

Registered number: 12239290

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## CRUISE HOLDING LIMITED

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### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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## CRUISE HOLDING LIMITED

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### COMPANY INFORMATION

<b>Directors</b>	I M S Downie (appointed 2 October 2019) E M Kalawski (appointed 2 October 2019) M A Sigler (appointed 2 October 2019)
<b>Company secretary</b>	E M Kalawski
<b>Registered number</b>	12239290
<b>Registered office</b>	208 Bishopsgate London EC2M 4RB
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

## CRUISE HOLDING LIMITED

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## CRUISE HOLDING LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their Strategic Report for Cruise Holding Limited (the "Company") and its subsidiaries (together with the Company, collectively, the "Group") for the year ended 31 December 2022 (the 'period' or '2022').

#### 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 Group is cruise ship outfitting.

#### Organisational structure

The Company was incorporated on 2 October 2019 and is a subsidiary of Platinum Cruise Principals International (Cayman), LLC (10% ownership) and Platinum Equity Small Cap Fund International (Cayman), L.P. (90% ownership).

During the year, De Wave S.r.l., a direct subsidiary of the Company completed the acquisition of three entities:

- On 18 March 2022, De Wave S.r.l. acquired 100% of the share capital of Tecnavi S.r.l. ('Tecnavi'), a company specialising in installations on ships and yachts with premises in Genoa and Monfalcone;
- On 25 May 2022, De Wave S.r.l. acquired 70% of the share capital of Palamar S.r.l. ('Palamar'), a company specialising in nautical carpentry and yacht interior fit out headquartered in Vicopisano, Italy;
- On 8 April 2022, De Wave S.r.l. acquired 100% of the share capital of Oy FCR Finland Ltd ('FCR'), a company incorporated in Finland dedicated to refitting and new building of interiors of cruise ships.

Furthermore, on 30 September 2022, Shanghai De Wave Shiptservice Co. Ltd, a wholly owned subsidiary of De Wave S.r.l. was incorporated. The establishment of this company is due to the need to establish an operational and supervisory hub for the activities that De Wave S.r.l. carries out in the local area for the construction and fitting out of public areas.

See further detail of the entities within the Group (or 'De Wave Group') and their principal activities in note 1.

#### Business review

The year 2022 was characterised by positive operating performance in terms of both volumes and margins, despite the significant impact of inflationary pressures and material shortages, and residual pre-acquisition order book elements with low margin, which made it challenging to meet both budgets and job order schedules. The Group continued to obtain new contracts both in New Builds and in Refitting, resulting in an order backlog at the end of the year of over €480m (31 December 2021: €752m), with completion dates up to 2026.

Regarding the Refitting business line, 2022 was a good year showing substantial market recovery. In fact, thanks to the Group's excellent positioning among the major ship owning companies, the projects developed in 2022 generated revenues of €64m, in line with volumes encountered before the pandemic. In addition, the start of 2023 continued in this direction both at the Company and Group level, indicating a sustained market recovery.

The market outlook for 2023 is very good and the Group is forecasting growth for the full year driven by both organic growth and by the new business acquisitions that took place in the first half of 2022.

## CRUISE HOLDING LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### Key performance indicators

The key financial performance indicators ("KPIs") during the year were as follows:

	2022	2021	Movement
	€'000	€'000	€'000
Revenue	282,335	207,515	74,820
Loss before tax	(1,254)	(4,288)	3,034
EBITDA* (before impairment of intangibles)	16,901	10,827	6,074
Net current liabilities	(16,050)	(7,962)	(8,087)
Net financial position**	(79,653)	(81,877)	2,224

\* Earnings before interest, taxes, depreciation and amortisation. This is an Alternative Performance Measure and is reconciled to statutory measures in note 32 of the financial statements.

\*\* The net financial position equates to the total loans and borrowings less cash. This is an Alternative Performance Measure and is reconciled to statutory measures in note 32 of the financial statements.

The Group generated a loss before tax of €1.3m and a positive EBITDA of €16.9m, compared to the year ended 31 December 2021 where the Group generated a loss before tax of €4.3m and EBITDA (before impairment of intangibles) of €10.8m. The fiscal year 2022 was characterised by a general positive trend in business operations both in terms of volumes (36% increase in revenue compared to 2021) and margins despite the substantial impact of inflationary dynamics and raw materials shortages, which adding to the effects of the weaknesses detected within the order book inherited from the previous management, meant it was challenging to meet both budgets and construction contracts scheduling. The loss before tax is impacted by impairment of goodwill of €3.3m as a result of the negative contribution made to the consolidation by FCR for the reasons outlined in note 15.

Revenue for the year amounted to €282.3m (2021: €207.5m). This increase is driven by an increase in sales volumes mainly due to the recovery of the markets the Group is entering and the enlargement of the business lines due to the acquisitions. Furthermore, from an operational point of view, the Group resumed satisfactory production volumes in Refitting projects, with improved margins, and also managed to mitigate the impacts of increased raw material costs, delays in production scheduling and deliveries in new construction projects; factors that, together with COVID-19 disruption and pre-acquisition order book challenges, had severely impacted the performance in the fiscal years 2020 and 2021.

At the year end, the Group was in a net current liability position of €16.1m (2021: €8.0m) and a net financial position of negative €79.7m (2021: €81.9m). This is predominantly driven by loans and borrowings of €105.5m (2021: €101.6m) of which €58.9m (2021: €61m) are due after more than one year.

## CRUISE HOLDING LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Key performance indicators (continued)

Overall, no new forms of financial debt or agreements with lenders or on existing lines were necessary. This is due in part to improved management control and corporate liquidity, made possible by investments in new management control tools that allow frequent monitoring of the profitability of construction contracts.

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

#### Principal risks and uncertainties

The Group is exposed to the following risks. The Group's senior management 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 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. Credit risk management are further disclosed within the notes to these financial statements in note 3.

#### Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting their obligations as they fall due. The Group does not have significant concentrations of liquidity risk; the characteristics of the business conducted, the dynamics of ongoing contracts, the definition of specific clauses in the agreements, and adherence to operating conventions with the credit system do not present phenomena that could create liquidity tensions during the year. The Group and the Company manage liquidity risk by preparing and monitoring cash flow forecasts to ensure there are sufficient liquid resources to meet operating needs. The carrying values as of the date of preparation of the financial statements are considered representative of the exposure to liquidity risk during the year.

#### Exchange rate risk

The Group and the Company are exposed to fluctuations in foreign exchange rates where revenue, costs and borrowings are denominated in currencies other functional currency, primarily United States ("US") dollars and Polish złoty. Exchange rate risk is mitigated through the use of derivative instruments and fluctuations in rates have not significantly affected the operating result. The Group conducts a sensitivity analysis on exchange rate movements in order to be able to promptly implement risk containment policies where deemed necessary.

#### Price risk

The Group procures from markets that have continued to be challenging over the past year, subject to price variations or market quotations, acquiring production factors (material and non-material) necessary for the development of contract and order work. During the financial year there was a constant and significant increase in the costs of some raw materials particularly related to metals of a ferrous nature, as well as a continued shortage of raw materials on the market following production stoppage as a result of the COVID-19 pandemic.

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Price risk (continued)

During the year and also for the purposes of preparing these financial statements, working on multi-year construction contracts, management has carried out constant and in-depth analyses of these inflationary impacts, and has ensured that the forecasts appropriately reflect the expected impact on project margins.

The relevant risk is due to the fact that newbuilding sector contracts signed several years before their implementation, and with a cost budget defined in the bidding phase, may not have prices aligned with the actual costs to be incurred.

As for the cost of money price risk, De Wave S.r.l is hedged on its medium- to long-term positions through hedging contracts as discussed below.

#### Competition risk

With respect to competition risk, there is well-established evidence that the market is now dominated by a few large groups, several of whom have grown through acquisitions.

Consequently, it is necessary for the Group to expand its field of expertise in the naval interior. It will be important for the Group to maintain the high-quality standard which has always characterised its products, services and brands, at the right market price, to be able to compete more strongly with the players in the sector.

#### COVID-19 and Ukraine war impact

During the year, there was some residual impact of COVID-19 on production, and other effects, from rising inflation resulting from the lack of raw materials added to by the war in Ukraine. This contributed to a deterioration in operating margins but did not heavily affect the results for the year.

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

Section 172 of the Companies Act 2006 requires all directors of a company to act in the best interests of the company to promote the success of the company and group 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 year the board met several 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.

## CRUISE HOLDING LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Engagement with employees

The directors recognise that the company's employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

#### Engagement with suppliers, customers and others

The role of the Group in an economic and social context is tied to its capacity to create value by sustainable and lasting growth that can reconcile the interests and expectations of all those with whom the company interacts.

The company actively engages with its stakeholders, which include:

- customers;
- employees, who make up the wealth of knowledge and driving force of the group;
- shareholders and the financial community;

The Company strictly adheres to the Group policies and educates its managers and employees through a structured training programme of new legislation and risks. Furtherly the Group have prepared the first sustainability report to show how the Company threat all the stakeholders in terms of 'ESG' activities.

#### **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 Group 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 compliance with current legislation and ensuring appropriate training and sharing of information to 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 included in the Group's 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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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Engaging with others

The directors ensure that the views of other stakeholders (suppliers, customers and the wider community) are considered through reports and information from senior management who have regular contact with these groups. Furthermore, the Group has performed its first sustainability review to report on 'ESG' activities with stakeholders. This ensures that the directors react to changing demands and circumstances as they impact the operations of the Group. During the COVID-19 pandemic and Ukraine war this has become particularly relevant and management have, and continue to keep, close working relationship with suppliers to ensure continued procurement of raw materials and packaging; and with customers, to identify the best solutions to supply them.

#### EMPLOYEES

Details of the number of persons employed by the Company during the year are set out in note 11 to the financial statements.

#### Diversity and inclusion

The Group practices equal access to jobs, development and promotion opportunities as it believes that it is the differences amongst its employees which create a dynamic and agile organisation. The business is meritocratic and the Company seeks to appoint the best candidate for each and every role.

#### Engagement

Details of how the Directors have engaged with employees are included in the section 172(1) statement in the Strategic Report.

#### Employee involvement

The Group recognises the crucial importance of human resources in the belief that the key to success in any business is the professional input of the people that work for it in a climate of fairness and mutual trust.

The Group safeguards health, safety and industrial hygiene in the workplace, both through management systems that are continually improving and developing and by promoting an approach to health and safety based on prevention and the effective handling of occupational risk.

The directors also understand the need to engage its employees to promote the success of the company. Working relationships are managed placing particular emphasis on equal opportunity, on furthering each person's career development, and on promoting diversity as adding value by creating a multi-cultural working environment.

is the company's policy to keep employees informed of matters which are of interest or concern to them as employees, through the established practice of regular, direct communication between management and employees and their representatives. The company encourages involvement in relation to financial and economic factors that affect the performance of the company. Due consideration is given to their interests when taking management decisions.

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STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022

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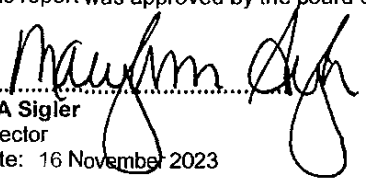
Disabled Employees

The Company provides equal employment opportunities for disabled persons, where their skills and aptitudes can be used, and provides disabled employees with the same opportunities for continued employment, promotion, career development and training as other employees. In the event of an employee developing a disability, every effort is made to ensure their employment with the Company continues and appropriate training is provided.

**Corporate governance**

The directors ensure that the Group complies with any relevant laws in the countries in which it operates for the benefit of the business and all of its wider stakeholders.

This report was approved by the board of directors and signed on its behalf by:

WS  
  
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M A Sigler  
Director

Date: 16 November 2023

## **CRUISE HOLDING LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

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The directors present their report on Cruise Holding Limited (the "Company", and together with its subsidiaries, collectively, the "Group") and the audited consolidated financial statements for the year ended 31 December 2022.

