optimal share capital structure in order to reduce the cost and maximise the availability of debt if required.

In the management of capital and in its definition, we include equity, long-term debt, cash and short term borrowings. We manage our capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of the group. In order to maintain or adjust our capital structure, we may from time to time issue new shares, take on new debt or replace existing debt with different characteristics.

We monitor capital utilising a number of measures, including: net debt to EBITDA and coverage ratios.

On 30 October 2019, De Wave Srl entered into a senior revolving facility with MPS ('Senior Facilities Agreement'). Under the Senior Facilities Agreement, De Wave Srl has one financial covenant, Total Leverage Ratio (Net financial position ('NFP')/EBITDA). In August 2020, De Wave Srl was granted a waiver in respect of the covenant tests due to be performed at 30 June 2020 and 31 December 2020 ('holiday period'). In light of the ongoing uncertainty caused by COVID-19 and the impact on the Group's operations expected in 2021, a second waiver request was made, and granted, in July 2021 with respect of the testing date of 30 June 2021. Alongside this the minimum Total Leverage Ratio levels were renegotiated and reset in respect of the six monthly testing dates from 31 December 2021 onwards.

##### *Financial assets and liabilities*

Non-current financial assets and liabilities are regulated or valued at market rates and it is therefore believed that their fair value is substantially in line with current book values.

The carrying value of trade and other receivables in note 18 approximates fair value.

The carrying value of trade and other payables classified as financial liabilities in note 19 measured at amortised cost approximates fair value.

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### Financial instruments (continued)

##### *Fair value measurement*

The fair value of financial instruments listed on an active market is based on market prices at the balance sheet date. The fair value of instruments that are not listed on an active market is calculated using valuation techniques based on a series of methods and assumptions linked to market conditions at the date of the respective financial statements.

The following is the classification of the fair value of financial instruments based on the following hierarchical levels:

- Level 1: Fair value determined with reference to quoted prices (unadjusted) in active markets for identical financial instruments;
- Level 2: Fair value determined with measurement techniques with reference to variables observable on active markets;
- Level 3: Fair value determined with measurement techniques with reference to non-observable market variables.

| At 31 December 2020              | Level 2    | Total      |
|----------------------------------|------------|------------|
| <i>(In thousands of Euro)</i>    |            |            |
| Derivative financial assets      | -          | -          |
| Derivative financial liabilities | 210        | 210        |
| <b>Total</b>                     | <b>210</b> | <b>210</b> |

There were no transfers between the various levels of the fair value hierarchy during the period.

#### 4. Functional and presentation currency

The Company's functional currency is USD. This differs from the presentational currency which is Euros. All amounts have been rounded to the nearest thousand, unless otherwise indicated. The Group's presentational currency is the currency of the primary economic environment in which the majority of the group operates, i.e. the Euro.

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 5. Accounting policies

##### 5.1 Basis of consolidation

The Group's consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to unilaterally direct the relevant activities of the investee. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at this time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the Statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.



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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 5. Accounting policies (continued)

##### 5.2 Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities assumed, equity interests issued by the group and the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are recorded at their fair value at the acquisition date, with the exception of deferred tax assets and liabilities, assets and liabilities relating to employee benefits, and assets held for sale that are recorded according to the relative financial reporting standards. Transaction costs are expensed in the income statement as incurred.

The excess of the consideration transferred and the fair value of the net identifiable assets acquired is included in goodwill. If those amounts are less than the value of the net identifiable assets acquired, the difference is recognised directly in profit or loss as a bargain purchase. When the determination of the fair values of the acquired business' assets and liabilities is carried out on a provisional basis, it must be concluded within a maximum of twelve months from the date of acquisition, and only taking into account information relating to facts and circumstances that existed at the acquisition date. The provisional values are retrospectively adjusted during the fiscal year in which the determination is completed.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are measured at fair value as at the acquisition date, and subsequently remeasured to fair value with the changes in the fair value recognised in profit or loss. If the contingent consideration is classified as equity, it is not remeasured and its subsequent settlement is recorded directly in equity.

In the case of acquisition of control at a later stage, the acquisition cost is determined by summing the fair value of the investment previously held in the acquiree, and the amount paid for the additional share. Any difference between the fair value of the investment previously held and its carrying amount is recorded in profit or loss. Upon acquisition of control, any amounts previously recorded in other comprehensive income are recognised in the Statement of Comprehensive income, or else in another equity item if its reclassification in the income statement is not required.

##### 5.3 Fixed asset investments in subsidiaries

Fixed asset investments in subsidiaries are held at cost. The company assesses investments for an impairment indicator annually. If any such indication of possible impairment exists, the company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 5. Accounting policies (continued)

##### 5.4 Going concern

In March 2020 the global economy was impacted by the COVID-19 viral pandemic. The directors have taken appropriate actions to ensure that operations are able to continue and do not believe that this will impact on the ability of the Group to continue as a going concern.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing the financial statements and the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### 5.5 Goodwill

Goodwill is classified as an intangible asset with an indefinite useful life. It is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired ("impairment test"). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses cannot be reversed in future periods. Gains and losses deriving from the sale of an asset include the carrying amount of the goodwill relating to the same.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units (CGUs)). The attribution is made to those assets, or groups of assets, which generate cash and which are expected to benefit from the business combination in which the goodwill arose. Management considers there to be a single CGU represented by the activities of "fit out interiors of ships and yachts". The consideration of a single CGU stems from the observation of the nature of the business activities carried out which, although divisible into further business lines, have many elements in common, such as: the subject of the work (fitting out of interiors), the places of operation (ships and yachts at shipyards and docks), end customers (direct owners or through main contractors), processing methods and technologies (always production of materials and assembly on board), commercial and performance issues, and working methods of working capital. The identification of these common factors makes it reasonable the attribution of future flows to a single CGU and therefore the link between the generating unit and the goodwill paid at the time of the business combination to be reasonable.

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 5. Accounting policies (continued)

##### 5.6 Intangible assets

###### Separately acquired intangible assets

Intangible assets refer to identifiable assets without physical consistency, controlled by the Group and capable of producing future economic benefits, as well as goodwill when acquired for consideration. Identifiability is defined with reference to the possibility of distinguishing the intangible asset acquired from goodwill. This requirement is normally met when:

- the intangible asset is attributable to a legal or contractual right; or
- the asset is separable, i.e. it can be sold, transferred, rented or exchanged independently or as an integral part of other assets.

Intangible assets are recognised at purchase or production cost including directly attributable ancillary charges necessary to make the assets ready for use. Revaluations are not allowed, not even in application of specific laws.

Intangible assets with a finite useful life are amortised on a straight line basis over their useful life, understood as the estimate of the period in which the assets will be used by the Company. Development costs are depreciated over five years except for those in which no future benefit is expected, which are recorded in the income statement in the year in which they are incurred.

The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income within administrative expenses.

|   |          |
|---|----------|
| Backlog   | 6 years  |
| Improvements to third party assets                                | 5 years  |
| Industrial patent rights and rights for the use of original works | 10 years |
| Concessions, licenses, trademarks and other similar rights        | 5 years  |
| Customer relationships  | 15 years |
| Know-how  | 10 years |

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 5. Accounting policies (continued)

##### 5.7 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment losses. Cost is recorded at the purchase price or production cost including directly attributable ancillary charges necessary to make the assets ready for use.

Costs for improvements, modernisation and transformation of an incremental nature of third party assets are recognised as assets when it is probable that they will increase the future economic benefits expected from the use or sale of the asset. They are:

- reclassified under the item of the asset they affect; and
- depreciated over the shorter of the period improvements are made and the lease term.

In evaluating the duration of the lease, it is necessary to consider the possibility of renewal, if this is substantially certain and therefore dependent on the will of the tenant.

Tangible assets are depreciated on a straight-line basis over their useful economic life, understood as the estimate of the period in which the asset will be used by the Company. Depreciation is charged from the time in which it becomes available for its intended use. When the tangible asset is made up of several significant components with different useful lives, depreciation is applied to each component. The value to be depreciated is represented by the book value reduced by the estimated residual value at the end of its useful life. Land is not depreciated, even if purchased together with a building, nor are works of art or tangible assets intended for sale. Any changes to the depreciation policy, following review of the useful life of the tangible asset, of the residual value or of the methods for obtaining the economic benefits of the asset, are accounted for prospectively.

The estimated useful life of the main tangible assets is as follows:

|                                |           |
|--------------------------------|-----------|
| Plant and machinery            | 4-8 years |
| Furniture and office equipment | 5-7 years |
| Cars and vehicles              | 4-5 years |

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CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

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5. Accounting policies (continued)

5.8 Impairment of tangible and intangible assets

*Goodwill and trademarks with an indefinite useful life*

Intangible assets with an indefinite useful life are not subject to amortisation but are subjected to impairment tests annually or more frequently, in the presence of indicators that may suggest that they may have suffered a reduction in value.

The impairment test is carried out in relation to the 'fit out interiors of ships and yachts' CGU to which the goodwill has been allocated. An impairment of goodwill is recorded if the recoverable amount thereof is less than its carrying value on the financial statements. The term recoverable value means the greater of the fair value of the CGU, net of the related disposal costs, and the related value in use. If the impairment resulting from the impairment test exceeds the value of the goodwill allocated to the CGU, the remaining surplus is allocated to the assets included in the CGU in proportion to their carrying value. The minimum limit for this allocation is the greater of the following amounts:

- the fair value of the asset less the disposal costs;
- the value in use, as defined above;
- zero.

The original value of intangible assets with an indefinite useful life cannot be restored if the reasons for the impairment no longer subsist.

*Tangible and intangible assets with a finite useful life*

At each reporting date, checks are carried out to determine whether there are any impairment indicators. For this purpose, both internal and external sources of information are taken into account. Internal sources include the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset, and the asset's economic performance in relation to the expectations. External sources include the trend of the assets' market prices, any technological, market or regulatory discontinuity, the trend of the market interest rates or the cost of capital used to evaluate the investments.

If such indicators are identified, the recoverable value of the aforementioned assets is estimated, with any depreciation with respect to the relative book value being recorded in the income statement. The recoverable amount of an asset is defined as the greater of either the fair value, less ancillary sales costs, or the value in use, understood as actual value of the future cash flows for that asset. In determining the value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market assessments of the cost of money in relation to the period of the investment and risks specific to the asset. For an asset that does not generate largely independent cash flows the recoverable value is determined in relation to the cash generating unit to which the asset belongs.