#### **Principal activities**

The principal activity of the Company in the year under review was that of a holding company. The directors of the Company operate in terms of management and coordination over the Group through special management regulations and a detailed organization chart with power and authorities at each company level. The principal activity of the Group is cruise ship outfitting.

The brands supplied to customers fall into one of 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;
- TECNAVI: specialising in heating, ventilation and air conditioning systems for ships.

The Group has a global presence operating in the main shipyards in Europe, the United States ("U.S."), the Middle East and Australia.

#### **ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS RELATIONSHIP WITH THE COMPANY**

A summary of how Directors have engaged with suppliers, customers and other in a business relationship with the Company is included in the section 172(1) statement in the Strategic Report.

#### **Results and dividends**

The loss for the year, after taxation and minority interests, amounted to €3,193k.

The directors have not declared a dividend for the year ended 31 December 2022.

#### **Directors**

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

I M S Downie  
E M Kalawski  
M A Sigler

#### **Future developments**

The second part of 2022 and the first months of 2023 show a clear recovery of the cruise market, which after the unexpected contraction due to the COVID-19 pandemic, looks set to resume that interrupted growth trend as well.

The major cruise industry players, particularly affected by the effects of the pandemic and the resulting lockdown policies worldwide, are predicting a 2023 season of full bookings, already achieved in the U.S. market in 2022 and expected by 2023 in the European market suggesting that, the market may resume at a pace almost fully aligned with pre-Covid expectations.

As for shipbuilding, on the New building side, management considers that there are no more risks in the future of the postponement of project deliveries as during the pandemic, and thus we expect production in 2023 at full capacity.

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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With regard to Refitting, the developments from the commercial point of view has been extremely important. That development resulted in receiving additional orders to a strong increase in supply requests, which has order volumes at the beginning of the year being even higher than pre-COVID levels.

In the first quarter of 2023, the Group has witnessed a containment of the inflationary phenomena experienced in 2022 which is consistent with the basis of the forecasts for the determination of the progress of the works and forecasted margins.

#### **Streamlined Energy and Carbon Reporting**

The Company has considered the requirements of the new reporting requirements in relation to Streamlined Energy and Carbon Reporting and has claimed the exemption for reporting based on its energy usage in the UK being below the 40,000 kwh reporting threshold per annum.

#### **Qualifying third party indemnity provisions**

The Company maintained qualifying third-party indemnity insurance for its directors and officers during the year under review and up to the date of the Directors' Report.

#### **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 and Sch. 5 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 ('R&D') activities**

During the year 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 research costs that were not capitalised during the year.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and 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 financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standards ("FRS") 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent; and

CRUISE HOLDING LIMITED

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and the 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 the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**Directors' confirmations**

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

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

**Post balance sheet events**

On 1 January 2023, De Wave S.r.l. acquired 60% of the share capital of Wingeco S.r.l., a company based in Genoa dedicated to the production of window frames and glass components through which the Group will be able to diversify its expertise within ship fittings. The consideration was €400,000.

In April 2023, Oy FCR Finland Ltd, a wholly owned subsidiary of De Wave S.r.l., after an unsuccessful attempt to initiate restructuring procedures which had been approved by the local bankruptcy court, filed for bankruptcy. It is considered that all adverse financial impacts of this have already been reflected in the financial statements as at 31 December 2022, having also allocated a risk fund for potential future liabilities.

**Going concern**

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. Further details are set out in note 5.4 of the financial statements.

**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 of directors and signed on its behalf by:

  
.....  
**M A Sigler**  
Director

Date: 16 November 2023 members of Cruise Holding Limited

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

## Report on the audit of the financial statements

### 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's and of the company's affairs as at 31 December 2022 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements 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 2022; the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

### Independence

We remained independent of the 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.

### Conclusions relating to going concern

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

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

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

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

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other

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information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

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

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

### **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the 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.

## **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 the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to sales and income taxes, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;

## CRUISE HOLDING LIMITED

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- Understanding and evaluation of the design and implementation of management's controls designed to prevent and detect irregularities;
- Reviewing minutes of meetings of those charged with governance;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Evaluating accounting estimates for any evidence of management bias.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](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.

## Other required reporting

### Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the 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 (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

17 November 2023



CRUISE HOLDING LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	Year 2022 €'000	Year 2021 €'000
<b>Revenue</b>	7	<b>282,335</b>	<b>207,515</b>
Cost of sales		(223,545)	(162,816)
<b>Gross profit</b>		<b>58,790</b>	<b>44,699</b>
Other operating income	8	2,092	1,846
Administrative expenses		(56,810)	(46,458)
<b>Operating profit</b>		<b>4,072</b>	<b>87</b>
Finance income	12	400	622
Finance expense	12	(5,726)	(4,997)
<b>Loss before tax</b>		<b>(1,254)</b>	<b>(4,288)</b>
Income tax (expense)/credit	13	(1,939)	5,682
<b>(Loss)/profit for the year</b>		<b>(3,193)</b>	<b>1,394</b>
<b>Other comprehensive income/(expense):</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial gains/(losses) (Employee benefits)		437	(118)
Tax effect on actuarial gains/(losses) (Employee benefits)		(122)	33
		<b>315</b>	<b>(85)</b>
<b>Items that will or may be reclassified to profit or loss:</b>			
Change in foreign exchange reserves		(506)	(586)
Gain on hedging instruments (cash flow hedge), net of tax		640	99
		<b>134</b>	<b>(487)</b>
<b>Total other comprehensive income/(expense) for the year, net of tax</b>		<b>449</b>	<b>(572)</b>
<b>Total comprehensive (expense)/income</b>		<b>(2,744)</b>	<b>822</b>

CRUISE HOLDING LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

(Loss)/profit for the year attributable to:		
	(3,354)	1,392
Owners of the parent		
Non-controlling interests	161	2
	<u>(3,193)</u>	<u>1,394</u>
<b>Total comprehensive (expense)/income attributable to:</b>		
Owners of the parent	(2,905)	820
Non-controlling interests	161	2
	<u>(2,744)</u>	<u>822</u>

The notes on pages 23 to 84 form part of these financial statements.

CRUISE HOLDING LIMITED

CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION AS AT 31 DECEMBER 2022

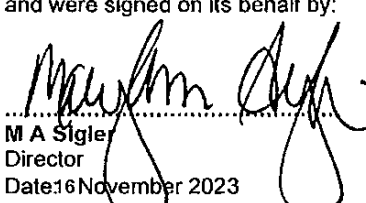
	Note	2022 €'000	2021 €'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	11,251	9,065
Right of use assets	14	9,586	6,934
Intangible assets	15	110,282	100,320
Equity investments in associates and joint ventures		4	-
Trade and other receivables	18	7,626	7,292
Non current financial assets	18	549	13
Deferred tax assets	13	-	652
		<b>139,298</b>	<b>124,276</b>
<b>Current assets</b>			
Inventories	17	19,307	14,965
Trade and other receivables	18	108,450	92,850
Current financial assets	18	1,469	2,159
Cash and cash equivalents		25,845	19,741
		<b>155,071</b>	<b>129,714</b>
<b>Total assets</b>		<b>294,369</b>	<b>253,990</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other payables	20	3,877	3,176
Lease liabilities	21	5,331	4,626
Loans and borrowings	24	58,926	61,648
Provisions	23	125	135
Deferred tax liability	13	78	-
		<b>68,337</b>	<b>69,585</b>
<b>Current liabilities</b>			
Trade and other payables	20	119,293	94,808
Lease liabilities	21	2,550	1,805
Loans and borrowings	23	46,572	39,970
Provisions	23	2,706	1,094
		<b>171,121</b>	<b>137,677</b>
<b>Total liabilities</b>		<b>239,458</b>	<b>207,262</b>
<b>Net assets</b>		<b>54,911</b>	<b>46,728</b>

CRUISE HOLDING LIMITED

CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION AS AT 31 DECEMBER 2022 (Continued)

		2022	2021
	Note	€'000	€'000
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital	25	121	116
Share premium reserve	25,26	103,122	91,636
Cash flow hedging reserve	26	567	(73)
Foreign exchange reserve	26	751	1,257
Other reserves	26	6,200	6,200
Accumulated losses	26	(55,703)	(52,667)
		<b>55,058</b>	<b>46,469</b>
Non-controlling interest	27	(147)	259
<b>TOTAL EQUITY</b>		<b>54,911</b>	<b>46,728</b>

The financial statements on pages 14 to 84 were approved and authorised for issue by the board of directors and were signed on its behalf by:

WBS  
  
M A Sigler  
Director  
Date: 16 November 2023

The notes on pages 23 84 form part of these financial statements.

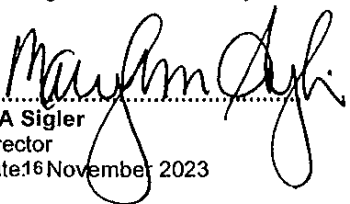
CRUISE HOLDING LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022

	Note	2022 €' 000	2021 €' 000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	16	94,287	94,287
		<u>94,287</u>	<u>94,287</u>
<b>Current assets</b>			
Trade and other receivables	18	6,495	6,194
Cash and cash equivalents		<u>11,864</u>	<u>499</u>
		18,359	6,693
<b>Total assets</b>		<u>112,646</u>	<u>100,980</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	20	1,773	307
Loans and borrowings	24	<u>11,209</u>	<u>10,552</u>
<b>Total liabilities</b>		<u>12,982</u>	<u>10,859</u>
<b>Net assets</b>		<u>99,664</u>	<u>90,121</u>
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital	25	121	116
Share premium reserve		103,122	91,636
Other reserves		6,200	6,200
Accumulated losses		<u>(9,779)</u>	<u>(7,831)</u>
<b>TOTAL EQUITY</b>		<u>99,664</u>	<u>90,121</u>

The company's loss for the year was €1,948k (2021: €2,875k).

The financial statements on pages 14 to 84 were approved and authorised for issue by the board of directors and were signed on its behalf by:

WZB  
  
M A Sigler  
Director  
Date: 16 November 2023

**CRUISE HOLDING LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31  
DECEMBER 2022**

	Share capital €'000	Share premium reserve €'000	Cash flow hedging reserve €'000	Foreign exchange reserve €'000	Other reserves €'000	Accumulated losses €'000	Total attributable to equity holders of parent €'000	Non-controlling interest €'000	Total equity €'000
<b>Comprehensive income/(expense) for the year</b>									
At 1 January 2021	116	90,142	(172)	1,843	6,200	(53,374)	44,155	377	44,532
Profit for the year	-	-	-	-	-	1,392	1,392	2	1,394
Other comprehensive income/(expense) (note 27)	-	-	99	(586)	-	(85)	(572)	-	(572)
<b>Total comprehensive income/(expense) for the period</b>	-	-	99	(586)	-	1,307	820	2	822
<b>Contributions by and distributions to owners</b>									
Issue of share capital (note 25)	-	1,494	-	-	-	-	1,494	-	1,494
Dividend distribution	-	-	-	-	-	-	-	(120)	(120)
<b>Total contributions by and distributions to owners</b>	-	1,494	-	-	-	-	1,494	(120)	1,374
<b>At 31 December 2021</b>	116	91,636	(73)	1,257	6,200	(52,667)	46,469	259	46,728
(Loss)/profit for the year	-	-	-	-	-	(3,354)	(3,354)	161	(3,193)
Other comprehensive income/(expense) (note 27)	-	-	640	(506)	-	315	449	-	449
<b>Total comprehensive income/(expense) for the year</b>	-	-	640	(506)	-	(3,039)	(2,905)	161	(2,744)
<b>Contributions by and distributions to owners</b>									
Issue of share capital (note 25)	5	11,486	-	-	-	-	11,491	-	11,491
Acquired on business combination (note 26)	-	-	-	-	-	-	-	(387)	(387)
Dividend distribution	-	-	-	-	-	-	-	(180)	(180)
Other movements	-	-	-	-	-	3	3	3	3
<b>Total contributions by and distributions to owners</b>	5	11,486	-	-	-	3	11,494	(567)	10,927
<b>At 31 December 2022</b>	121	103,122	567	751	6,200	(55,703)	55,058	(147)	54,911

**CRUISE HOLDING LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital	Share premium	Other reserves	Accumulated losses	Total equity
	€/000	€/000	€/000	€/000	€/000
<b>At 1 January 2021</b>	<b>116</b>	<b>90,142</b>	<b>6,2</b>	<b>(4,956)</b>	<b>91,502</b>
<b>Comprehensive loss for the year</b>					
Loss for the year				(2,875)	(2,875)
<b>Total comprehensive loss for the year</b>	-	-	-	(2,875)	-2,875
<b>Contributions by and distributions to owners</b>					
Issue of share capital (note 25)	-	1,494	-	-	1,494
<b>Total contributions by and distributions to owners</b>	-	1,494	-	-	1,494
<b>At 31 December 2021 and 1 January 2022</b>	<b>116</b>	<b>91,636</b>	<b>6,2</b>	<b>(7,831)</b>	<b>90,121</b>
<b>Comprehensive loss for the year</b>					
Loss for the year				(1,948)	(1,948)
<b>Total comprehensive loss for the year</b>	-	-	-	(1,948)	(1,948)
<b>Contributions by and distributions to owners</b>					
Issue of share capital (note 25)	5	11,486	-	-	11,491
<b>Total contributions by and distributions to owners</b>	5	11,486	-	-	11,491
<b>At 31 December 2022</b>	<b>121</b>	<b>103,122</b>	<b>6,2</b>	<b>(9,779)</b>	<b>99,664</b>

The notes on pages 23 to 84 form part of these financial statements.

CRUISE HOLDING LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

		Year ended 31 December 2022	Year ended 31 December 2021
	Note	€'000	€'000
<b>Cash flows from operating activities</b>			
(Loss)/Profit for the year		<b>(3,193)</b>	<b>1,394</b>
<b>Adjustments for</b>			
Depreciation of property, plant and equipment	14	1,385	1,094
Depreciation of right of use asset	14	3,095	2,117
Amortisation of intangible assets	15	8,922	7,529
Impairment loss on intangible assets	15	3,370	-
Reversal of impairment loss on intangible assets	15	(4,000)	-
Impairment loss recognised on trade receivables	18	57	-
Change in provisions for risks and charges and employee benefits	22	3,476	2,323
Finance income	12	(400)	(622)
Finance costs	12	5,726	4,997
Loss on disposal of property, plant and equipment	14	-	23
Income tax charge/(credit)	13	1,939	(5,682)
		<b>20,377</b>	<b>13,173</b>
<b>Movements in working capital:</b>			
(Increase)/decrease in trade and other receivables	18	(8,021)	10,037
(Increase)/decrease in inventories	17	(3,032)	1,267
Increase in trade and other payables	19	9,446	6,149
Decrease in provision	22	(835)	(193)
		<b>(2,442)</b>	<b>17,260</b>
Income taxes paid		(978)	(899)
Utilisation of provisions		(4,000)	(1,978)
Other non-monetary movements		(506)	(586)
<b>Net cash generated from operating activities</b>		<b>12,450</b>	<b>26,970</b>



**CRUISE HOLDING LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 €'000	2021 €'000
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary, net of cash acquired	31	(3,420)	-
Advances for company acquisition		(400)	(1,900)
Purchase of property, plant and equipment	14	(2,929)	(1,534)
Proceeds from sale of property, plant and equipment	14	-	25
Purchase of intangibles	15	(1,315)	(1,623)
Investments on financial assets		(13)	(66)
<b>Net cash used in investing activities</b>		<b>(8,077)</b>	<b>(5,098)</b>
<b>Cash flows from financing activities</b>			
Proceeds of share issue		11,486	1,494
Proceeds from borrowings		5,881	9,816
Repayment of borrowings		(6,034)	(19,483)
Dividend paid to non-controlling interests		(180)	(120)
Interest paid	12	(4,978)	(4,535)
Interest received		-	58
Principal elements of lease payments		(4,450)	(2,364)
<b>Net cash generated from/(used in) financing activities</b>		<b>1,725</b>	<b>(15,134)</b>
<b>Net cash increase in cash and cash equivalents</b>		<b>6,104</b>	<b>6,738</b>
Cash and cash equivalents at the beginning of year		19,741	13,003
<b>Cash and cash equivalents at the end of the year</b>		<b>25,845</b>	<b>19,741</b>

The notes on pages 23 to 84 form part of these financial statements.

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1. General information

Cruise Holding Limited (the 'Company') is a private company limited by shares incorporated in the United Kingdom (the 'UK') and domiciled and registered in England. The Company's registered office is at 100 New Bridge Street, London, EC4V 6JA. The Company and its subsidiaries are collectively referred to in these consolidated financial statements as the 'Group'. The Group is primarily involved in cruise ship outfitting. The subsidiaries of the Company each operate in a specific market under a separate brand. These are set out further in note 16.

#### 2. Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards ('IAS') in conformity with the requirements of the Companies Act 2006. The Company's individual financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS' 101) and in accordance with the Companies Act 2006. The results of the Company are included in the Group's consolidated financial statements.

The following exemptions from the requirements of International Financial Reporting Standards ('IFRS') have been applied in the preparation of the Company financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraph 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement of minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

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.

Details of the Group's and the Company's accounting policies, including changes during the period, are included in note 5. These policies have been consistently applied to all periods presented, unless otherwise stated.

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 6.

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

---

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

##### **Basis of measurement**

The consolidated financial statements have been prepared under the historical cost convention modified by revaluation of financial assets and financial liabilities held at fair value through other comprehensive income. The Company financial statements have been prepared under the historical cost convention.

##### **Change in accounting policies**

###### **i) New standards, interpretations and amendments adopted by the Group**

The Group has applied the following amendments for the first time for the year ended 31 December 2022:

- Annual Improvements to IFRS Standards 2018-2020; and
- Reference to the Conceptual Framework – Amendments to IFRS 3.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

###### **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 2022 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 and 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's 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.

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 3. Financial instruments (continued)

##### *Interest rate risk*

In order to reduce the amount of financial debt subject to changes in interest rates, the Group enters 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.

De Wave 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 €37,000k structured in the form of an IRS. The transaction matures on 30 June 2023.

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 €2,000k structured in the form of an IRS.

Both the above transactions took place with lending banks which calculated market values ("mark to market") as at 31 December 2022 equal to €500k accrued asset (31 December 2021: €100k), and a related total notional value of the derivatives portfolio of €39,000k (31 December 2021: €42,600k).

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 sensitivity analysis on the trend in exchange rates in order to be able to promptly implement risk containment policies as deemed necessary.

##### *Price risk*

Over the past year, the markets from which the Group procures materials and external services that are required for its production contracts, have been unstable. During the year, there has been constant and significant increase in the costs of certain raw materials, particularly related to ferrous metals, as well as the scarcity of the same on the market, due to the production stoppage resulting from the world crisis. Throughout the year and also for the purposes of preparing these financial statements, management carried out in-depth analyses of these inflationary impacts, forecasting, where necessary, an increase in costs on job orders with a view to calculating the potential new marginality of these job orders based on the percentage completion. The risk is dictated by the fact that contracts in the new building sector are signed several years before their realisation and therefore the forecast cost levels may not be in line with the costs actually to be incurred. In fact, some contracts already in the portfolio or subject to an option by the customer concern ships under construction in the years 2024-2027 and, therefore, are potentially subject to risks exceeding those already considered in the offer phase. These forecasts have been incorporated into the order budgets based on management's best estimate.

The Group hedges its main medium- and long-term positions with specific contracts. In order to mitigate the effects of the price risk, the Group's commercial departments are: (i) for existing contracts, seeking to recover a portion of the cost increase from customers and (ii) for contracts under negotiation, indexing the value by fixing part of the contract value to the cost of materials.

## CRUISE HOLDING LIMITED

### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3. Financial instruments (continued)

##### *Credit risk*

*Credit risk arises primarily on trade receivables. To mitigate the risk, all customers are subject to credit verification procedures and processes are in place aimed at limiting any concentration of credit risk, through an analysis of creditworthiness. Credit status is constantly monitored, allowing the Group to promptly verify any non-fulfilment or deterioration in the counterparties' creditworthiness and to take the necessary mitigating action.*

The Group applies the simplified approach under IFRS 9 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 2022 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:

<b>31 December 2022</b>					
<b>Not yet due</b>	<b>0-60 days overdue</b>	<b>60-120 days overdue</b>	<b>120-365 days overdue</b>	<b>Over 365 days overdue</b>	<b>Total</b>
<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
70,769	11,714	1,267	2,165	1,202	<b>87,117</b>

<b>31 December 2021</b>					
<b>Not yet due</b>	<b>0-60 days overdue</b>	<b>60-120 days overdue</b>	<b>120-365 days overdue</b>	<b>Over 365 days overdue</b>	<b>Total</b>
<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
35,529	22,760	3,801	4,821	669	<b>67,580</b>

The balance sheet items shown in the tables relate to trade receivables, both short-term and medium-/long-term. Short-term trade receivables are included in the item "Trade and other receivables - current" and amount to €76,413k as at 31 December 2022 and €57,335k as at 31 December 2021, while medium- and long-term trade receivables represent the entire amount of the item "Trade and non current receivables", of €7,626k as at 31 December 2022 (31 December 2021: €7,292k).

Furthermore, it is specified that in the tables above, the total amount of receivables does not include the amount of the allowance for doubtful accounts equal to €3,078k as at 31 December 2022 and € 2,912k as at 31 December 2021.

The comparative figures have been updated to give a better representation of receivables figures.

## CRUISE HOLDING LIMITED

### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3. Financial instruments (continued)

##### *Liquidity risk*

Liquidity risk is the risk that the Group and the 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.

As of 31 December 2022, the Group has credit lines in place for a total of €105m (31 December 2021: €114m), approved by various credit institutions.

The unused balance on these credit lines as at 31 December 2022 is €9,000k (31 December 2021: €21,000k). Furthermore, it should be noted that:

- there are different sources of financing, with different banking institutions;
- there is no significant concentration 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 liabilities as at 31 December 2022:

At 31 December 2022	Carrying value	Within 12 months	Between 1 and 5 years	Over 5 years
€'000				
Bank loans and other financial liabilities	105,498	46,572	58,926	-
Trade payables	81,391	81,391	-	-
Current tax payables	4,188	4,188	-	-
Lease liabilities	7,881	2,55	4,042	1,289
Other current and non-current liabilities	8,94	8,932	8	-
<b>Total</b>	<b>207,898</b>	<b>143,633</b>	<b>67,048</b>	<b>1,289</b>

At 31 December 2021	Carrying value	Within 12 months	Between 1 and 5 years	Over 5 years
€'000				
Bank loans and other financial liabilities	101,618	39,970	61,648	-
Trade payables	59,656	59,656	-	-
Current tax payables	5,248	5,248	-	-
Lease liabilities	6,431	1,805	4,425	201
Other current and non-current liabilities	6,215	6,215	-	-
<b>Total</b>	<b>179,168</b>	<b>112,894</b>	<b>66,073</b>	<b>201</b>

The comparative figures have been updated to give a better representation of liabilities figures.

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 3. 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 included in the definition, are equity, long-term debt, cash and short-term borrowings. The Group manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the Group. In order to maintain or adjust its capital structure, the Group may from time-to-time issue new shares, take on new debt or replace existing debt with different characteristics.