An impairment loss is recorded in the income statement whenever the carrying amount of the asset, or of the CGU to which it is allocated, exceeds the relative recoverable value. The impairment losses of a CGU are first recorded as a reduction of the carrying amount of any goodwill attributed to the same, and then as a reduction of the other assets, in proportion to their carrying values, and within the limits of their recoverable values. If the conditions for a write-down previously carried out no longer subsist, the carrying amount of the asset is restored through registration on the separate income statement, within the limits of the carrying value that the asset in question would have had if the write-down had never been done and the relative amortisation had been carried out.

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 5. Accounting policies (continued)

##### 5.9 Trade receivables

Trade receivables arising from the rendering of services are recognised in accordance with the terms of the contract with the customer in accordance with the provisions of IFRS 15 and classified according to the nature and/or the due date of the receivable.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are derecognised when the contractual rights to the cash flows arising from them expire.

Receivables sold as a result of factoring transactions are derecognised from the balance sheet only if sold without recourse and if substantially all the risks inherent in the receivable are transferred. Receivables transferred with recourse, or without the transfer of all risks, remain on the balance sheet and a financial liability of the same amount is recognised as a liability for the advance received.

##### 5.10 Leasing

###### *On inception of the lease.*

The Company assesses whether a contract is a lease (or contains a lease), at inception of the contract. During the lease term, this initial assessment is reviewed only in the face of substantial changes in the contractual conditions (e.g. changes in the subject of the contract or in the requirements that impact on the right to control the underlying asset). If the lease contract also contains a "non-lease" component, the Company separates and handles this component according to the reference accounting principle, except for the case in which the separation cannot be achieved on the basis of objective criteria: in this case, the Company makes use of the practical expedient granted by the principle of treating the leasing and non-leasing components together in accordance with IFRS 16.

The Company recognises a right of use asset and corresponding lease liability for all the leasing arrangement in which it is a lessee, with the exception of short-term contracts (with a duration of no more than twelve months), and contracts in which the single underlying asset is of low value (up to €5,000), and to contracts in which the underlying asset has the nature of an intangible asset (e.g. software licenses). For these contracts, the Company avails itself of the option not to apply the provisions of IFRS 16, thus recognises the lease payments as operating costs on a straight line basis over the lease term.

###### *Right of use assets*

The right of use assets comprise the initial measurement of the corresponding lease liability less any lease incentives received and initial direct costs. Subsequently, these assets are measured at cost less accumulated depreciation and impairment. Right of use assets are depreciated over the shorter of the contractual lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset, or the cost of the asset consisting of the right of use reflects that the Company plans to exercise a purchase option, the related asset consisting of the right to use is depreciated over the useful life of the underlying asset. Depreciation begins on the leasing date. The Company applies IAS 36 - Impairment of assets to determine whether an asset consisting of the right of use has suffered an impairment.

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 5. Accounting policies (continued)

##### 5.10 Leasing (continued)

###### *Lease liabilities*

The lease liability is initially measured at the present value of the unpaid lease payments at the leasing start date, discounted at the rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

Payments included in the initial measurement of the lease liability include:

- fixed payments (including fixed payments in substance), net of any lease incentives to be received;
- where applicable, the strike price of the call option, if the lessee has reasonable certainty to exercise the option.

Subsequently, the lease liability is increased to reflect interest on the residual value (using the effective interest method) and reduced to reflect the lease payments made:

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) in the event of a change of:

- the lease term (e.g. in the event of early termination of the contract, or extension of the expiry date);
- the evaluation of a purchase option of the underlying asset. In such cases, the payments due for leasing will be reviewed on the basis of the revised duration of the leasing and to take into account the change in the amounts to be paid under the purchase option.

Only in the event of a substantial and significant change in the duration of the lease or the future payments due for the lease, the Company remeasures the residual value of the lease liability with reference to the incremental borrowing rate in force on the date of the change (instead of the one applied at inception of the agreement). In all other cases, the lease liability is recalculated using the initial discount rate.

###### *Incremental borrowing rate*

With regard to the determination of the discount rate, the Group has chosen to refer to a marginal debt rate ("Incremental Borrowing Rate" or "IBR") for each contract falling within the scope of IFRS 16, taking into account the following factors:

- SWAP rates of individual currencies and single maturities;
- estimate of the representative credit spread on an unsecured 5-10 year debt, made by the lessee on the basis of similar negotiations recently held with bank counter-parties;
- adjustment of the previous component to consider the economic context and the country in which the contract resides.

Contracts with similar characteristics are valued using a single discount rate.

The IBR associated with the beginning of each contract will be subject to review at each lease modification date, i.e. substantial and significant changes to the contractual conditions in the evolution of the agreement (e.g. duration of the contract or amount of future payments due for the leasing).

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 5. Accounting policies (continued)

##### 5.11 Financial assets

On initial recognition, financial assets must be assessed in one of the three methods listed below on the basis of the following elements:

- the business model of the entity for the management of financial assets; and
- the characteristics relating to the contractual financial flows of the financial asset.

Financial assets are subsequently derecognised only when the transfer entails the substantial transfer of all related risks and benefits connected to the same assets. Conversely, when a prevalent share of the risks and benefits related to the financial assets transferred has been retained, they shall continue to be recorded in the financial statements, even though legally the ownership of the assets has been effectively transferred.

##### *Financial assets valued at amortised cost*

Financial assets that meet both the following conditions are included in this category:

- the financial asset is owned according to a business model whose objective is achieved through the collection of contractually determined cash flows ("Hold to Collect" business model); and
- the contractual terms of the financial asset provide, at certain dates, cash flows represented solely by payments of capital and interest on the amount of capital to be returned (so called "SPPI test" passed).

Upon initial recognition, these assets are accounted for at fair value, including the transaction costs or revenues directly attributable to the instrument. After initial recognition, the financial assets in question are valued at amortised cost, using the effective interest rate method. The amortised cost method is not used for assets – valued at the historical cost – whose short duration makes the effect of the application of the discounting logic negligible, for loans without a specified maturity and revocable loans.

##### *Financial assets measured at fair value through other comprehensive income (FVOCI)*

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as a separate line item in the statement of profit or loss.

##### *Financial assets measured at fair value through profit and loss*

Financial assets other than those classified as "Financial assets measured at amortised cost" and "Financial assets at fair value through other comprehensive income" are classified in this category. This category includes financial assets held for trading and derivative contracts that are not classifiable as hedging (which are represented as assets if the fair value is positive and as liabilities if the fair value is negative).



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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 5. Accounting policies (continued)

##### 5.11 Financial assets (continued)

Upon initial recognition, financial assets measured at fair value through profit or loss are recognised at fair value; without considering transaction costs or revenues directly attributable to the instrument. At the subsequent reference dates they are measured at fair value and the valuation effects are recognised in the Statement of Comprehensive Income.

##### 5.12 Impairment of financial assets

In accordance with the provisions of IFRS 9, the Group applies a simplified approach to estimate the expected losses on receivables over the entire life of the instrument and takes into account its historically gained experience with regard to losses on receivables, corrected on the basis specific prospective factors of the nature of the Group's receivables and of the economic context.

In summary, the Group evaluates the expected losses of financial assets in such a way that it reflects:

- a target, probability-weighted amount determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and demonstrable information that is available without excessive cost or effort at the balance sheet date on past events, current conditions and forecasts of future economic conditions.

The financial asset is impaired when one or more events have occurred that have a negative impact on the estimated future cash flows of the financial asset. Evidence that the financial asset is impaired are the observable data relating to the following events (it is possible that it is not possible to identify a single event: the deterioration of financial assets may be due to the combined effect of several events):

- significant financial difficulties of the issuer or debtor;
- a breach of contract, such as a default or a missed deadline;
- for economic or contractual reasons relating to the debtor's financial difficulties, the creditor extends to the debtor a concession that the creditor would not otherwise have taken into consideration;
- there is a likelihood that the debtor will enter bankruptcy or other refinancing procedures;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or creation of the financial asset with large discounts that reflect the losses on receivables incurred.

For financial assets accounted for using the amortised cost criterion, when an impairment has been identified, its value is measured as the difference between the book value of the asset and the present value of the expected future cash flows, discounted on the basis of the original effective interest rate. This value is recognised in the Income Statement.

##### 5.13 Financial liabilities

Financial liabilities and trade payables are recognised when the Group becomes a party to the related contractual clauses and are initially measured at fair value adjusted for directly attributable transaction costs.

Subsequently they are measured at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the contractual rights on the related cash flows expire or when the financial liability is sold with the substantial transfer of all the risks and benefits deriving from their ownership.

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**CRUISE HOLDING LIMITED**

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**NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

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**5. Accounting policies (continued)**

**5.14 Derecognition of financial assets and liabilities**

Financial assets are derecognised when one of the following conditions is met:

- The contractual right to receive cash flows from the asset has expired;
- the Group has substantially transferred all the risks and benefits associated with the asset;
- the Group has neither transferred nor substantially maintained all the risks and benefits associated with the financial asset but has ceded control.

Financial liabilities are derecognised when they are extinguished, that is when the contractual obligation is fulfilled, cancelled or expired. An exchange of debt instruments with substantially different contractual terms must be accounted for as an extinction of the original financial liability and the recognition of a new financial liability. Similarly, a substantial change in the contractual terms of an existing financial liability, even partial, must be accounted for as an extinction of the original financial liability and the recognition of a new financial liability.

Receivables sold as a result of factoring transactions are derecognised from the balance sheet only if sold without recourse and if substantially all the risks inherent in the receivable are transferred. Receivables transferred with recourse, or without the transfer of all risks, remain on the balance sheet and a financial liability of the same amount is recognised as a liability for the advance received.

**5.15 Offsetting financial assets and liabilities**

The Group offsets financial assets and liabilities if and only if:

- there is a legally exercisable right to offset the values recognised in the financial statements;
- there is intent or offset on a net basis or to realise the asset and settle the liability simultaneously.

**5.16 Inventories**

Inventories are recognised at the lower of the purchase or production cost and the net realisable value. Net realisable value is estimated selling price in the normal course of business, net of selling costs. Cost is determined using the cost method specifically incurred in acquiring the asset.

The cost of finished and semi-finished products includes design costs, raw materials, direct labour costs and other production costs (determined on the basis of normal operating capacity). The production cost does not include costs of overheads.

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 5. Accounting policies (continued)

##### 5.17 Contract assets

The contract assets relate to unbilled work in progress. Work in progress is recognised based on the state of progress (or percentage of completion) method, under which costs, revenues and margins are recognised on the basis of the progress of production activities. Progress is determined by reference to the ratio of costs incurred at the measurement date to the total costs expected to be incurred on the contract.