The Group monitors capital using a number of measures, including net debt to EBITDA and coverage ratios.

On 30 October 2019, De Wave S.r.l. entered into a senior revolving facility with MPS Capital Services Banca Per Le Imprese S.P.A ('MPS') ('Senior Facilities Agreement'). Under the Senior Facilities Agreement, De Wave S.r.l. has one financial covenant, Total Leverage Ratio (Net financial position/EBITDA). In July 2021, De Wave S.r.l. was granted a waiver of the covenant test due to performed at 30 June 2021. In addition, the minimum Total Leverage Ratio levels were renegotiated and reset for the once every six months testing dates from 31 December 2021 onwards on the basis that the Group's operating environment had changed since inception of the Senior Facilities Agreement. In March 2022, prior to completion of the acquisitions of Tecnavi S.r.l., Oy FCR Finland Ltd, and Palamar S.r.l. ('the M&A operations'), a further waiver was obtained to (i) permit the M&A operations and (ii) reset the Total Leverage Ratio covenant, tested every six months, for the covenant testing dates in 2022 and 2023 to a new level reflecting the impact of the M&A operations. The test of Total Leverage Ratio on 31 December 2022 was compliant.

##### *Financial assets and liabilities*

Non-current financial assets and liabilities are regulated or valued at market rates and management's expectation is that their fair value is substantially in line with the 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 measured at amortised cost in note 19 approximates fair value.

## CRUISE HOLDING LIMITED

### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3. 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 of the Group 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.

Level 2	31 December 2022 €'000	31 December 2021 €'000
Derivative financial assets – non-current	530	
Derivative financial assets - current	123	
<b>Total Assets</b>	<b>653</b>	
Derivative financial liabilities		91
<b>Total liabilities</b>		<b>91</b>

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

The value of derivative financial assets relates to De Wave S.r.l. and Precetti S.r.l. (2021: derivative financial liabilities relate entirely to De Wave S.r.l.).



## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 4. Functional and presentation currency

The Company's functional currency is U.S. dollars ('USD'). This differs from the presentational currency which is Euros. All amounts have been rounded to the nearest thousand ('k'), 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.

#### 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, either directly or indirectly:

- 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, directly or indirectly, 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 year 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 intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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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 Investments in subsidiaries

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.

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 5. Accounting policies (continued)

##### 5.4 Going concern

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.

*At present, the most up-to-date analyses of the Company's economic and financial performance for 2023 do not indicate any situations of financial strain for the current fiscal year. Based on the analyses carried out, the directors believe that currently no significant uncertainties can be identified that would cast doubt on the Company's and the Group's ability to continue operating as a going concern.*

On 30 October 2019, De Wave S.r.l. entered into the Senior Facilities Agreement. Under the Senior Facilities Agreement, De Wave S.r.l. has one financial covenant, Total Leverage Ratio (Net financial position/EBITDA).

In March 2022, prior to completion of the M&A operations, as explained above, a further waiver was obtained to (i) permit the M&A operations and (ii) reset the Total Leverage Ratio covenant, tested every six months, for the covenant testing dates in 2022 and 2023 to a new level reflecting the impact of the M&A operations. The test of Total Leverage Ratio on 31 December 2022 was compliant.

Regarding the global economy impacted by the Russian-Ukrainian war events, the directors have taken appropriate actions to ensure that operations are able to continue and note no significant impact on the ability of the Group and the Company to continue as a going concern.

##### 5.5 Goodwill

Goodwill is classified as an intangible asset with an indefinite useful life and is initially recognised at cost, and is subsequently subject to an impairment test, at least annually, or more frequently if there are indicators that it may be impaired. A reversal of an impairment loss is not permitted. Gains and losses from the disposal of an asset include the carrying amount of goodwill related to that asset.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of the impairment assessment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units ("CGUs")). The allocation is made to those assets, or groups of assets, that generate cash and are expected to benefit from the business combination in which the goodwill arose.

Management considers there to be a single CGU being 'interiors of ships and yachts' activities. This consideration of a single CGU stems from the nature of the Group's activities which, although divisible into further lines of business, 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 shipowners or through main contractors) processing methods and technologies (always production of materials and assembly on board), commercial and performance issues, and methods of working capital. The identification of these common factors makes it reasonable to attribute future flows to a single CGU. Despite the fact that the newly-acquired company, Oy FCR Finland Ltd, operates in a business line consistent with the nature of the activities of the other group companies, it was considered a separate CGU for the purpose of the impairment test exercise, since, following the bankruptcy proceedings which commenced in 2022, the synergistic prerequisites supporting the consideration of the company within the single group of CGUs no longer existed.

## CRUISE HOLDING LIMITED

### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 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 permitted.

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 amortised over five years except for those in which no future benefit is expected, which are recorded in the statement of comprehensive income 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.

	Useful life
Development expenditure	5 years
Industrial patent rights and rights for the use of original works	10 years
Concessions, licenses, trademarks and other similar rights	5 years
<i>Other intangible assets:</i>	
Backlog	3 - 6 years
Improvements to third party assets	5 years
Customer relationships	15 years
Know-how	10 years
Others (e.g. trademarks)	5 years

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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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.

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. 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:

	<b>Useful life</b>
Plant and machinery	4 - 8 years
Furniture and office equipment	6 - 7 years
Industrial commercial equipment	5 years
Cars and vehicles	4 - 5 years

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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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 tested for impairment 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 'interiors of ships and yachts' CGU to which the goodwill has been allocated. An impairment of goodwill is recorded if the recoverable amount 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 statement of comprehensive income 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 statement of comprehensive income, 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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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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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 of the debtor and/or the due date of the receivable.

In addition, since trade receivables are generally short-term and do not bear interest, amortised cost is not calculated and they are recorded at their nominal value as stated in the invoices issued or contracts signed with customers.

This provision is also adopted for trade receivables with a contractual duration of more than 12 months, unless the effect is particularly significant. The choice derives from the fact that the amount of short-term receivables is very similar when applying either the historical cost method or the amortised cost method and the impact of the discounting logic would therefore be negligible.

Trade receivables are subject to an impairment test in accordance with IFRS 9. For the purposes of the valuation process, trade receivables are subdivided into maturity bands. Receivables are assessed collectively by grouping individual exposures on the basis of similar credit risk. The valuation is based on losses recorded for assets with similar credit risk characteristics on the basis of historical experience and takes into account expected losses.

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.

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 5. Accounting policies (continued)

##### 5.10 Leasing (continued)

###### *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.

###### *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 incremental borrowing rate is used.

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 lease liability is remeasured (and a corresponding adjustment to the related right of use asset is made) 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.

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.

Only in the event of a substantial and significant change in the duration of the lease or the future payments due for the lease, is the residual value of the lease liability remeasured 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;



## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 5. Accounting policies (continued)

##### 5.10 Leasing (continued)

- 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).

##### 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 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.

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.

##### *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

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2022

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**5. Accounting policies (continued)**

**5.11 Financial assets (continued)**

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)*

Included in this category are financial assets that meet both of the following conditions:

- the financial asset is held in accordance with a business model whose objective is achieved either by collecting the contractually agreed cash flows or by selling the financial asset ("Hold to Collect and Sell" business model); and
- the contractual terms of the financial asset provide, at specified dates, for cash flows represented solely by payments of principal and interest on the principal amount to be repaid (the "SPPI test" passed).

Included in this category are equity interests, not qualifying as control, connection and joint control, which are not held for trading purposes, for which the option to designate at fair value with impact on comprehensive income has been exercised.

Upon initial recognition, assets are recognised at fair value, including transaction costs or income directly attributable to the instrument itself. Subsequent to initial recognition, noncontrolling, associating and jointly controlled equity interests are measured at fair value, and the amounts recognised with a balancing entry in shareholders' equity must not be subsequently transferred to profit or loss, even in the event of disposal. The only component of these equity securities that is recognised in profit or loss is the related dividends.

For equity securities included in this category, which are not quoted in an active market, the cost method is used as an estimate of fair value only on a residual basis and limited to a few circumstances, i.e. when the most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value in that range.

*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).

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:

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 5. Accounting policies (continued)

##### 5.12 Impairment of financial assets (continued)

- 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.

*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.*

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 5. Accounting policies (continued)

##### 5.14 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.

##### 5.15 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.

##### 5.16 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 assets are 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.*

##### 5.17 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.

##### 5.18 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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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2022

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**5. Accounting policies (continued)**

**5.19 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 statement of comprehensive income.

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.

**5.20 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, 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 adjustments and the changes in the actuarial assumptions are recognised in the statement of comprehensive income.

Effective 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 Group 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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**NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**5. Accounting policies (continued)**

**5.21 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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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**5. Accounting policies (continued)**

**5.22 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 a 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.

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 5. Accounting policies (continued)

##### 5.23 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.

Revenues are represented by work in progress; the "cost to cost" method is used and typically the performance obligations 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 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.

The fulfilment of the contractual obligation is when the promised goods or service (i.e., the asset) is transferred to the customer i.e., when the customer acquires control. The Group transfers control of the goods or service over time, and therefore fulfils the performance obligations and records the revenues over time, if one of the following criteria is satisfied:

- the customer simultaneously receives and uses the benefits deriving from the performance of the entity as it performs it;
- the performance of the Group creates or improves the asset (for example, work in progress) that the customer controls as the asset is created or improved;
- the Group's performance does not create an asset that presents an alternative use for the Group and the Group has the right to pay the performance completed up to the date considered.

De Wave S.r.l. 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.

De Wave S.r.l. also 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 estimate 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.



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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**5. Accounting policies (continued)**

**5.23 Revenue (continued)**

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.

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 of 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; and
- these costs are expected to be recovered.

**5.24 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.

**5.25 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.

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 5. Accounting policies (continued)

##### 5.26 Dividends

Dividends are recognised on the date of declaration by the directors. Provision is made for the amount of any dividend declared on or before the end of the reporting period but not distributed at the end of the reporting period.

##### 5.27 Share-based payments

Share-based employee compensation plans are recognised based on the fair value of the financial instruments granted at the grant date, spreading the expense over the period of the plan. The fair value of the shares underlying the incentive plan, for equity-settled instruments, is determined at the grant date taking into account, where applicable, forecasts regarding the achievement of performance parameters associated with market conditions and is not adjusted in subsequent periods.

##### 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. 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 Group 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. There are no uncertain tax positions in the current or comparative period.

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 their corresponding tax basis. 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 statement of comprehensive income, with the exception of those relating to items recognised outside the statement of comprehensive income which are

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 5. Accounting policies (continued)

##### 5.28 Taxation (continued)

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.

##### 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 and Company 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:

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 6. Estimates and judgements (continued)

- **Impairment of assets – Goodwill and other non-financial assets:**

Non-financial assets are written down when events or changes in circumstances signify 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 and these require forecasts of future financial performance which is an estimate. 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. An impairment test is performed annually in respect of goodwill. 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.

- **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 statement of comprehensive income 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:

	Year ended 31 December 2022	Year ended 31 December 2021
	€'000	€'000
Interior design of cruise ships and yachts	282,335	207,515

**CRUISE HOLDING LIMITED**

**NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**7. Revenue (continued)**

Analysis of revenue by country of destination and revenue stream:

	<b>New Builds €'000</b>	<b>Refitting €'000</b>	<b>Year ended 31 December 2022 €'000</b>
United Kingdom	-	430	430
Italy	151,875	10,594	162,469
Rest of Europe	46,110	50,958	97,068
Rest of the world	11,421	10,947	22,368
	<b>209,406</b>	<b>72,929</b>	<b>282,335</b>

	<b>New Builds €'000</b>	<b>Refitting €'000</b>	<b>Year ended 31 December 2021 €'000</b>
United Kingdom	-	1,792	1,792
Italy	117,647	9,807	127,454
Rest of Europe	27,513	246	27,759
Rest of the world	4,664	45,846	50,510
	<b>149,824</b>	<b>57,691</b>	<b>207,515</b>

**8. Other operating income**

	<b>Year ended 31 December 2022 €'000</b>	<b>Year ended 31 December 2021 €'000</b>
Other operating income	1,542	1,353
Rent income	187	144
Government grants receivable	342	335
Insurance indemnity and various compensation	21	6
Profit on disposal of tangible assets	-	8
	<b>2,092</b>	<b>1,846</b>

The government grants receivable amounting to €342k (2021: €335k) is mainly composed of income from tax credits resulting from investments in capital goods, research and development activities and training under the Italian 'Industry 4.0', while the item "Other operating income" amounting to €1,256k (2021: €1,353k) is mainly composed of recharges to suppliers for €588k (2021: recharges to customers of €268k).