The assessment reflects the best estimate of the contracts made at the reporting date. The assumptions underlying the evaluations are updated periodically. Any economic effects are recognised in the period in which the updates are made.

If it is expected that the completion of a contract may result in a loss at the level of industrial margin (total budgeted costs exceed budgeted revenues), this will be recognised in its entirety in the period in which it becomes reasonably foreseeable within administrative expenses. Conversely, the reversal of such provisions is recognised in other operating income if it relates to internal costs. The component related to external costs represents a direct utilisation of the provision for unfinished losses.

Contract work in progress is stated net of any provision for impairment, losses to completion on contracts and progress billing and advances related to the contract in progress. This analysis is carried out on a contract-by-contract basis. If the difference is positive (due to work in progress exceeding the amount of progress payments), the difference is recognised as an asset in this item. The amount shown under advances, if not collected at the date of preparation of the financial statements, is directly offset in trade receivables.

##### 5.18 Government grants

Government grants, including non-monetary grants measured at fair value, are recognised when there is a reasonable certainty that they will be received and that the Group will comply with all the conditions for their disbursement.

##### 5.19 Cash and cash equivalents

Cash and cash equivalents include cash, call deposits as well as financial assets with original maturities equal to or less than three months, readily convertible into cash and subject to an insignificant risk of change in value. The elements included in cash and cash equivalents are measured at fair value.

Cash receipts are recorded by bank transaction date, while for cash payments the availability date is also taken into account.

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 5. Accounting policies (continued)

##### 5.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are recognised at the present value of management's best estimate of the amount required to settle the obligation or to transfer it to third parties at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised within "Finance expense".

The provisions are periodically updated to reflect changes in cost estimates, implementation times and the discount rate; the revisions of estimates are charged to the same income statement item to which the provision was initially recognised. The provisions for risks and charges are subject to discounting in the event that it is possible to reasonably estimate the present value of future cash flows. When the liability relates to tangible assets, the changes in the provision's estimate are recognised as an offset to the asset to which they refer within the limits of the book values; any excess is recognised in the income statement.

If all or part of the expenses required to settle an obligation are expected to be reimbursed by a third party, the indemnity, when virtually certain, is recognised as a separate asset.

##### 5.21 Employee benefits

The short-term benefits relate to wages, salaries, related social security contributions, annual leave and incentives paid in the form of bonuses payable in the twelve months from the balance sheet date. These benefits are accounted for as components of personnel costs in the period in which the work is performed.

In defined benefit plans, which also include the severance indemnity due to employees pursuant to Article 2120 of the Italian Civil Code ("TFR"), the amount of the benefit to be paid to the employee can only be quantified after termination of the employment relationship, and is linked to one or more factors such as age, years of service and salary; therefore the related charge is posted in the relevant income statement on the basis of an actuarial calculation. The liability recognised in the financial statements for defined benefit plans corresponds to the current value of the obligation at the balance sheet date. The obligations for defined benefit plans are determined annually by an independent actuary using the Project Unit Credit method. The current value of the defined benefit plan is determined by discounting future cash flows at a certain interest rate. The actuarial gains and losses deriving from the aforementioned adjustments and the changes in the actuarial assumptions are recognised in the comprehensive income statement.

Effective from 1 January 2007 the 2007 Finance Act and the related implementing decrees introduced significant changes to the severance indemnity regulations, including the choice of the worker as to the destination of their accruing severance pay. The severance indemnity costs can either be paid into a selected external pension plan or retained by the company, as instructed by the employee. In the case of allocation to external pension plans, the Company is only subject to the payment of a defined contribution to the chosen fund, and starting from that date the newly accrued portions are in the nature of defined contribution plans not subject to actuarial valuation.

Liabilities for obligations relating to other medium/long-term benefits to employees, such as management incentive plans, are determined by adopting actuarial assumptions. The effects deriving from changes in the actuarial assumptions or from adjustments based on past experience are recognised entirely in other comprehensive income.

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 5. Accounting policies (continued)

##### 5.22 Fair value measurement

The fair value measurement and the related disclosure is carried out in accordance with IFRS 13 - Fair value measurement. The fair value represents the price that would be received for the sale of an asset or paid for the transfer of a liability within the context of an ordinary transaction carried out between market operators on the measurement date.

The fair value measurement is based on the assumption that the sale of the asset or the transfer of the liability takes place on the main market, or rather the market with the greatest volume and level of transactions for the asset or liability in question. In the absence of a main market, it is assumed that the transaction takes place on the most advantageous market to which the Company has access, or rather the market most likely to maximise the results of the asset's sale, or minimise the amount to be paid for the transfer of the liability.

The fair value of an asset or liability is determined in consideration of the assumptions that market participants would use to define the price of the asset or liability in question, with the presumption that they are acting in their best economic interests. The market participants are independent and informed buyers and sellers who are capable of entering into a transaction for an asset or liability, and are motivated, but are not obliged or induced, to carry out the transaction.

##### *Calculating the fair value of financial instruments*

The fair value of listed financial instruments is determined by observing the prices directly detectable on the market, while for unlisted financial instruments, using specific valuation techniques that make use of the largest possible number of inputs observable on the market. In circumstances where this is not possible, the inputs are estimated by management taking into account the characteristics of the instruments being valued. Variations in assumptions made in estimating input data may have effects on fair value recorded in the financial statements for such instruments.

Below are the levels of financial instruments classified on the basis of a hierarchy of levels that reflects the significance of the inputs used in determining the fair value (IFRS 13 - Fair value measurement).

- Level 1: Quoted price (active market): the data used in the measurements are prices quoted on markets where the same assets and liabilities in question are exchanged;
- Level 2: Use of parameters observable on the market (e.g. for derivatives, the exchange rates used by the Bank of Italy, market rate curves, volatility provided by Bloomberg, credit spreads calculated based on Credit default swap, etc.) other than the quoted prices referred to in level 1;
- Level 3: Use of unobservable market parameters (e.g. internal assumptions, cash flows, risk-adjusted spreads, etc.).

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 5. Accounting policies (continued)

##### 5.23 Derivative financial instruments

Derivative financial instruments are accounted for in accordance with the provisions of IFRS 9.

Derivative financial instruments are initially recognised at fair value on the date that a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged, as illustrated below.

A derivative financial instrument is classified as hedge if the relationship between the hedging instrument and the hedged item is formally documented, including the risk management objectives, the hedging strategy and the methods that will be used to verify their prospective and retrospective effectiveness. Hedge effectiveness is tested throughout the life of the hedge, and in particular at each balance sheet date. Generally, a hedge is considered highly "effective" if, the changes in the fair value, in the case of fair value hedge, or the cash flows expected in the future, in the case of cash flow hedge, of the hedged element are substantially offset by changes in the fair value of the hedging instrument.

The IFRS 9 accounting principle designates hedging relationships as either:

- fair value hedge: when the hedge relates to changes in the fair value of recognised, both changes in the fair value of the hedging instrument and changes in the hedged item are recognised in the income statement.
- cash flow hedge: aimed at reducing the exposure to changes in cash flows attributable to a particular asset or liability or highly probable forecast transaction. Gains or losses are recognised directly in equity in other comprehensive income, to the extent they are determined to be effective. Any remaining portion is immediately recognised in the income statement. On recognition of the hedged asset or liability, any gains or losses that had previously been recognised directly in equity are included in the initial measurement of the fair value of the asset or liability.
- hedges of a net investment in a foreign operation (net investment hedges).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity remains there and is recognised in the income statement when the forecast transaction is ultimately recognised. When a forecast transaction is no longer highly probable, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Where financial instrument derivatives do not qualify for hedge accounting, changes in the fair market value are recognised immediately in the income statement.

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 5. Accounting policies (continued)

##### 5.24 Revenue

Revenue is generated from two main segments, New Builds and Refitting. In New Builds, the Group works directly for major shipyards and the contracts have an average duration of 6 to 7 years. In Refitting, the Group works directly with ship owners. The contracts have an average length of 2 to 3 months.

Révenues are represented by work in progress; the "cost to cost" method is used and typically the performance obligation included in the contracts are satisfied over the time. The work in progress and underlying revenues are recognised on the basis of the state of progress (or percentage of completion) compared to total revenues. The stage of completion is determined with reference to the ratio of costs incurred at the measurement date to the total costs expected to be incurred.

Revenues from contracts with customers are recognised when the following conditions occur:

- the contract with the customer is identified;
- the contractual obligations ("performance obligations") contained in the contract have been identified;
- the price was determined;
- the price was allocated to the individual contractual obligations contained in the contract;
- the contractual obligation contained in the contract has been met.

De Wave Srl has in place certain contracts which provide the sales of standard wet units; revenues for wet units are recognised at point in time. The Group therefore considers these items as inventory up to the control of the goods has been transferred to the customer which will correspond to the delivery of each wet unit.

Spencer Contract Srl has in place certain contracts related to the "turnkey" building of a specific "area" on the same cruise ship accounted as a single project. Under IFRS 15 the Group separates these contracts since they represent separate performance obligations.

The contractual consideration included in the contract with the customer may include fixed amounts, variable amounts or both. If the contractual consideration includes a variable amount (e.g. discounts, price concessions, incentives, penalties or other similar items), the company shall estimates the amount of the consideration to which it will be entitled in exchange for the transfer to the customer of the promised goods or services. In the price of the transaction, the estimated amount of the variable consideration is included only to the extent that it is highly probable that when the uncertainty associated with the variable consideration is subsequently resolved, there will be no significant downward adjustment of the amount of cumulated revenues recognised.

The Group allocates the contractual price to the individual contractual obligations on the basis of the stand-alone selling prices (SSP) of the individual contractual obligations. When an SSP does not exist, the Group estimates the SSP using an adjusted market approach.

The Group applies judgement in determining the contractual obligation, the variable fees and the allocation of the transaction price.

The incremental costs for obtaining contracts with customers are accounted for as assets and amortised along the duration of the underlying contract, if the Group provides for their recovery. The incremental costs for obtaining the contract are the costs that the Group claims to obtain the contract with the customer and that it would not have incurred if it had not obtained the contract. The costs for obtaining the contract that would have been incurred even if the contract had not been obtained must be recognised as a cost when they are incurred, unless they are explicitly chargeable to the customer even if the contract is not obtained.

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 5. Accounting policies (continued)

##### 5.24 Revenue (continued)

The costs incurred in fulfilling customer contracts are capitalised as assets and amortised over the duration of the underlying contract only if these costs do not fall within the scope of another accounting standard (e.g. IAS 2 – Inventories, IAS 16 – Property, plant and equipment and IAS 38 – Intangible Assets) and fulfil all the following conditions:

- the costs are directly related to the contract or to an expected contract, which the entity may specifically identify;
- the costs allow the entity to have new or greater resources to be used to fulfil (or continue to fulfil) the obligations to do in the future;
- these costs are expected to be recovered.

##### 5.25 Recognition of costs

Costs are recognised on an accruals basis when they relate to services and goods purchased or consumed during the year, by depreciation or when future usefulness cannot be identified through impairment.

Finance income and costs are recognised in the income statement during the year in which they accrued.

##### 5.26 Foreign currency

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Gains or losses resulting from the settlement of such transactions are recognised in profit or loss.

Monetary assets and liabilities denominated in currencies other than the functional currency are converted into the functional currency by applying the exchange rate prevailing at the balance sheet date, with the gain or loss being recognised in profit or loss. Non-monetary assets and liabilities expressed in currencies other than the functional currency valued at cost are recognised at the initial exchange rate; when measured at fair value or at recoverable or realisable value, the current exchange rate at the date of determination of this value is adopted.

The Group's presentational currency is the currency of the primary economic environment in which the group operates, i.e. the Euro.

Foreign exchange differences arising on the retranslation of the Group on consolidation are recognised in the statement of comprehensive income.

##### 5.27 Dividends

Dividends are recognised on the date of approval by the shareholders. Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.



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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 5. Accounting policies (continued)

##### 5.28 Taxation

Income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Taxable income differs from net profit in the Statement of comprehensive income as it excludes income and cost components that are taxable or deductible in other years, or non-taxable or non-deductible. In particular, these payables and receivables are determined by applying the tax rates enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Current taxes are recognised in profit or loss, with the exception of those relating to items recognised outside the Statement of comprehensive income which are recognised in other comprehensive income or directly in equity.

Deferred income tax is provided in full, using the liability method on the temporary differences arising between the carrying amount of assets recorded in the financial statements and the corresponding tax bases. It is determined by applying the tax rate (and law) enacted or substantively enacted by the end of the reporting period and expected to apply at the date on which the related deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets for all taxable temporary differences, unused tax losses or tax credits are recognised when their recovery is probable, i.e. when it is expected that sufficient taxable income will be available in the future to recover the asset. The recoverability of deferred tax assets is reviewed at the end of each period. Deferred tax assets not recognised in the financial statements are reviewed at each balance sheet date and are recognised to the extent that it has become probable that future taxable income will make it possible to recover the deferred tax asset.

Current deferred and prepaid taxes are recognised in the income statement, with the exception of those relating to items recognised outside the income statement which are recognised directly in equity.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same tax authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends to either settle on a net basis or realise the asset and settle the liability simultaneously.

Deferred tax assets are classified within non-current assets.

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 5. Accounting policies (continued)

##### 5.29 Related Parties

Related parties are to be understood as companies that have the same parent company as the Company, companies that directly or indirectly control it or are controlled, or are subject to joint control by the Company, and those in which the same holds a share that allows it to exercise significant influence. The definition of related parties also covers members of the Company's Board of Directors and managers with strategic responsibilities. Managers with strategic responsibilities are those who have direct or indirect power and responsibility in relation to the planning, management and monitoring of the Company's activities.

##### 5.30 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### 6. Estimates and judgements

The preparation of the Consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgements that affect the amounts reported in the consolidated financial statements.

The estimates are based on experience and other factors considered significant. Actual results may therefore differ from those estimated. The estimates are periodically reviewed and the effects of any changes made to them are reflected in the consolidated income statement in the period in which the estimate is revised.

The cases that require greater subjectivity on the part of the directors in the preparation of estimates are listed below:

- **Impairment of assets:**

Assets are written down when events or changes in circumstances lead to believe that the book value is not recoverable. The events that can determine an impairment of assets are changes in industrial plans, changes in market prices, reduced use of plants. The decision whether to proceed with an impairment and its quantification depend on management's assessments of complex and highly uncertain factors, including future price trends, the impact of inflation and technological improvements on production costs, production profiles and the conditions of supply and demand. The impairment is determined by comparing the book value with the relative recoverable value, represented by the greater of the fair value, net of disposal costs, and the value in use determined by discounting the expected cash flows deriving from the use of the asset. The expected cash flows are quantified in light of the information available at the time of the estimate based on subjective judgements on the trend of future variables, such as prices, costs, demand growth rates, production profiles, and are discounted using a rate that takes into account the risk inherent in the asset concerned.

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**CRUISE HOLDING LIMITED**

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**NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

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**Estimates and judgements (continued)**

- **Recognition of revenues and costs related to work in progress contracts:**  
The Group uses the percentage of completion method to account for long-term contracts. The margins recognised in the income statement are a function of both the progress of the contract and the margins that are expected to be recognised on the entire work when it is completed; therefore, the correct recognition of contract work in progress and margins related to works not yet completed requires management to correctly estimate the costs of completion, the assumed increases, as well as the delays, extra costs and penalties that could reduce the expected margin. The estimation of the costs of completion, involves making estimates that depend on factors that may change over time and could therefore have a significant effect on the current values. If the actual cost differs from the estimated cost, this change will impact the results of future periods.

**7. Revenue**

The following is an analysis of the Group's revenue for the period from continuing operations:

|  | 15 months<br>ended<br>31<br>December<br>2020<br>€000 |
|--|--|
| Interior design of cruise ships and yachts | 196,305  |

Analysis of revenue by country of destination and revenue stream:

|                   | New builds<br>€000 | Refitting<br>€000 | 15 months<br>ended<br>31 December<br>2020<br>€000 |
|-------------------|--------------------|-------------------|---|
| United Kingdom    | -                  | -                 | -   |
| Italy             | 102,301            | 26,149            | 128,450   |
| Rest of Europe    | 24,934             | 6,374             | 31,308  |
| Rest of the world | 29,107             | 7,440             | 36,547  |
|                   | <b>156,342</b>     | <b>39,963</b>     | <b>196,305</b>                                    |

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CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

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8. Other operating income

|  | 15 months<br>ended<br>31<br>December<br>2020<br>€000 |
|--|--|
| Other operating income                       | 2,653  |
| Rent income                                  | 9  |
| Government grants receivable                 | 94   |
| Insurance indemnity and various compensation | 1  |
| Profit on disposal of tangible assets        | 33   |
|  | <hr/>  |
|  | 2,790  |
|  | <hr/>  |

Other operating income amounting to €2,653k is mainly composed of recharges to customers for €802k, recharges to the parent company for €171k and other assets for €423k.

The government grants receivable relate to a tax credit issued under the Italian 'Liquidità Decree' for sanitisation costs incurred in respect of the Covid-19 pandemic.

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**CRUISE HOLDING LIMITED**

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**NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

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**9. Operating loss**

|   |    | 15 months<br>ended<br>31<br>December<br>2020<br>€000 |
|---|----|--|
| Changes in inventories of finished goods and work in progress |    | 73,930   |
| Employee benefit expenses                                     | 11 | 30,775   |
| Depreciation  | 14 | 2,789  |
| Amortisation  | 15 | 12,975   |
| Impairment of intangible assets and goodwill                  | 15 | 35,836   |
| Impairment of financial assets                                | 18 | 1,741  |
| Consultancy fees  |    | 2,742  |
| Maintenance   |    | 203  |
| Operating lease rentals – short term/low value leases         |    | 1  |
| Transaction costs on acquisition                              |    | 5,300  |
| Subcontracting  |    | 57,044   |
| Travel expenses   |    | 2,030  |
| Insurance   |    | 543  |
| Utilities   |    | 666  |
| Auditors' remuneration  | 10 | 323  |
| Advertising expenses  |    | 86   |
| Other service costs   |    | 23,011   |
| Professional fees   |    | 128  |

The changes in inventories of finished goods and work in progress are shown net of allowances, discounts, rebates and returns.

At the period end, an impairment test was performed to determine the recoverable amount of intangible assets resulting in an impairment of intangible assets and goodwill of €35,836k, further details can be obtained from note 15.

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CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

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**10. Auditors' remuneration**

During the period, the Company obtained the following services from the Company's auditors and their associates:

|  | 15 months<br>ended<br>31<br>December<br>2020<br>€000 |
|--|--|
| Fees payable to the Company's auditors and its associates for the audit of Company and Consolidated financial statements | 122  |
| Fees payable to company's auditors and its associates for other services:  |  |
| Audit of financial statements of the Company's subsidiaries  | 201  |
| Audit-related assurance services   | 163  |
| Tax compliance services  | 16   |
|  | <u>502</u>   |

**11. Employee benefit expenses**

**Group**

|  | 15 months<br>ended<br>31<br>December<br>2020<br>€000 |
|--|--|
| <b>Employee benefit expenses comprise:</b> |  |
| Wages and salaries                         | 23,294   |
| Social security costs                      | 6,232  |
| Other pension costs                        | 1,249  |
|  | <u>30,775</u>  |

Included in wages and salaries are other personnel costs totalling €154k consisting of: severance pay, leave, holidays and costs for temporary staff.

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**CRUISE HOLDING LIMITED**

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**NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

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**11. Employee benefit expenses (continued)**

The monthly average number of persons, including the directors, employed by the Group during the period was as follows:

|                 | 15 months<br>ended<br>31<br>December<br>2020<br>No. |
|-----------------|---|
| Directors       | 13  |
| Managers        | 11  |
| Junior managers | 25  |
| Employees       | 237   |
| Workers         | 342   |
|                 | <hr/>   |
|                 | 628   |

**Company**

The Company has no employees other than the directors.

The remuneration of the directors are paid by the ultimate parent company. The directors services to this company and to a number of fellow subsidiaries are of a non-executive nature and their remuneration is deemed to be wholly attributable to the services to the ultimate parent company. Accordingly, the company includes no remuneration in respect of the directors.

**Key management personnel compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. This is considered to be the directors of the Company listed on page 1 together with the Company's advisors, Platinum Equity Advisors, LLC ('Advisors') as detailed in notes 28 and 29.