CRUISE HOLDING LIMITED

NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

9. Operating profit

	Note	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Changes in inventories of finished goods and work in progress		120,650	85,609
Employee benefit expenses	11	38,695	30,224
Depreciation	14	4,480	3,211
Amortisation	15	8,922	7,529
Impairment of intangible assets and goodwill	15	3,370	-
Reversal of impairment of non-financial assets	15	(4,000)	-
Write downs of receivables		57	-
Consultancy fees		4,284	1,687
Maintenance		842	561
Operating lease rentals – short term/low value		1,026	789
Transaction costs and monitoring fees		1,539	1,512
Subcontracting		77,753	60,277
Travel expenses		4,616	2,354
Insurance		651	667
Utilities		2,291	1,236
Auditors' remuneration	10	495	428
Advertising expenses		271	137
Other service costs including freight charges		10,765	8,943
Professional fees		53	464

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

"Impairment of financial assets" is the result of the sum of the write down of the value of Oy FCR Finland Ltd ('FCR') by €3,370k and the revaluation of customer relationship to €4,000k. These are one-off events with no comparative figures for the previous year.

**CRUISE HOLDING LIMITED**

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**NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**10. Auditors' remuneration**

During the year, the Company obtained the following services from the Company's auditors and their associates.

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Fees payable to the Company's auditors and its associates for the audit of Company and consolidated financial statements	121	105
Fees payable to the Company's auditors and its associates for other services:		
Audit of financial statements of the Company's subsidiaries	245	190
Audit-related assurance services	35	39
Tax compliance services	94	94
	<b>495</b>	<b>428</b>

**11. Employee benefit expenses**

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Wages and salaries	29,473	23,072
Social security costs	7,707	6,134
Other pension costs	1,515	1,018
	<b>38,695</b>	<b>30,224</b>

Included in wages and salaries are other personnel costs totalling €164k (2021: €177k) consisting of severance pay, leave, holidays and costs for temporary staff.

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

The monthly average number of persons employed by the Group during the year was as follows:

	Year ended 31 December 2022 Number	Year ended 31 December 2021 Number
Directors	16	8
Managers	17	15
Junior managers	37	23
Employees	333	239
Workers	396	345
	<b>799</b>	<b>630</b>

#### Company

The Company has no employees.

One of the Company's directors (2021: one) received remuneration of €9k from the Company for services during the year (2021: €9k). The remuneration of the other directors is paid by a related entity (see note 29) as Directors' services are to the Company and a number of other related entities. Accordingly, the Company includes no remuneration in respect of these directors.

During the year, the Company entered into a management incentive programme, through which certain employees of the Group receive the right to subscribe to a special class of shares issued by the Company that will entitle them to benefit from increasing returns upon the occurrence of certain conditions. The programme contains specific clauses of restrictions on the transfer and treatment of shares granted to a participant in the incentive programme in the event of termination of employment or collaboration with the Group. This transaction has been accounted for as an 'equity-settled' scheme by IFRS 2 - Share-based Payment. In accordance with this standard, the Group has estimated the fair value of the instrument at the balance sheet date. However, the fair value of the instrument has not been recognised in the consolidated financial statements as it is not material to the group.

#### 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 within the 'Company information' section.



CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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12. Finance income and costs

Group	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
<b>Finance income</b>		
Other interest receivable	10	58
Net foreign exchange gain	390	564
<b>Total finance income</b>	<b>400</b>	<b>622</b>
 <b>Finance costs</b>		
Derivative interest	37	101
Interest on lease liabilities	264	197
Interest payable on bank loans	4,212	3,915
Interest payable on factored debts	277	89
Other financial expense	833	695
Net foreign exchange losses	103	-
<b>Total finance costs</b>	<b>5,726</b>	<b>4,997</b>

## CRUISE HOLDING LIMITED

### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 13. Income tax expense/(credit)

##### 13.1 Income tax recognised in profit or loss

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
<b>Current tax</b>		
Overseas tax	1,968	4,397
<b>Total current tax</b>	<b>1,968</b>	<b>4,397</b>
<b>Deferred tax credit</b>		
Origination and reversal of timing differences	(29)	(10,079)
<b>Total deferred tax</b>	<b>(29)</b>	<b>(10,079)</b>
<b>Total tax charge/(credit)</b>		
Tax charge/(credit)	<b>1,939</b>	<b>(5,682)</b>

Current income taxes refer to IRES (Italian corporation tax) and IRAP (Italian Regional Business Tax) and other taxes paid abroad during the year.

The significant value of deferred income taxes recognised in 2021 included the effect of the net benefit of the redemption of certain intangibles on the statutory financial statements, while the 2022 financial year absorbed the recognition of deferred tax liabilities against the effects of the reversal of the previous impairment loss on the customer relationship. See note 15 for further details.

#### Reconciliation of tax charge

The difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to losses for the year is as follows:

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
<b>Loss before tax</b>	<b>(4,180)</b>	<b>(4,288)</b>
Loss multiplied by the standard rate of tax in the UK of 19%	(794)	(815)
Difference in overseas tax rates	(965)	(62)
Changes in tax rates	-	1,602
Goodwill impairment	(640)	-
Overseas substitute taxes	-	3,698
Deferred tax on overseas tax benefit	-	(10,340)
Deferred tax not recognised	(626)	546
Other items	(463)	(311)
Adjustments in respect of prior periods	(39)	-
<b>Total tax credit</b>	<b>(1,939)</b>	<b>(5,682)</b>

**CRUISE HOLDING LIMITED**

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**NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

**13.1 Income tax recognised in profit or loss (continued)**

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

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using enacted tax rates and reflected in these financial statements.

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

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
<b>Deferred tax</b>		
Arising on income and expenses recognised in other comprehensive (expense)/ income		
Tax effect on actuarial losses (Employee benefits)	(122)	(33)

**13.3 Deferred tax balances**

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

	31 December 2022 €'000	31 December 2021 €'000
Deferred tax assets	-	652
Deferred tax liabilities	(78)	-

CRUISE HOLDING LIMITED

NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Income tax (expense)/credit (continued)

13.3 Deferred tax balances (continued)

	1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	Addition for Acquisitions	31 December 2022
	€'000	€'000	€'000	€'000	€'000
Tangible and intangible assets	(4,727)	236	-	(646)	(5,137)
Inventories	129	(3)	-	-	126
Employee benefits	129	(44)	(122)	17	(20)
Provisions	733	304	-	197	1,234
Doubtful debts	664	(19)	-	-	645
Non-deductible interest expense	1,634	80	-	-	1,714
Other items	319	49	(164)	17	221
Tax losses carried forward	1,771	(632)	-	-	1,139
	<b>652</b>	<b>(29)</b>	<b>(286)</b>	<b>(415)</b>	<b>(78)</b>

Reclassification adjustments have been made to the opening balances as at 1 January 2022 to ensure more accurate representation of deferred tax movements, none of which are significant.

It should be noted that the amount of deferred income recognised in the statement of comprehensive income of €164k (2021: €183k) relates to the change in the cash flow reserve, which is shown net of this effect in the statement of comprehensive income in these notes.

The main movements are attributable to the following effects:

- A decrease of €1,530k (2021: €1,559k) in deferred tax liabilities mainly due to the amortisation of intangible assets arising from the purchase price allocation (the 'PPA') offset for €1,112k (2021: €nil) by deferred tax liabilities related to the re-establishment of the "Customer Relationship";
- The release of deferred tax assets arising from the provision for risks on guarantees related to contract work in progress amounting to €304k (2021: €109k);
- Release of deferred tax assets on tax losses €632k (2021: €112k).

CRUISE HOLDING LIMITED

NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Tangible assets

Group

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Furniture and office equipment	Cars and vehicles	Total
	€'000	€'000	€'000	€'000	€'000	€'000
<b>At 1 January 2021</b>	<b>5,737</b>	<b>1,497</b>	<b>553</b>	<b>759</b>	<b>79</b>	<b>8,625</b>
<b>Cost or valuation</b>						
Additions	-	444	227	374	434	1,479
Disposals	-	(31)	(13)	(3)		(47)
Other movements	32	(19)	(10)	100	(1)	102
<b>At 31 December 2021</b>	<b>6,122</b>	<b>2,146</b>	<b>913</b>	<b>1,461</b>	<b>512</b>	<b>11,154</b>
<b>Accumulated depreciation</b>						
Charge for the period	352	236	207	299	-	1,094
<b>At 31 December 2021</b>	<b>705</b>	<b>491</b>	<b>363</b>	<b>530</b>	<b>-</b>	<b>2,089</b>
<b>Net book value</b>						
<b>At 31 December 2021</b>	<b>5,417</b>	<b>1,655</b>	<b>550</b>	<b>931</b>	<b>512</b>	<b>9,065</b>
<b>At 1 January 2022</b>	<b>5,417</b>	<b>1,655</b>	<b>550</b>	<b>931</b>	<b>512</b>	<b>9,065</b>
<b>Cost or valuation</b>						
Additions	350	106	349	514	702	2,021
Acquired through business combination	874	411	100	84	89	1,558
Reclassifications	-	161	-	-	(161)	-
Disposals	-	-	(2)	-	-	(2)
Other movements	(1)	(19)	2	21	(9)	(6)
<b>At 31 December 2022</b>	<b>7,345</b>	<b>2,805</b>	<b>1,362</b>	<b>2,080</b>	<b>1,133</b>	<b>14,725</b>
<b>Accumulated depreciation</b>						
Charge for the period	349	273	351	412	-	1,385
<b>At 31 December 2022</b>	<b>1,054</b>	<b>764</b>	<b>714</b>	<b>942</b>	<b>-</b>	<b>3,474</b>
<b>Net book value</b>						
<b>at 31 December 2022</b>	<b>6,292</b>	<b>2,041</b>	<b>648</b>	<b>1,138</b>	<b>1,133</b>	<b>11,251</b>

CRUISE HOLDING LIMITED

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**14. Tangible assets (continued)**

The item "Additions" includes all investments made during the year, specifically: De Wave S.r.l. additions of €670k mainly relating to cars and office machinery, and De Wave Polska additions of €657k relating to investments made in the Lipno production plant;

As a result of acquisitions made during the year, there were also increases of €1,557k as follows:

- € 510k Palamar S.r.l. ('Palamar');
- € 613k Tecnavi S.r.l. ('Tecnavi');
- € 434k FCR;

CRUISE HOLDING LIMITED

NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
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14. Tangible assets (continued)