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CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

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12. Finance income and costs

Group

|                                    | 15 months<br>ended<br>31<br>December<br>2020<br>€000 |
|------------------------------------|--|
| <b>Finance income</b>              |  |
| Other interest receivable          | 172  |
| <b>Total finance income</b>        | <u>172</u>   |
| <b>Finance costs</b>               |  |
| Derivative interest                | 1  |
| Interest on lease liabilities      | 170  |
| Interest payable on bank loans     | 4,884  |
| Interest payable on factored debts | 18   |
| Other financial expense            | 1,544  |
| Net exchange losses                | 2,486  |
| <b>Total finance costs</b>         | <u>9,103</u>   |

Net exchange losses included an amount of €1.4m for the loss on exchange rate conversion that arose following the waiver of the loan in US dollars granted to Serpeverde SpA by Cruise Intermediate Holding II Limited. The waiver of the loan took place on 19 March 2020 for an amount equivalent to €88.4m.



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CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

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13. Income tax credit

13.1 Income tax recognised in profit or loss

|  | 15 months<br>ended<br>31<br>December<br>2020<br>€000 |
|--|--|
| <b>Current tax</b>                             |  |
| Overseas tax                                   | 4,937  |
| <b>Total current tax</b>                       | <u>4,937</u>   |
| <b>Deferred tax credit</b>                     |  |
| Origination and reversal of timing differences | (20,839)   |
| <b>Total deferred tax</b>                      | <u>(20,839)</u>                                      |
| <b>Total tax credit</b>                        |  |
| Tax credit                                     | <u><u>(15,902)</u></u>                               |

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CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

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13. Income tax credit (continued)

13.1 Income tax recognised in profit or loss (continued)

Current income taxes refer to IRES (Italian corporation tax) and IRAP (Italian Regional Business Tax) and taxes paid abroad during the year for a total of €0.9m; they also include substitute taxes arising from the alignment of tax values to accounting values for "Spencer" goodwill (€1.1m) and Know How (€0.3m).

Deferred taxes are mainly attributable to the release of deferred tax liabilities as a result of amortization and write-downs made on intangible assets (€13.6m) and to the recognition of deferred tax assets for non-deductible tax losses and interest expense. See detail in note 13.3.

Reconciliation of tax charge

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to losses for the period are as follows:

|  | 15 months<br>ended<br>31<br>December<br>2020<br>€000 |
|--|--|
| Loss before tax  | (69,795)   |
| Loss multiplied by the standard rate of tax in the UK of 19% | (13,261)   |
| Goodwill impairment  | 1,387  |
| Difference in overseas tax rates                             | (5,114)  |
| Deferred tax not recognised                                  | 975  |
| Other items  | 111  |
| Total tax credit   | <u>(15,902)</u>                                      |

Changes in tax rates and factors affecting the future tax charges for UK Companies

Following the 2021 Budget announcement, the rate of corporation tax will be increased from 19% to 25% from 1 April 2023. Accordingly, profits earned in future periods will be taxed at 25% rather than 19% and any deferred tax assets or liabilities will be revalued reflecting the latest enacted rate.

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**CRUISE HOLDING LIMITED**

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**NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

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**13. Income tax credit (continued)**

**13.2 Income tax recognised in other comprehensive income**

**15 months  
ended  
31  
December  
2020  
€000**

**Deferred tax**

Arising on income and expenses recognised in other comprehensive income

Tax effect on actuarial losses (Employee benefits) **(22)**

**13.3 Deferred tax balances**

The following is the analysis of deferred tax liability presented in the consolidated statement of financial position:

**15 months  
ended  
31  
December  
2020  
€000**

Deferred tax liabilities **(9,460)**

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**CRUISE HOLDING LIMITED**

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**NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

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**13. Income tax credit (continued)****13.3 Deferred tax balances (continued)**

With reference to the changes in deferred tax assets, it should be noted that during the year these were mainly set aside against tax losses that could be carried forward for €1.8m, temporarily non-deductible interest expenses for €1.6m and ACE (Allowance for Corporate Equity) excesses that could be carried forward for €0.1m.

During the period, "substitute tax assets" arose from the realignment of the tax values to the accounting values of goodwill of Spencer Srl and De Wave Srl. The related cost incurred for redemption is recognised in profit or loss.

Deferred tax liabilities decreased mainly as a result of the write-down of intangible assets during the year, particularly the "Order Backlog" and "Customer Relationship".

|                                 | Acquisition on<br>business<br>combination | Recognised in<br>profit or loss | Recognised in<br>other<br>comprehensive<br>income | Closing<br>balance |
|---------------------------------|---|---------------------------------|---|--------------------|
| 2020                            | €000                                      | €000                            | €000  | €000               |
| Tangible and intangible assets  | (30,694)                                  | 16,185                          | -   | (14,509)           |
| Inventories                     | 242                                       | (213)                           | -   | 29                 |
| Employee benefits               | 73  | -                               | 22  | 95                 |
| Provisions                      | 641                                       | 240                             | -   | 881                |
| Doubtful debts                  | 447                                       | (41)                            | -   | 406                |
| Non-deductible interest expense | -   | 1,641                           | -   | 1,641              |
| Other items                     | (1,030)                                   | 1,206                           | -   | 176                |
| Tax losses carried forward      | -   | 1,821                           | -   | 1,821              |
|                                 | (30,321)                                  | 20,839                          | 22  | (9,460)            |

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**CRUISE HOLDING LIMITED**

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**NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

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**14. Property, plant and equipment**

**Group**

|  | Land and<br>buildings<br>€000 | Plant and<br>machinery<br>€000 | Industrial<br>and<br>commercial<br>equipment<br>€000 | Furniture<br>and office<br>equipment<br>€000 | Cars and<br>vehicles<br>€000 | Total<br>€000 |
|--|-------------------------------|--------------------------------|--|--|------------------------------|---------------|
| <b>Cost or valuation</b>                           |                               |                                |  |  |                              |               |
| At 2 October 2019                                  | -                             | -                              | -  | -  | -                            | -             |
| Acquired through business<br>combination           | 6,251                         | 1,747                          | 551  | 859  | 66                           | 9,474         |
| Additions  | 8                             | 16                             | 158  | 281  | 13                           | 476           |
| Disposals  | -                             | (11)                           | -  | (56)   | -                            | (67)          |
| Foreign exchange<br>movements                      | (169)                         | -                              | -  | (94)   | -                            | (263)         |
| <b>At 31 December 2020</b>                         | <b>6,090</b>                  | <b>1,752</b>                   | <b>709</b>   | <b>990</b>                                   | <b>79</b>                    | <b>9,620</b>  |
| <b>Accumulated depreciation<br/>and impairment</b> |                               |                                |  |  |                              |               |
| At 2 October 2019                                  | -                             | -                              | -  | -  | -                            | -             |
| Charge for the period                              | 353                           | 255                            | 156  | 231  | -                            | 995           |
| <b>At 31 December 2020</b>                         | <b>353</b>                    | <b>255</b>                     | <b>156</b>   | <b>231</b>                                   | <b>-</b>                     | <b>995</b>    |
| <b>Net book value</b>                              |                               |                                |  |  |                              |               |
| At 31 December 2020                                | 5,737                         | 1,497                          | 553  | 759  | 79                           | 8,625         |

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**CRUISE HOLDING LIMITED**

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**NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

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**14. Property, plant and equipment (continued)**

**Right of use assets**

**Group**

|  | <b>Buildings</b> | <b>Plants</b> | <b>Vehicles</b> | <b>Office<br/>equipment</b> | <b>Total</b> |
|--|------------------|---------------|-----------------|-----------------------------|--------------|
|  | <b>€000</b>      | <b>€000</b>   | <b>€000</b>     | <b>€000</b>                 | <b>€000</b>  |
| <b>Cost or valuation</b>                       |                  |               |                 |                             |              |
| At 2 October 2019                              | -                | -             | -               | -                           | -            |
| Acquired through business combination          | 5,399            | 149           | 894             | 156                         | 6,598        |
| Additions                                      | 239              | 188           | 248             | 49                          | 724          |
| <b>At 31 December 2020</b>                     | <b>5,638</b>     | <b>337</b>    | <b>1,142</b>    | <b>205</b>                  | <b>7,322</b> |
| <b>Accumulated depreciation and impairment</b> |                  |               |                 |                             |              |
| At 2 October 2019                              | -                | -             | -               | -                           | -            |
| Charge for the period                          | 1,172            | 97            | 490             | 35                          | 1,794        |
| <b>At 31 December 2020</b>                     | <b>1,172</b>     | <b>97</b>     | <b>490</b>      | <b>35</b>                   | <b>1,794</b> |
| <b>Net book value</b>                          |                  |               |                 |                             |              |
| At 31 December 2020                            | 4,466            | 240           | 652             | 170                         | 5,528        |

CRUISE HOLDING LIMITED

NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

15. Intangible assets

Group

|  | Goodwill<br>€000 | Development<br>expenditure<br>€000 | Industrial<br>patent<br>rights and<br>rights for<br>the use of<br>original<br>works<br>€000 | Concessions,<br>licenses,<br>trademarks<br>and other<br>similar rights<br>€000 | Other<br>intangible<br>assets<br>€000 | Total<br>€000  |
|--|------------------|------------------------------------|---|--|---------------------------------------|----------------|
| <b>Cost</b>  |                  |                                    |   |  |                                       |                |
| At 2 October 2019                                      | -                | -                                  | -   | -  | -                                     | -              |
| Acquired through<br>business combinations              | 39,153           | 95                                 | 10,850  | 10,288   | 92,030                                | 152,416        |
| Additions  | -                | 107                                | 275   | -  | 2,238                                 | 2,620          |
| <b>At 31 December 2020</b>                             | <b>39,153</b>    | <b>202</b>                         | <b>11,125</b>   | <b>10,288</b>  | <b>94,268</b>                         | <b>155,036</b> |
| <b>Accumulated<br/>amortisation and<br/>impairment</b> |                  |                                    |   |  |                                       |                |
| At 2 October 2019                                      | -                | -                                  | -   | -  | -                                     | -              |
| Charge for the period                                  | -                | 77                                 | 1,379   | 1,625  | 9,894                                 | 12,975         |
| Impairment charge                                      | 7,300            | -                                  | -   | -  | 28,536                                | 35,836         |
| <b>At 31 December 2020</b>                             | <b>7,300</b>     | <b>77</b>                          | <b>1,379</b>  | <b>1,625</b>   | <b>38,430</b>                         | <b>48,811</b>  |
| <b>Net book value</b>                                  |                  |                                    |   |  |                                       |                |
| At 31 December 2020                                    | 31,853           | 125                                | 9,746   | 8,663  | 55,838                                | 106,225        |

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 15. Intangible assets (continued)

Development expenditure includes expenses incurred for the development of products for a total of €125k, of which €107k related to De Wave Srl and €18k to Precetti S.r.l.. All expenditure relates to projects started in previous periods.