Right of use assets

Group

	Buildings €'000	Plants €'000	Vehicles €'000	Office equipment €'000	Total €'000
<b>At 1 January 2021</b>	<b>4,466</b>	<b>240</b>	<b>652</b>	<b>170</b>	<b>5,528</b>
<b>Cost or valuation</b>					
Additions	1,803	1,766	438	-	4,007
Disposals	-	-	-	-	-
Lease modifications	(401)	-	(83)	-	(484)
<b>At 31 December 2021</b>	<b>7,040</b>	<b>2,103</b>	<b>1,497</b>	<b>205</b>	<b>10,845</b>
<b>Accumulated depreciation</b>					
Charge for the period	1,237	430	420	30	2,117
<b>At 31 December 2021</b>	<b>2,409</b>	<b>527</b>	<b>910</b>	<b>65</b>	<b>3,911</b>
<b>Net book value</b>					
<b>At 31 December 2021</b>	<b>4,631</b>	<b>1,576</b>	<b>587</b>	<b>140</b>	<b>6,934</b>
<b>At 1 January 2022</b>	<b>4,631</b>	<b>1,576</b>	<b>587</b>	<b>140</b>	<b>6,934</b>
<b>Cost or valuation</b>					
Additions	3,492	640	849	-	4,981
Disposals	-	-	-	-	-
Increase for business combinations	581	64	121	-	766
<b>At 31 December 2022</b>	<b>11,113</b>	<b>2,807</b>	<b>2,467</b>	<b>205</b>	<b>16,592</b>
<b>Accumulated depreciation</b>					
Charge for the period	2,076	568	450	1	3,095
<b>At 31 December 2022</b>	<b>4,485</b>	<b>1,095</b>	<b>1,360</b>	<b>66</b>	<b>7,006</b>
<b>Net book value</b>					
<b>At 31 December 2022</b>	<b>6,628</b>	<b>1,712</b>	<b>1,107</b>	<b>139</b>	<b>9,586</b>

CRUISE HOLDING LIMITED

NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

15. Intangible assets

Group

	Goodwill	Development expenditure	Industrial patent rights and rights for the use of original works	Concessions, licenses, trademarks and other similar rights	Other intangible assets	Total
	€'000	€'000	€'000	€'000	€'000	€'000
<b>At 1 January 2021</b>	<b>31,853</b>	<b>125</b>	<b>9,746</b>	<b>8,663</b>	<b>55,838</b>	<b>106,225</b>
<b>Cost or valuation</b>						
Additions	-	-	557	-	1,391	1,948
Disposals	-	-	-	-	-	-
Other movements	-	-	917	-	(1,241)	(325)
<b>At 31 December 2021</b>	<b>39,153</b>	<b>202</b>	<b>12,599</b>	<b>10,288</b>	<b>94,417</b>	<b>156,660</b>
<b>Accumulated depreciation</b>						
Charge for the period	-	51	1,463	1,481	4,533	7,529
<b>At 31 December 2021</b>	<b>7,300</b>	<b>128</b>	<b>2,842</b>	<b>3,106</b>	<b>42,964</b>	<b>56,340</b>
<b>Net book value</b>						
<b>At 31 December 2021</b>	<b>31,853</b>	<b>74</b>	<b>9,757</b>	<b>7,182</b>	<b>51,453</b>	<b>100,320</b>
<b>Cost or valuation</b>						
Additions	-	24	419	-	736	1,179
Recognised on acquisition – PPA effect	14,380	-	-	593	1,835	16,808
Acquired through business combination	-	-	5	-	262	267
Impairment (loss) net of reversal	(3,370)	-	-	-	4,000	630
Reclassifications	-	76	22	1	(99)	-
<b>At 31 December 2022</b>	<b>50,163</b>	<b>302</b>	<b>13,045</b>	<b>10,883</b>	<b>101,151</b>	<b>175,544</b>
<b>Accumulated depreciation</b>						
Charge for the period	-	71	1,531	1,474	5,846	8,922
<b>At 31 December 2022</b>	<b>7,300</b>	<b>199</b>	<b>4,373</b>	<b>4,580</b>	<b>48,810</b>	<b>65,262</b>
<b>Net book value</b>						
<b>At 31 December 2022</b>	<b>42,863</b>	<b>103</b>	<b>8,672</b>	<b>6,303</b>	<b>52,341</b>	<b>110,282</b>



## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 15. Intangible assets (continued)

Development expenditure relates to costs incurred on development of new products. No new development costs were capitalised in the year, all expenditure was expensed to the statement of comprehensive income.

Industrial patent rights and rights for the use of original works mainly includes:

- costs incurred for the purchase of software from third parties with a net book value of €1,349k as at 31 December 2022 (31 December 2021: €1,369k). That item increased for the purchase of new software applications, €419k;
- Know-how relating to Spencer Contract S.r.l. accounted for during the acquisition of the De Wave Group of companies in 2020, with a net book value of € 7,315k as at 31 December 2022 (31 December 2021: € 8,385k).

Concessions, licenses, trademarks and 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). In the year the item was increased by the acquisition of the brand of Tecnavi for €593k.

Goodwill increased as a result of the acquisitions of Tecnavi, Palamar, and FCR which completed during the year. A subsequent impairment of the goodwill relating to FCR was recognised. See detail overleaf.

Other intangible assets mainly include the other intangibles that arose on acquisition of the De Wave Group of companies in 2019, i.e. customer relationships with a net book value of € 50,099k at 31 December 2022 (31 December 2021: € 50,009k). See further details in the 'Order backlog and customer relationships' section below.

Also included in the other intangible assets balance are fixed assets in progress and advances of €644k (31 December 2021: €280k), mainly relating to ERP and reporting system implementation. Other increases of €262k arise from the effect of new acquisition, and €516k as the effect of the new Backlog.

#### *Order backlog and customer relationships*

During the year, the Company carried out a valuation to review the fair value of the customer relationships. In order to determine the value, the Group used the multi-period excess earnings method ("MEEM"); this method considers the value of the asset being valued based on expected future cash flows, net of the remuneration of all assets that contribute to the formation of these flows.

Cash flow projections used in the impairment assessment are based on budgets and financial forecasts prepared by management for a five-year time horizon (2023-2027) and approved by the Company directors; cash flows beyond the five-year period are extrapolated at the long-term growth rate specified below.

The changed market scenarios and the Group's growth in 2022 also through M&A transactions has contributed to broadening the type of work the group can provide to customers, being able to provide more integrated and broader products, thus significantly strengthening and improving its historical positioning and attractiveness to customers. The foregoing allowed for the review of only the value of the Customer Relationship, which had been previously written down. As a result, the previously recognised impairment charge of €4m. was reversed and a consequent reversal of deferred taxation amounting to € 1.1m was made.

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 15. Intangible assets (continued)

##### *Goodwill*

In accordance with IAS 36, goodwill is tested for impairment annually. The same methodology has been applied in the current year as the comparative period.

In order to assess the recoverability, the carrying value of net assets of the Group was compared with the recoverable amount as at the year end.

In order to determine the recoverable amount, the Group used the discounted cash flow method (Value in Use model). The recoverable was determined as the sum of the present value of the expected future cash flows and the terminal value.

The cash flows used for the calculation of the recoverable amount were based on the 2023-2027 Business Plan ('the Plan') prepared by management and approved by the Company's board of directors. The recoverable amount was determined based on the value in use of a single CGU.

The Group calculated a market discount rate for the assets based on the capital asset pricing model, by identifying comparable companies. Consistent with the consideration of after-tax cash flows, the weighted average cost of capital (the 'WACC') rate was also determined post-tax. The WACC determined is 10.38% (2021: 9.8%).

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 Plan, determining the changes in working capital in terminal value consistently with the long-term growth rate "g". For 2022, the Group considered a growth rate "g" of 2% (2021: 1.05%).

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. IFRS16 capital expenditure has been 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., 2027).

The recoverable amount, determined using the method described above, is higher than the carrying value of the Group at 31 December 2022 hence no impairment was required (2021: no impairment required).

Goodwill impairment testing was separately performed in relation to the goodwill on acquisition of FCR, as the synergistic prerequisites which initially supported the inclusion of this company within the single group of CGUs no longer existed. As a result of the financial difficulties encountered by FCR during the year, the entity submitted a debt restructuring plan to the local court in December 2022. The plan was subsequently approved in March 2023, but due to a changed operational scenario, was not implemented. FCR subsequently filed for bankruptcy in April 2023. As a result, the carrying value of the goodwill at 31 December 2022 is not supported by the future cash flows. The impairment testing carried out resulted in a full impairment of the investment held by De Wave S.r.l. and a corresponding impairment of €3,370k of the goodwill in the consolidated financial statements. The value of the impairment represents the maximum risk for the Group.

## CRUISE HOLDING LIMITED

### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 15. Intangible assets (continued)

##### *Sensitivity analysis*

The recoverable amount of the Group is estimated to be higher than the carrying value at 31 December 2022. A sensitivity analysis was carried out to verify the effects on the results of the headroom of the impairment test of the change in certain parameters considered significant, i.e., WACC and long-term growth rate, the results of which are summarised below:

- Goodwill

		Growth Rate Change %		
		-0.50%	0.00%	0.50%
		€'000	€'000	€'000
WACC	11.38%	57,257	58,240	59,223
	10.38%	65,531	66,556	67,581
	9.38%	74,251	75,319	76,388

The directors and management have considered and evaluated reasonably possible 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.

#### 16. Investments

The Company had the following subsidiaries as at 31 December 2022:

Name of subsidiary	Proportion of ownership interest and voting power held by the Group and Company (%) 31 December 2022
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

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 16. Investments (continued)

7) Proccetti S.r.l.	100
8) PM 4.0 S.r.l.	70
9) PM5 S.r.l.	51
10) Palamar S.r.l.	70
11) Tecnavi S.r.l.	100
12) Florida Marine Industries INC	100
13) OY FCR Finland Ltd	100
14) <i>Shanghai De Wave Ship Services Co. Ltd</i>	100
15) Keskinäinen Kiinteistö Oy Vesonmetsäntie	100

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, EC4V 6JA, holding company;
- Cruise Intermediate Holding II Limited registered office is 100 New Bridge Street, London, EC4V 6JA, holding company;
- De Wave S.r.l. registered office is Via De Marini, 116149 Genova, Italy, active in ship fitting for New Builds 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 Builds and Refitting and specialised in the construction of kitchens and catering;
- Precetti Inc., registered office is 3401 North Miami Ave, Miami FL 33127 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 refitting and specialised in the construction of kitchens, catering, cabins and 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.
- Palamar S.r.l., registered office is Via Antonio Cecchi, 23/3, Genova, Italy, active in nautical carpentry and yacht interior fit out.
- Tecnavi S.r.l. registered office is Via al Molo Cagni snc, Genova, Italy, active in the construction of installations on ships and yachts;
- OY FCR Finland Ltd registered office is Vesonmetsäntie 30, 21270, Nousiaunen, Finland, active in the refitting and new building of interiors for cruise ships;
- Shanghai De Wave Ship Services Co., Ltd, registered office in Room 726, No. 180, Huashen Road, China (Shanghai) Pilot Free Trade Zone, active in the new building; the company devoted to the production of interiors for cruise ships in the Chinese territory with an office in Shanghai was incorporated under Chinese law. De Wave S.r.l. subscribed 100% of the registered capital and the capital contribution amount was €100,000

## CRUISE HOLDING LIMITED

### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 16. Investments (continued)

- Keskinäinen Kiinteistö Oy Vesonmetsäntie (named also the "Real Estate Company"), registered office is Vesonmetsäntie 30, 21270, Nousiainen, Finland, active in the mutual real estate sector.

Cruise Intermediate Holding Limited and Cruise Intermediate Holding II Limited, which are both UK subsidiaries of the Company, have claimed audit exemptions for the year ended 31 December 2022 under Section 479A of the Companies Act 2006.

Company	€'000
<b>At 31 December 2021 and 1 January 2022</b>	<b>94,287</b>
Additions	-
<b>At 31 December 2022</b>	<b>94,287</b>

Investments in subsidiaries are recorded at cost.

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 Group.

#### 17. Inventories

##### Group

	2022	2021
	€'000	€'000
Raw materials	6,050	1,876
Work in progress	6,010	9,132
Finished goods and goods for resale	373	279
Advances from suppliers	6,874	3,678
	<b>19,307</b>	<b>14,965</b>

Raw materials, which include semi-finished products and consumables (materials necessary for fittings) are recorded at purchase cost. Work in progress and finished products represent standardised components manufactured by the Group and awaiting installation in the De Wave Polska production plant.