Industrial patents and intellectual property rights for the use of original works includes:

- (i) costs incurred for the purchase of software from third parties for €290k
- (ii) the value of Spencer Contract know-how valued during the PPA equal to €9,456k at the end of the period, net of the relative amortisation quota calculated on the basis of an estimated useful life of 10 years.

Concessions, licenses, trademarks and other similar rights includes the Group's three different trademarks (De Wave, Spencer and Precetti), two of which were valued at the time of the PPA (the Precetti trademark was already present in the consolidated financial statements), for a total value of €10,289k, amortised for a total of €1,625k, assuming a useful life of 5 years, for a residual book value of €8,664k.

Other intangible assets includes the other intangibles that emerged during the PPA, i.e. the backlog for a residual value at the end of the period of no value and the customer relationship for a residual value at the end of the period of €53,906k, fixed assets in progress and advances for €1,193k and other costs with long-term utility capitalised for €738k.

As a result of the lower profitability of the order backlog acquired compared to the profitability represented by the previous shareholder as part of the acquisition of the De Wave Group, the order backlog, customer relationships and goodwill were subject to an impairment test.

The results of the impairment test and the valuation methodology are summarised further below.

#### *Order backlog and customer relationships*

In order to determine the recoverable amount of assets, the Group used the multi-period excess earnings method (MEEM). This method considers the value of the asset under evaluation on the basis of the expected future cash flows, net of the remuneration of all the assets that contribute to the formation of these flows.

The cash flows projections used in the impairment assessment are based on financial budgets and forecasts prepared by management for a five-year time period (2021-2025) and approved by the Group's Board of Directors. Cash flows beyond the five year period are extrapolated at the long-term growth rate specified below.

More specifically as regards the Backlog, only cash flows relating to the order backlog already contracted at the time of the Group's acquisition, appropriately identified during the PPA, were considered; with regard to Customer Relationships, the revenues included in the Plan were considered excluding the Backlog.

The Group calculated a market discount rate for the assets on the basis of the Capital Asset Pricing Model (CAPM), by identifying companies comparable to the Company's business. Consistent with the consideration of after-tax cash flows, the weighted average cost of capital (WACC) rate was also determined post-tax.

The WACC determined was 9.8% for the backlog and 10.8% for the customer relationship.

The Group considered a long term growth rate "g" of 0.9%.



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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 15. Intangible assets (continued)

##### *Order backlog and customer relationships (continued)*

The impairment assessments indicated that the recoverable amounts of each of backlog and customer relationships was lower than the relevant carrying amounts, resulting in an impairment loss of (i) €24.5m for the Backlog (equal to 100% of the residual net book value at 31 December 2020) and (ii) €4.0m for the Customer Relationships, with a related total release of deferred tax liabilities of €8.0m.

##### *Goodwill*

In accordance with IAS 36, goodwill was subjected to an impairment test to assess its recoverability.

In order to verify the resilience of the Group's net invested capital, the Group's Enterprise Value was compared with the relative net invested capital value at the reference date, net of the write-downs made on specific intangibles as described above.

In order to determine the Enterprise Value, the Group used the Discounted Cash Flow (DCF) method in its unlevered version. The Enterprise Value was determined as the sum of the present value of the expected cash flows and the Terminal Value.

The cash flows used for the calculation of the recoverable amount were based on the 2021-2025 Business Plan prepared by the Board of Directors and approved by the latter today. The recoverable amount was determined based on the value in use of a single cash generating unit (CGU).

The Group calculated a market discount rate for the assets based on the Capital Asset Pricing Model (CAPM), by identifying companies comparable to the Company's business. Consistent with the consideration of after-tax cash flows, the WACC rate was also determined post-tax.

The WACC determined is 9.8%. The difference between the two rates is due to having considered a premium for the greater randomness of customer relationships compared to the order backlog.

The Group considered a long term growth rate "g" of 0.9%.

In order to calculate the Terminal Value, the Group estimated a normalised terminal cash flow on the basis of the values of the last year of the explicit forecast of the plan, determining the changes in working capital in Terminal Value consistently with the long-term growth rate "g". Cash flows beyond the five year period are extrapolated into perpetuity using the long-term growth rate "g".

The Group has also estimated maintenance costs equal to the capital expenditure forecast for the last year of the Plan and has set the value of depreciation equal to that of investments. In addition, for the year relating to the consolidated financial statements of De Wave, in line with valuation practice, in addition to the above-mentioned maintenance costs, IFRS16 capital expenditure was estimated as the sum of the annual lease payments relating to the contracts in place at the end of the explicit forecast period of the Plan (i.e. 2025).

The enterprise value, determined using the method described above, is lower than the relative value of the consolidated net invested capital, resulting in a write-down of approximately €7.3m.

As regards the causes of these impairment losses, as mentioned above, they are mainly due to the lower profitability of the backlog acquired compared to the profitability represented by them in the acquisition transaction, under the terms and for the reasons explained in greater detail in the Directors' Report (and in particular in the Directors' Report on the separate financial statements of De Wave S.r.l.).

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CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

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15. Intangible assets (continued)

*Sensitivity analysis*

The recoverable amount is estimated to be lower than the related net invested capital for an amount equal to €7.3m, at 31 December 2020.

A sensitivity analysis was carried out to verify the effects on the results of the impairment test of the change in certain parameters considered significant, i.e. WACC, growth rate in perpetuity "g", the results of which are summarised below:

- Goodwill

|      |        | Growth Rate Change % |         |
|------|--------|----------------------|---------|
|      |        | (5.00%)              | 0.00%   |
| WACC | 11.80% | (10,198)             | (6,354) |
|      | 9.80%  | (4,793)              | -       |
|      | 7.80%  | 1,761                | 7,793   |

- Customer relationships

|      |        | Growth Rate Change % |         |
|------|--------|----------------------|---------|
|      |        | (5.00%)              | 0.00%   |
| WACC | 11.80% | (10,198)             | (6,354) |
|      | 9.80%  | (4,793)              | -       |
|      | 7.80%  | 1,761                | 7,793   |

In respect of the Backlog, a +/- 5% movement in the WACC rate would render the same result i.e. any movement would result in an impairment loss.

The directors and management have considered and evaluated possible reasonable changes for other key assumptions and have not identified further elements to the above that could result in a material excess of the carrying amount of the CGU over its recoverable amount.

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 16. Investments

Details of the Company's subsidiaries at the end of the reporting period are as follows:

| Name of subsidiary                        | Proportion of ownership<br>interest and voting power<br>held by the Group and<br>Company(%)<br>2020 |
|---|---|
| 1) Cruise Intermediate Holding Limited    | 100   |
| 2) Cruise Intermediate Holding II Limited | 100   |
| 3) De Wave S.r.l.                         | 100   |
| 4) De Wave Polska Sp.z.o.o.               | 100   |
| 5) Precetti Inc                           | 100   |
| 6) Precetti Pte Ltd                       | 100   |
| 7) Precetti S.r.l.                        | 100   |
| 8) Spencer Contract S.r.l.                | 100   |
| 9) PM 4.0 S.r.l.                          | 70  |
| 10) PM5 S.r.l.                            | 51  |

The 100% shareholding in Cruise Intermediate Holding Limited is held directly by the Company. The remaining shareholdings are indirect.

Further details of the subsidiaries for their registered office and principal activity are as follows:

- Cruise Intermediate Holding Limited registered office is 100 New Bridge Street, London, United Kingdom, EC4V 6JA, holding company;
- Cruise Intermediate Holding II Limited registered office is 100 New Bridge Street, London, United Kingdom, EC4V 6JA, holding company;
- De Wave S.r.l. registered office is Via De Marini, 116149 Genova, Italy, active in ship fitting for new buildings and refitting specialising in the construction of cabins, wet units and public areas;
- De Wave Polska Sp.z.o.o., registered office is Ulica Spółdzielcza 4, 87-600 Lipno, Poland, active in the production and processing for third parties of prefabricated wet units for ships;
- Precetti S.r.l., registered office is Via Cal Longa, 22 31028 Vazzola, Italy, active in naval fittings for new buildings and refitting and specialised in the construction of kitchens and catering;
- Precetti Inc., registered office is 3401 North Miami Ave, FL 33127 Miami USA active in ship fitting for refitting and specialised in the construction of kitchens, catering, cabins and public areas;
- Precetti Pte Ltd, registered office is 111 Tuas South Link 1, #03-05 Shine@Tuas South, Singapore, 636901 active in ship fitting for refitting and specialised in the construction of kitchens, catering, cabins and public areas;
- Spencer Contract S.r.l., registered office is Via Massena, 12, 20145, Milano, Italy active in naval outfitting for new buildings for both cruise ships and mega yachts, specialising in the construction of public areas;
- PM 4.0 S.r.l. registered office is Via del Progresso, 35, 36050 Sovizzo VI, Italy, active in the production of metal carpentry for naval interior outfitting activities;
- PM5 S.r.l. registered office is Piazza Sant'Ambrogio, 10, 20123, Milano, Italy, active in the assembly services of components for interior fittings on cruise ships.

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CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

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16. Investments (continued)

|                     |               |
|---------------------|---------------|
|                     | €000          |
| Company             |               |
| At 2 October 2019   |               |
| Additions           | 94,287        |
| At 31 December 2020 | <u>94,287</u> |

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid. No cash was paid by the Company; the investment was acquired through intercompany.

An assessment has been performed at the balance sheet date as to whether there is any indication that the Company's investments might be impaired. No indicators identified; the carrying value is supported by the performance and recoverable value of the underlying Group.

17. Inventories

|                                     |               |
|-------------------------------------|---------------|
| Group                               | 2020<br>€000  |
| Raw materials                       | 1,595         |
| Work in progress                    | 8,956         |
| Finished goods and goods for resale | 477           |
| Advances from customers             | 3,008         |
|                                     | <u>14,036</u> |

The raw materials, work in progress products and consumables (materials necessary for fittings) are recorded at purchase cost.

Work in progress and finished goods represent standardised components made by the Group and waiting to be installed on site. These inventories are mainly related to finished products made in the De Wave Polska production plant.

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CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

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18. Trade and other receivables

Group

2020  
€000

Non-current

Other receivables

51

Current

Trade receivables

33,161

Receivables from related parties

6,200

Contract work in progress

9,745

Other receivables

42,059

**Total current trade and other receivables**

**91,165**

Included within trade receivables is a loss allowance of €1,741k of which €614k was utilised in respect of uncollectable receivables.

Other current receivables includes receivables from factoring companies, waiting for collection, for an amount of €25,562k.

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CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

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**18. Trade and other receivables (continued)**

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

Movements in the loss allowance are as follows:

|                                       | Trade<br>receivables<br>2020<br>€000 |
|---------------------------------------|--------------------------------------|
| At 2 October                          | -                                    |
| Acquired through business combination | 1,613                                |
| Increase in impairment allowance      | 1,742                                |
| Utilised in the period                | (1,614)                              |
|                                       | <u>1,741</u>                         |

Carrying amount of the Group trade receivables are denominated in the following currencies:

|                  | 2020<br>€000         |
|------------------|----------------------|
| EUR              | 34,453               |
| USD              | 448                  |
| Singapore dollar | 1                    |
| <b>Total</b>     | <u><b>34,902</b></u> |

**Company**

|                                  | 2020<br>€000        |
|----------------------------------|---------------------|
| <b>Current</b>                   |                     |
| Receivables from related parties | <u><b>6,246</b></u> |

Receivables from related parties are unsecured, interest free and repayable on demand. The Company has not incurred credit losses during the period and the expected credit loss for receivables from related parties is immaterial as at 31 December 2020.

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CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

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19. Trade and other payables

Group

2020  
€000

Non-current

Other payables

2,915

Current

Trade payables

40,621

Other payables

4,714

Accruals

149

Other tax and social security

2,349

Contract liabilities

15,608

**Total current trade and other payables**

**63,441**

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

The trade payables balance relates to payables incurred in the normal course of business by the Group.

Trade payables are unsecured and are usually paid within 30 days of their recognition. The carrying amount of trade payables is believed to approximate their fair value, given their short-term nature.

Contract liabilities amounted to €15,608k and arose on orders for which amounts are invoiced ahead of performance obligations being satisfied.

Company

2020  
€000

Current

Trade payables

189

Accruals

50

**Total current trade and other payables**

**239**

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CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

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20. Lease liabilities

Group

(i) Leases as a lessee

The Group has obligations to lease buildings, plant and motor vehicles, details of which are included in note 14, the information below summarises the cash flows due in respect of these leases.

Lease liabilities are due as follows:

|  | 2020<br>€000 |
|--|--------------|
| <b>Contractual undiscounted cash flows due</b> |              |
| Not later than one year                        | 1,614        |
| Between one year and five years                | 3,195        |
| Later than five years                          | 1,056        |
|  | <u>5,865</u> |

Lease liabilities included in the consolidated statement of financial position:

|                                | 2020<br>€000 |
|--------------------------------|--------------|
| <b>Current</b>                 |              |
| Lease liabilities              | <u>1,469</u> |
| <b>Non-current</b>             |              |
| Lease liabilities              | <u>3,839</u> |
| <b>Total lease liabilities</b> | <u>5,308</u> |

The following amounts in respect of leases have been recognised in profit or loss:

|  | 2020<br>€000 |
|--|--------------|
| Interest expense on lease liabilities  | 170          |
| Expenses relating to short-term leases | <u>1</u>     |



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CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

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**21. Employee benefits**

Employee benefits include the provision relating to the severance indemnity (TFR) for Italian company employees and the liabilities relating to medium/long-term incentive plans for certain employees.

At 31 December 2020, the item "Employee benefits" is equal to €2,596k and solely includes the liabilities relating to the Severance Pay ("TFR") for company employees, determined on the basis of actuarial techniques.

The following tables show the changes in the severance indemnity reserve for the period ended 31 December 2020:

|  | Italian post-<br>employment<br>benefits<br>€000 |
|--|---|
| At 2 October 2019                      | -   |
| Acquired through business combinations | 1,900   |
| Bond interest                          | 12  |
| Employer contributions                 | 780   |
| Benefits paid                          | (210)   |
| Actuarial losses                       | 114   |
| <b>Balance as of 31 December 2020</b>  | <b>2,596</b>                                    |

Actuarial assumptions for severance indemnity are as follows:

**Economic assumptions:**

|                                 |             |
|---------------------------------|-------------|
| Annual discount rate            | 0.35%-0.70% |
| Annual inflation rate           | 1%          |
| Annual severance indemnity rate | 1.50%       |
| Annual salary growth rate       | 2.50%       |

**Demographic assumptions:**

|                      |    |
|----------------------|----|
| Advance payment rate | 3% |
| Turnover rate        | 3% |

With regard to the discount rate, the Iboxx Corporate AA index recorded at the valuation date was used as a reference for the period.

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CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
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22. Provisions for risks and charges (current and non-current)

|                                       | Pension fund | Warranty provision | Total        |
|---------------------------------------|--------------|--------------------|--------------|
|                                       | €000         | €000               | €000         |
| At 2 October 2019                     | -            | -                  | -            |
| Acquired through business combination | 60           | 2,563              | 2,623        |
| Increase in provision                 | 15           | 732                | 747          |
| Utilised in the period                | -            | (1,809)            | (1,809)      |
| At 31 December 2020                   | <u>75</u>    | <u>1,486</u>       | <u>1,561</u> |

The warranty provision is in respect of risks related to contract work in progress. The provision will be settled in line with the terms of each underlying contract over an average period between 15 and 30 months. Included in the amount utilised during the period is €1,753k settled in line with amount initially provided.

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CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

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23. Loans and borrowings

Group

|   | 2020<br>€000   |
|---|----------------|
| <b>Non-current</b>                      |                |
| Other non-current financial liabilities | 16             |
| Bank loans                              | 66,137         |
| <b>Current</b>                          |                |
| Other current financial liabilities     | 22,363         |
| Bank loans                              | 22,690         |
| Derivative financial liabilities        | 210            |
| <b>Total loans and borrowings</b>       | <b>111,416</b> |

The Group has no assets pledged as collateral for short or long-term loans.

The carrying value of loans and borrowings classified as financial liabilities measured at amortised cost approximates fair value.

The current portion of other financial liabilities includes payables to factoring companies of approximately €17m and other financial payables (mainly "Finimport" and current account overdrafts) for the residual part.

The Group entered into a loan agreement with a pool of banks, part of which was in favour of Serpeverde S.p.A. (a company merged into De Wave S.r.l.) for the acquisition of the shares of DW Group S.p.A. and a part granted in favour of De Wave S.r.l. and the subsidiary SPC S.r.l. The total loan amounted to €95m.

CRUISE HOLDING LIMITED

NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

23. Loans and borrowings (continued)

| Loan institution                               | Nominal<br>value<br>€000 | Interest<br>rate | At 31 December 2020 |                         |               | Maturity date     |
|--|--------------------------|------------------|---------------------|-------------------------|---------------|-------------------|
|  |                          |                  | Current<br>€000     | Non-<br>current<br>€000 | Total<br>€000 |                   |
| MPS-loan M/L term A1 *                         | 4,076                    | 3.50%            | 419                 | 3,138                   | 3,557         | 30 October 2025   |
| MPS-loan M/L term B1 **                        | 6,522                    | 4.00%            | -                   | 6,339                   | 6,339         | 30 October 2026   |
| MPS-loan M/L term *                            | 2,500                    | 0.64%            | -                   | 2,500                   | 2,500         | 30 November 2026  |
| MPS-loan M/L term senior facility<br>A2 *      | 17,162                   | 3.50%            | 1,660               | 13,215                  | 14,875        | 30 October 2025   |
| MPS-loan M/L term senior facility<br>B2 **     | 27,460                   | 4.00%            | -                   | 26,406                  | 26,406        | 30 October 2026   |
| MPS-loan M/L term senior<br>revolving facility | -                        | 3.50%            | 10,000              | -                       | 10,000        | 31 December 2020  |
| MPS LOAN A3 *                                  | 3,761                    | 3.50%            | 461                 | 2,832                   | 3,293         | 30 October 2025   |
| MPS LOAN B3 **                                 | 6,018                    | 4.00%            | -                   | 5,845                   | 5,845         | 30 October 2026   |
| CREDIT AGRICOLE LOAN MCC<br>1374069 *          | 1,000                    | 1.02%            | -                   | 993                     | 993           | 09 September 2026 |
| CARIGE LOAN MCC *                              | 2,000                    | 1.25%            | 94                  | 1,897                   | 1,991         | 30 September 2026 |
| CARIGE LOAN MCC *                              | 1,000                    | 1.25%            | 260                 | 735                     | 995           | 30 September 2024 |
| BPM UNSECURED LOAN *                           | 1,750                    | 1.65%            | -                   | 1,739                   | 1,739         | 04 November 2026  |
| INTESA UNSECURED LOAN *                        | 500                      | 1.34%            | -                   | 498                     | 498           | 17 November 2026  |
| CARISPE LOAN *                                 | 500                      | 1.12%            | 26                  | -                       | 26            | 04 March 2021     |
| Bank of America, N.A.                          | 9,770                    | 2.07%            | 9,770               | -                       | 9,770         | 23 August 2021    |
| <b>Total</b>                                   |                          |                  | <b>22,690</b>       | <b>66,137</b>           | <b>79,057</b> |                   |
| At fixed rate                                  |                          |                  |                     |                         | 25,256        |                   |
| At floating rate                               |                          |                  |                     |                         | 63,571        |                   |

\*.repayable in instalments

\*\* repayable in full at maturity date

Medium/long-term amounts are reported in the financial statements using the amortised cost method.

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CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
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**23. Loans and borrowings (continued)**

In 2020, De Wave Srl signed a new medium/long-term loan agreement with MPS for a nominal value of €2,500,000 and a duration of 72 months; Spencer Contract Srl signed new medium/long-term loan agreements, specifically 1 agreement with Banca Credit Agricole for a nominal value of €1,000,000 and a duration of 72 months, and 2 agreements with Banca Carige Spa for a nominal value of €2,000,000 and €1,000,000 respectively and a duration of 72 months and 48 months. Precetti Srl signed 2 new agreements with Banca Credit Agricole for a nominal value of €2,000,000 and €1,000,000 and a duration of 72 months and 48 months. Finally, Precetti Srl signed two new medium/long-term loan agreements, one with Banca BPM for a nominal value of €1,750,000 and a duration of 72 months, and one with Banca IntesaSanpolo for a nominal value of €500,000 and a duration of 72 months. For the economic conditions, please refer to the table above.

On 30 October 2019, De Wave Srl entered into a senior revolving facility with MPS ('Senior Facilities Agreement'). Under the Senior Facilities Agreement, De Wave Srl has one financial covenant, Total Leverage Ratio (Net financial position ('NFP')/EBITDA). In August 2020, De Wave Srl was granted a waiver in respect of the covenant tests due to be performed at 30 June 2020 and 31 December 2020 ('holiday period'). In light of the ongoing uncertainty caused by COVID-19 and the impact on the Group's operations expected in 2021, a second waiver request was made, and granted, in July 2021 with respect of the testing date of 30 June 2021. Alongside this the minimum Total Leverage Ratio levels were renegotiated and reset in respect of the six monthly testing dates from 31 December 2021 onwards.

**Company**

|                                   | 2020<br>€000 |
|-----------------------------------|--------------|
| <b>Current</b>                    |              |
| Bank loans - unsecured            | 9,770        |
| <b>Total loans and borrowings</b> | <u>9,770</u> |

**24. Share capital**

**Authorised**

|                                 | 2020<br>Number    | 2020<br>€000 |
|---------------------------------|-------------------|--------------|
| <b>Shares treated as equity</b> |                   |              |
| Ordinary shares of €0.0090 each | 12,866,262        | 116          |
|                                 | <u>12,866,262</u> | <u>116</u>   |

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CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

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24. Share capital (continued)

Issued and fully paid

|                                 | 2020<br>Number    | 2020<br>€000 |
|---------------------------------|-------------------|--------------|
| Ordinary shares of €0.0090 each |                   |              |
| Shares issued                   | 12,866,262        | 116          |
| At 31 December                  | <u>12,866,262</u> | <u>116</u>   |

At incorporation on 2 October 2019 the Company issued 1 ordinary share with nominal value per share of £1, the consideration received was equal to the nominal value.

On 25 October 2019 the Company issued 59,999 shares with nominal value per share of £1. The consideration received for the shares allotted was £46,758,086.50 (€54,136,966.53).

On 1 April 2020 the issued 60,000 shares were redenominated from GBP to USD at \$1.29 per share.

On 1 April 2020 following a sub-division of the existing 60,000 shares under the new share structure the company held 7,740,000 ordinary shares with new nominal value per share of \$0.01.

On 1 April 2020 the Company issued 5,126,262 ordinary shares with nominal value per share of \$0.01, the consideration received for the shares allotted was \$39,738,470.61 (€36,121,077.63).

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CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
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**25. Reserves**

**Accumulated losses**

The accumulated losses includes all current period retained losses net of distributions to owners.

**Share premium**

The share premium account contains the premium arising on the issue of ordinary shares.

**Cash flow hedging reserve**

This reserve includes the effective components of the profits or losses on derivatives designated and qualified as cash flow hedges.

**Foreign exchange reserve**

Differences deriving from the conversion of the financial statements of foreign companies are recognised in the other components of the comprehensive income statement and accumulated in a Shareholder equity reserve. The cumulative amount of this reserve is reclassified to the income statement when the investment is sold.

**Other reserves**

On 27 September 2019, Platinum Equity Small Cap Fund International (Cayman) L.P. ('Cayman LP') issued a loan of €6,200,000 to Serpeverde S.r.l.

On 13 December 2019, Cayman LP assigned and transferred the rights to this loan to Cruise Intermediate Holding II Limited ('Cruise Intermediate II'). This created an intercompany debt of the same amount between Cayman LP as lender and Cruise Intermediate II as borrower.

On 19 March 2020, Cayman LP transferred all rights to the intercompany receivable from Cruise Intermediate II to the Company, in exchange for a permanent contribution to the Company's capital.

This contribution has been recognised in other reserves.

**26. Non-controlling interest**

|  | 2020<br>€000 |
|--|--------------|
| Balance at beginning of the period               | -            |
| Share of profit for the period                   | 22           |
| Non-controlling interests arising on acquisition | 355          |
|  | <u>377</u>   |

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 27. Analysis of amounts recognised in other comprehensive income

|   | Cash flow<br>hedging<br>reserve<br>€000 | Foreign<br>exchange<br>reserve<br>€000 | Accumulated<br>losses<br>€000 |
|---|---|--|-------------------------------|
| Actuarial loss on defined benefit pension schemes                 | -                                       | -                                      | (81)                          |
| Tax relating to items that will not be reclassified               | -                                       | -                                      | 22                            |
| Losses recognised on hedging instruments                          | (172)                                   | -                                      | -                             |
| Exchange differences arising on translation of foreign operations | -                                       | 1,843                                  | -                             |
|   | <u>(172)</u>                            | <u>1,843</u>                           | <u>(59)</u>                   |

#### 28. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

##### Loans from Platinum Equity Small Cap Fund International (Cayman), L.P.

At 31 December 2020, €6,200,000 is receivable from Platinum Equity Small Cap Fund International (Cayman) L.P. ('Cayman LP'). See note 25 for further description of the transactions.

##### Transactions with Advisors

Under an advisory services agreement with Advisors the Group pays an annual fee for management services. During the period the Group was provided with transaction and operating support and incurred corporate and advisory fees totalling €4.6m.

#### 29. Controlling party

The immediate parent companies are Platinum Equity Small Cap Fund International (Cayman), L.P. and Platinum Cruise Principals International (Cayman) LLC, investment vehicles advised by Advisors.

The ultimate controlling party is Platinum Equity, LLC.

Cruise Holding Limited is the undertaking of the smallest and largest Group to consolidate these financial statements.



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**CRUISE HOLDING LIMITED**

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**NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
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**30. Business combinations during the period**

**30.1 Subsidiaries acquired**

On 30 October 2019, Cruise Intermediate Holding II Limited acquired 100% of the share capital of Serpeverde SpA. The same day the latter acquired 100% of the shares of DW Group SpA which held the investments in a number of subsidiaries, together the 'De Wave Group'.

| Name          | Principal activity     | Date of acquisition | Proportion of voting equity interests acquired % | Consideration transferred €000 |
|---------------|------------------------|---------------------|--|--------------------------------|
| De Wave Group | cruise ship outfitting | 30/10/19            | 100  | 101,500                        |
|               |                        |                     |  | <u>101,500</u>                 |

Details of the subsidiaries acquired as part of the acquisition of the De Wave Group can be found in note 16.

**30.2 Consideration transferred**

|      | De Wave Group<br>€000 |
|------|-----------------------|
| Cash | <u>101,500</u>        |

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**CRUISE HOLDING LIMITED**

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**NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

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**30. Business combinations during the period (continued)**

**30.3 Assets acquired and liabilities recognised at the date of acquisition**

The assets and liabilities recognised as a result of the acquisition are as follows:

|                                     | Book value<br>€000 | Step up/(down)<br>€000 | Fair value<br>€000 |
|-------------------------------------|--------------------|------------------------|--------------------|
| Land and building                   | 4,728              | 1,557                  | 6,285              |
| Property, plant and equipment       | 1,735              | 1,070                  | 2,805              |
| Other tangible assets               | 553                | -                      | 553                |
| Cash                                | 15,167             | -                      | 15,167             |
| Trade and other receivables         | 121,792            | -                      | 121,792            |
| Inventories                         | 3,661              | -                      | 3,661              |
| Provisions for risks and charges    | (1,890)            | -                      | (1,890)            |
| Other liabilities                   | (87,343)           | -                      | (87,343)           |
| Bank debt                           | (69,551)           | -                      | (69,551)           |
| Debt to other lenders               | (10,290)           | -                      | (10,290)           |
| Employee severance indemnity        | (1,637)            | -                      | (1,637)            |
| Order Backlog                       | -                  | 29,443                 | 29,443             |
| Customer Relationships              | -                  | 62,461                 | 62,461             |
| De Wave Trade Name                  | -                  | 2,856                  | 2,856              |
| Precetti Trade Name                 | 3,200              | (90)                   | 3,110              |
| Spencer Trade Name                  | -                  | 2,080                  | 2,080              |
| Patents                             | 100                | -                      | 100                |
| Other intangibles                   | 3,100              | -                      | 3,100              |
| Know How                            | -                  | 10,704                 | 10,704             |
| Deferred tax liabilities            |                    |                        | (30,713)           |
| Goodwill                            |                    |                        | 39,153             |
| Less: minority interests            |                    |                        | (345)              |
| <b>Total purchase consideration</b> |                    |                        | <b>101,500</b>     |

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 30. Business combinations during the period (continued)

##### 30.3 Assets acquired and liabilities recognised at the date of acquisition (continued)

The acquired business contributed revenues of €196,310 and net losses of €41,560 to the Group for the period from 1 November 2019 to 31 December 2020.

##### Purchase consideration - cash outflow

|                                    | €000          |
|------------------------------------|---------------|
| Consideration                      | 101,500       |
| Cash                               | (15,167)      |
| Consideration net of cash acquired | <u>86,333</u> |

##### 30.4 Non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition by acquisition basis. For the non-controlling interests the Group elected to recognise the non-controlling interests at the proportionate share of the acquired net identifiable assets. See note 5.2 for the Group's accounting policies for business combinations.

#### 31. Commitments and contingencies

##### *Investment commitments*

There is a surety guarantee for construction sites for an amount of €34,764k.

##### *Commitments for the purchase of goods*

The Group has not entered into any agreements for the future purchase of goods. Therefore, there are no commitments in this respect at 31 December 2020.

##### *Contingencies*

The Group has no contingent assets or liabilities that could significantly affect the presentation of these financial statements.

See note 32 for developments subsequent to year end.

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## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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#### 32. Events after the reporting date

##### Group

In February 2021, De Wave Srl commenced arbitration proceedings before the National and International Chamber of Milan against the former shareholders of DW Group SpA and former management of the De Wave Group (responsible for the cabins and wet units division of De Wave Srl). These proceedings are primarily in relation to the drop in margins experienced by the Group contrary to what was represented by the former shareholders and sales managers during the sale of the De Wave Group to Platinum Equity, and a contraction in production volumes, primarily in the Refitting sector. The operating margins inherent in the wet unit and cabin order backlog turned out to be significantly lower to such an extent that, in 2020, some projects recorded negative margins. These lower levels of profitability led to contraction of the operating result in 2020 and along with the impairment of intangible assets has led to an overall loss for the Group. At present the arbitration proceedings are in early stages and the establishment of the Arbitration Board is pending.

The Group continues to focus on vertical integration of group companies which operate in dedicated parts of the process. On 10 November 2020, De Wave Srl resolved to merge with Spencer Contract Srl effective 1 January 2021.

On 27 December 2021, De Wave Srl signed an agreement to acquire Tecnavi Srl with closing expected in Q1 2022. The Tecnavi acquisition will add technical capabilities in refrigeration systems for food service and ventilation, for both New Build and Refit projects.