CRUISE HOLDING LIMITED

NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

18. Trade and other receivables

Group

	2022 €'000	2021 €'000
<b>Non-current</b>		
Other receivables	<u>7,626</u>	<u>7,292</u>
<b>Current</b>		
Trade receivables	76,413	57,335
Receivables from related parties	6,317	6,035
Contract assets	13,634	15,383
Other receivables	12,086	14,096
<b>Total current trade and other receivables</b>	<u>108,450</u>	<u>92,850</u>

The item "Other non-current receivables" includes medium/long-term trade receivables represented exclusively by contractually agreed customer guarantee deductions accrued in proportion to the progress of the work and which will be settled at the end of the guarantee period.

Trade receivables are shown net of the allowance for doubtful accounts, which amounted to €3,078k as of 31 December 2022 (2021: €2,912k).

Within the trade current receivables there are €9,011k (2021: retained as guarantees to customers for the portion that will be contractually settled within the year).

Other current receivables include tax receivables in the amount of € 9,167k (2021: € 9,681k), mostly consisting of VAT receivables, receivables from factoring companies, pending collection, in the amount of €1,139k (€2,581k as of 31 December 2021), receivables from others in the amount of € 236k (2021: €2,159k), and finally prepaid expenses in the amount of €635k (2021: €641k).

Movements in the loss allowance are as follows:

	€'000
<b>Balance as at 1 January 2022</b>	<u>2,912</u>
Acquired through business combination	266
Increase in loss allowance	57
Utilised in the year	<u>(158)</u>
<b>Balance as of 31 December 2022</b>	<u>3,078</u>

CRUISE HOLDING LIMITED

NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

19. Trade and other receivables (continued)

The carrying amount of the Group's gross trade receivables are denominated in the following currencies:

	2022 €'000	2021 €'000
Euro	77,462	55,937
USD	1,933	3,851
Singapore dollar	96	500
<b>Total</b>	<b>79,491</b>	<b>60,288</b>

**Company**

	2022 €'000	2021 €'000
<b>Current</b>		
Receivables from related parties	6,495	6,194

Receivables from related parties are unsecured, interest free and repayable on demand. The Company has not incurred credit losses during the year and the expected credit loss for receivables from related parties is immaterial as at 31 December 2022 (31 December 2021: immaterial).

CRUISE HOLDING LIMITED

**NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**20. Trade and other payables**

**Group**

	<b>2022</b>	<b>2021</b>
	<b>€'000</b>	<b>€'000</b>
<b>Non-current</b>		
Other payables	<b>3,877</b>	<b>3,176</b>
<b>Current</b>		
Trade payables	81,391	59,656
Other payables	8,932	6,215
Accruals	67	247
Current tax payables	4,188	5,248
Contract liabilities	24,715	23,442
<b>Total current trade and other payables</b>	<b>119,293</b>	<b>94,808</b>

The item that mainly composed "Other non-current payables" is Employee benefits, that include the provision for severance indemnities for employees of the Italian companies and liabilities related to medium-/long-term incentive plans for certain employees. The balance is determined on the basis of actuarial techniques.

The balance of trade payables refers to payables incurred in the normal course of the Group's business. Trade payables are unsecured and are usually paid within 30 days of their recognition. The carrying amount of trade payables is deemed to approximate their fair value, given their short-term nature.

The current other payables balance includes payables to social security and welfare institutions in the amount of €1,929k (31 December 2021: €1,472k), payables to employees in the amount of €5,751k (31 December 2021: €4,743k), and accrued expenses and deferred income in the amount of € 1,252k (€ 1,336k).

The contract liabilities balance relates to payments on account from customers amounted to €24,715k (31 December 2021: €23,442k) and arose on orders for which amounts are invoiced ahead of performance obligations being satisfied.

**Company**

	<b>2022</b>	<b>2021</b>
	<b>€'000</b>	<b>€'000</b>
<b>Current</b>		
Trade payables	1,713	211
Accruals	60	96
<b>Total current trade and other payables</b>	<b>1,773</b>	<b>307</b>



## CRUISE HOLDING LIMITED

### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 21. Lease liabilities

##### Group

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:

##### Contractual undiscounted cash flows due

	2022	2021
	€'000	€'000
Not later than one year	2,723	1,885
Between one year and five years	5,032	4,620
Later than five years	1,158	210
	<u>8,913</u>	<u>6,715</u>

Lease liabilities included in the consolidated statement of financial position:

	2022	2021
	€'000	€'000
<b>Current</b>		
Lease liabilities	2,550	1,805
<b>Non-current</b>		
Lease liabilities	5,331	4,626
<b>Total lease liabilities</b>	<u>7,881</u>	<u>6,431</u>

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

	2022	2021
	€'000	€'000
Depreciation of lease assets	3,095	2,117
Interest expense on lease liabilities	264	197
Expenses related to short-term leases	1,026	789

## CRUISE HOLDING LIMITED

### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 22 Employee benefits

Employee benefits include the provision relating to the severance indemnity for Italian company employees and the liabilities relating to medium/long-term incentive plans for certain employees. The balance is determined on the basis of actuarial techniques.

The following tables show the changes in the severance indemnity reserve for the year ended 31 December 2022:

	<b>Italian post-employment benefits</b> €'000
<b>Balance as of 1 January 2021</b>	<b>2,596</b>
Bond interest	8
Employer contributions	736
Benefits paid	(282)
Actuarial losses	118
<b>Balance as of 31 December 2021</b>	<b>3,176</b>
Bond interest	35
Employer contributions	1,390
Benefits paid	(294)
Actuarial losses	(437)
<b>Balance as of 31 December 2022</b>	<b>3,869</b>

Actuarial assumptions for severance indemnity are as follows:

	<b>2022</b>	<b>2021</b>
<b>Economic assumptions:</b>		
Annual discount rate	3.70%	1.00%
Annual inflation rate	2.50%	1.75%
Annual severance indemnity rate	1.50%	1.50%
Annual salary growth rate	2.50%	2.50%
<b>Demographic assumptions:</b>		
Advance payment rate	3.00%	3.00%
Turnover rate	3.00%	3.00%

Regarding the choice of discount rate, the index for the Euro zone Iboxx Corporate AA with a duration consistent with the average financial duration of the collective being evaluated (+10 years) was chosen as the reference index.

CRUISE HOLDING LIMITED

NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

23. Provisions

	Pension fund €'000	Warranty provision €'000	Other provision €'000	Total €'000
<b>At 1 January 2022</b>	<b>135</b>	<b>1,094</b>	<b>-</b>	<b>1,229</b>
Increases from business combination	-	351	3,084	3,435
Increase in provision	-	1,463	474	1,937
Utilised in the year	-	(855)	(2,992)	(3,847)
Other movements	(10)	87	-	77
<b>At 31 December 2022</b>	<b>125</b>	<b>2,140</b>	<b>566</b>	<b>2,831</b>

The warranty provisions are to cover risks related to contract work in progress. The utilisation of the warranty provision in the year of € 855k (2021: € 1,727k) was in line with the initially planned amount.

The additional utilisation, for €2,992k, in the year is attributable to the use of provisions covering business risks by OY FCR Finland Ltd. That value comes from the provision made with respect to FCR in the Statutory Financial Statements of 2021.

CRUISE HOLDING LIMITED

NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

24. Loans and borrowings

Group

	2022 €'000	2021 €'000
<b>Non-current</b>		
Other financial liabilities	-	16
Bank loans	58,926	61,632
<b>Total Non-current</b>	<b>58,926</b>	<b>61,648</b>
<b>Current</b>		
Other financial liabilities	10,906	14,820
Bank loans	35,666	25,059
Derivative financial liabilities	-	91
<b>Total Current</b>	<b>46,572</b>	<b>39,970</b>
<b>Total loans and borrowings</b>	<b>105,498</b>	<b>101,618</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 item "Other financial liabilities" is composed of €1,489k bank overdrafts (2021: € nil) and €9,417k (2021: € 14,820k) for other financial payables (mainly advances to "finimport" and "finexport").

CRUISE HOLDING LIMITED

NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

24. Loans and borrowings (continued)

Loan institution	Nominal value €'000	Interest rate	At 31 December 2022	TOTAL 2022 €'000	At 31 December 2021	TOTAL 2021 €'000
			of which current €'000		of which current €'000	
SFA - LOAN M/L term A1 *	4,076	6.69%	588	2,477	611	3,06
SFA - LOAN M/L term R1 **	6,522	7.19%	0	6,396	0	6,367
BANK LOAN M/L term ending 2026*	2,5	0.69%	611	2,43	51	2,5
SFA -LOAN M/L term senior facility A2 *	17,162	6.69%	2,455	10,383	2,574	12,811
SFA -LOAN M/L term senior facility B2 **	27,46	7.19%	0	26,731	0	26,565
SFA -LOAN M/L senior revolving facility *	20	6.69%	17,649	17,649	9,522	9,522
SFA LOAN A3 *	3,761	6.69%	545	2,291	565	2,832
SFA LOAN B3 **	6,018	7.19%	0	5,899	0	5,872
BANK LOAN MCC ending 2026*	1	3.63%	246	941	61	995
BANK LOAN MCC 1 ending 2024*	2	1.25%	394	1,508	391	1,896
BANK MCC 2 ending 2026*	1	1.25%	268	471	265	735
UNSECURED BANK LOAN ending 2026*	1,75	3.78%	344	1,403	334	1,742
UNSECURED BANK LOAN ending 2026*	500	4.39%	125	505	0	498
UNSECURED BANK LOAN ending 2026*	750	1.06%	185	609	133	745
BANK LOAN ending 2027*	750	0.90%	131	652		
BANK LOAN ending 2025*	233	3.88%	66	168		
BANK LOAN ending 2023*	300	3.13%	25	25		
BANK LOAN ending 2025*	1,2	0.90%	399	969		
BANK MCC LOAN ending 2026*	1,3	0.80%	323	1,059		
TEKES LOAN 2014 *	239	1.00%	60	239		
TEKES LOAN 2016 *	217	1.00%	43	217		
BANK 2020 *	300	1.00%	0	300		
BANK LOAN *	61	2.25%	0	61		
Bank of America, N.A.	11,209	1.72 %	11,209	11,209	10,552	10,552
<b>Total</b>			<b>35,666</b>	<b>94,592</b>	<b>25,059</b>	<b>86,692</b>

of which at fixed rate  
of which at floating rate

37,373  
57,219

25,950  
60,742

\*repayable in instalments

\*\*repayable in full at maturity date

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 24. Loans and borrowings (continued)

In detail, the individual lines making up the agreement consist of:

- Senior facility agreement:
  1. Medium/long-term line "A1" repayable in six-month "amortising" period instalments with the final instalment payable on 30 October 2025;
  2. Medium/long-term line "B1" repayable in full on the maturity date on 30 October 2026;
  3. BANK medium/long term repayable in monthly "amortising" period instalments with the final instalment payable on 30 November 2026;
  4. Medium/long-term line "A2" granted to De Wave S.r.l. and repayable in six-month "amortising" period instalments of with the final instalment payable on 30 October 2025;
  5. Medium/long-term line "B2" granted to De Wave S.r.l. and repayable in full at maturity date on 30 October 2026;
  6. Medium/long-term senior revolving credit facility ("Senior Facilities Agreement") of €20,000k granted to De Wave S.r.l. and maturing on 30 October 2025. As at 31 December 2022 €17,649k, (2021: €9,522k), of the line was drawn down;
  7. Medium/long-term line "A3", repayable in six-month "amortising" period instalments with the final instalment payable on 30 October 2025, This loan was granted to SPC S.r.l. (a former subsidiary company merged into in Spencer Contract S.r.l. in 2020 and into De Wave S.r.l. in 2021);
  8. Medium/long-term "B3" repayable in full at maturity date on 30 October 2026, This loan was also granted to SPC S.r.l. which has been merged into De Wave S.r.l. as detailed above;
- Other agreements:
  9. BANK LOAN MCC repayable in quarterly "amortising" period instalments with the final instalment payable on 9 September 2026;
  10. BANK LOAN "MCC 1" repayable in monthly "amortising" period instalments with the final instalment payable on 30 September 2024;
  11. BANK LOAN "MCC 2" repayable in monthly "amortising" period instalments with the final instalment payable on 30 September 2026;
  12. UNSECURED BANK LOAN repayable in quarterly "amortising" period instalments with the final instalment payable on 4 November 2026;
  13. UNSECURED BANK LOAN repayable in quarterly "amortising" period instalments with the final instalment payable on 17 November 2026;
  14. UNSECURED BANK LOAN repayable in quarterly "amortising" period instalments with the final instalment payable on 11 March 2026;
  15. BANK LOAN repayable in quarterly "amortising" period instalments with the final instalment payable on 31 December 2027;
  16. BANK LOAN repayable in quarterly "amortising" period instalments with the final instalment payable on 30 June 2025;

## CRUISE HOLDING LIMITED

### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 24. Loans and borrowings (continued)

17. BANK LOAN repayable in monthly "amortising" period instalments with the final instalment payable on 30 May 2025;
18. BANK MCC LOAN repayable in monthly "amortising" period instalments with the final instalment payable on 31 March 2026;
19. TEKES LOAN 2014 repayable in "amortising" period instalments;
20. TEKES LOAN 2016 repayable in "amortising" period instalments;
21. BANK 2020 repayable in "amortising" period instalments;
22. BANK LOAN repayable in "amortising" period instalments.
23. Bank of America N.A.

The above bank loans amounts are reported in the financial statements using the amortised cost method.

As described above, under this Senior Facilities Agreement, De Wave S.r.l. has one financial covenant, Total Leverage Ratio (Net financial position/EBITDA).

The Company signed a new amendment in March 2022 for (i) permitting the M&A operations done in 2022 (ii) resetting the covenant leverage ratio for 2022 and 2023 to new level.

Based on the business plans prepared, it is reasonably believed that the covenant can be met, therefore there are no concerns in terms of going concern.

#### Company

	2022	2021
	€'000	€'000
<b>Current</b>		
Bank loans – unsecured	11,209	10,552
<b>Total loans and borrowings</b>	<b>11,209</b>	<b>10,552</b>

The loan is payable to Bank of America, N.A. Interest is charged at LIBOR + 2.06850.

CRUISE HOLDING LIMITED

NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

25. Share capital

Authorised

	2022	2022	2021	2021
	Number	€'000	Number	€'000
<b>Shares treated as equity</b>				
Ordinary shares of €0.0090 each	13,297,027	121	12,866,272	116
<b>Issued and fully paid</b>				
	2022	2022	2021	2021
	Number	€000	Number	€000
<b>Ordinary shares of €0.0090 each</b>				
Shares issued	13,297,027	121	12,866,272	116
<b>At 31 December</b>	<b>13,297,027</b>	<b>121</b>	<b>12,866,272</b>	<b>116</b>



## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 25. Share capital (continued)

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 ordinary shares with nominal value per share of £1. The consideration received for these shares was £46,758,086.50 (€54,136,966.53).

On 1 April 2020 the 60,000 ordinary shares were redenominated from British pound sterling 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 an additional 5,126,262 ordinary shares with nominal value per share of \$0.01. The consideration received for these shares was \$39,738,470.61 (€36,121,077.63).

On 28 April 2021 the Company issued an additional 10 ordinary shares with nominal value per share of \$0.01. The consideration received for these shares was \$1,811,000 (€1,493,532).

On 14 April 2022 the Company issued 10 ordinary shares with nominal value per share of \$0.01. The consideration received for these shares was \$9,381,529 (€8,298,900.46).

On 24 May 2022 the share capital of the Company was reduced by \$101,000 (€94,071.40) by reducing the share premium account by the same value.

On 20 June 2022 the Company issued an additional 430,745 ordinary and special shares with nominal value per share of \$0.01. The consideration received for these shares was \$3,520,924.97 (€3,282,058.83).

#### 26. Reserves

##### Accumulated losses

The accumulated losses include all current period retained losses net of distributions to shareholders.

##### 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.

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 26. Reserves (continued)

##### 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 its 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.

#### 27. Non-controlling interest

##### Non-controlling interest

	<b>€000</b>
<b>At 1 January 2021</b>	<b>377</b>
Share of profit for the year related to non-controlling interest	2
Dividend distribution	(120)
<b>At 31 December 2021 and 1 January 2022</b>	<b>259</b>
Dividend distribution	(180)
Share of profit for the year related to non-controlling interest	161
Non-controlling interests arising on acquisition	(387)
<b>At December 2022</b>	<b>(147)</b>

## CRUISE HOLDING LIMITED

### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 28 Analysis of amounts recognised in other comprehensive income

	Cash flow hedging reserve		Foreign exchange reserve		Accumulated losses	
	2022	2021	2022	2021	2022	2021
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Actuarial income/(losses) on defined benefit pension schemes	-	-	-	-	437	(118)
Tax relating to items that will not be reclassified	-	-	-	-	(122)	33
Gains recognised on hedging instruments	640	99	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	(506)	(586)	-	-
	<b>640</b>	<b>99</b>	<b>(506)</b>	<b>(586)</b>	<b>315</b>	<b>(85)</b>

#### 29. Related party transactions

Balances and transactions between the Company and its subsidiaries 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.

##### Loan from Cayman LP

At 31 December 2022 and 31 December 2021, €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 Platinum Equity Advisors, LLC ('Advisors')

Under an advisory services agreement with Advisors, the Group pays an annual fee for management services. During the current and previous periods, the Group was provided with transaction and operating support and incurred corporate and advisory fees. For the year ended 31 December 2022, these fees were €1.5m (31 December 2021: €1.5m).

#### 30. Controlling party

The Company does not have an ultimate parent company. The immediate shareholders of the Company are Cayman LP and Platinum Cruise Principals International (Cayman), LLC.

The ultimate controlling party is Cayman LP.

The Company is the undertaking of the smallest and largest group to consolidate these financial statements.

## CRUISE HOLDING LIMITED

### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 31. Business combinations

During 2022 De Wave S.r.l. acquired three entities:

- On 18 March 2022, De Wave S.r.l. acquired 100% of the share capital of Tecnavi, a company dedicated to the construction of installations on ships and yachts with office and plant in Genoa and Monfalcone, through which the group will be able to objectively diversify its expertise within ship fittings. The purchase price was €9,500,000, paid by cash;

- On 19 May 2022, De Wave S.r.l. acquired 70% of the share capital of Palamar, a company specialising in nautical carpentry and yacht interior fitting out with an office and plant in Vicopisano (PI). The purchase price was €7,000, paid by cash;

- On 8 April 2022, De Wave S.r.l. acquired 100% of the share capital of FCR, a company dedicated to refitting and newbuilding of interiors for cruise ships with office and plant in Finland. The purchase price was €813,000, paid by cash;

Below the details of the consideration paid for the companies acquired net of the cash acquired:

(€'000)	<b>Tecnavi</b>	<b>Palamar</b>	<b>FCR</b>	<b>Total add-on</b>
Consideration paid	9,500	7	813	10,320
Advances paid in 2021	(1,900)			(1,900)
Cash acquired through business combination	4,885	83	32	5,000
<b>Consideration paid net of cash acquired</b>	<b>2,715</b>	<b>(76)</b>	<b>781</b>	<b>3,420</b>

The income statements of the above-mentioned companies were consolidated from the date of acquisition.

The acquired companies contributed to the net result since the acquisition date for approximately loss of € 3,711k. Where the companies were acquired on 1 January 2022 the consolidated net result would have been approximately loss of € 5,093k.

We underline that the above amounts include the write down of FCR goodwill.

As required by the relevant accounting standards (IFRS 3,) the Group determined the PPA for the purpose of preparing the consolidated financial statements.

The Group identified the actual value of the assets acquired mainly in the order backlog, brands and, residually, goodwill.

CRUISE HOLDING LIMITED

NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

31. Business combinations (continued)

The effects of the PPA as at acquisition is summarised as follows:

	Palamar	Tecnavi	FCR
Description	€'000	€'000	€'000
Paid price	7	9,500	813
<b>Equity value</b>	<b>7</b>	<b>9,500</b>	<b>813</b>
Net asset acquired (net of previously recognised goodwill)	(1,289)	2,812	(7,721)
Recognition of minorities	387	-	-
<b>Price to be allocated</b>	<b>909</b>	<b>6,688</b>	<b>8,534</b>
Order Backlog		1,835	
Tecnavi brand		593	
<b>Identified assets</b>	<b>-</b>	<b>2,428</b>	<b>-</b>
<b>Deferred tax liabilities recognised</b>	<b>-</b>	<b>(677)</b>	<b>-</b>
<b>Goodwill</b>	<b>909</b>	<b>4,937</b>	<b>8,534</b>

We highlighted that the goodwill of FCR has been subsequently written down, for further details please see note 15 regarding Goodwill.

The following table summarises the incorporated book value balances at each acquisition date of the acquired companies:

(€'000)	Tecnavi	Palamar	FCR	Total add-on
Intangible assets	26	218	23	267
Property, plant and equipment	613	510	434	1,557
Financial assets	3	416	-	419
Net working capital	(284)	(2,093)	(2,579)	(4,956)
Other current and non-current liabilities	(847)	(191)	(2,992)	(4,030)
<b>Net invested capital</b>	<b>(489)</b>	<b>(1,140)</b>	<b>(5,114)</b>	<b>(6,743)</b>
<b>Net financial position</b>	<b>3,301</b>	<b>(150)</b>	<b>(2,608)</b>	<b>543</b>
<b>Net asset attributable to the group</b>	<b>2,812</b>	<b>(1,290)</b>	<b>(7,722)</b>	<b>(6,200)</b>
<b>Net asset attributable to non-controlling interests</b>	<b>-</b>	<b>(387)</b>	<b>-</b>	<b>(387)</b>

## CRUISE HOLDING LIMITED

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### NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 32. Key performance indicators

Alternative Performance Measures are included in the Strategic Report where the directors consider these useful metrics to understand the performance of the business excluding typical non-cash items or taking account of alternative metrics of indebtedness. Below is a reconciliation of the Alternative Performance Measures used as Key Performance Indicators:

- EBITDA

	Year ended 31 December 2022	Year ended 31 December 2021
	€'000	€'000
<b>Operating profit</b>	<b>4,072</b>	<b>87</b>
Depreciation	4,480	3,211
Amortisation	8,922	7,529
Write downs of receivables	57	-
Reversal write down of assets	3,370	-
Write down of assets	(4,000)	-
<b>EBITDA</b>	<b>16,901</b>	<b>10,827</b>

- Net financial position

	Year ended 31 December 2022	Year ended 31 December 2021
	€'000	€'000
Cash and cash equivalents	25,845	19,741
Non-current loans and borrowings	(58,926)	(61,648)
Current loans and borrowings	(46,572)	(39,970)
<b>Net financial position</b>	<b>(79,653)</b>	<b>(81,877)</b>

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NOTES TO THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
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**33. Commitments and contingencies**

*Investment commitments*

The Group is contractually committed to guarantee contracts delivered to shipyards for a total amount of €4,687k (31 December 2021: €62,059k). These guarantees are covered by the issue of bank or insurance sureties in favour of customers.

*Commitments for the purchase of goods*

The Group has not entered into any significant agreements for the future purchase of assets, therefore, there are no significant commitments in this regard either as at 31 December 2022 or 31 December 2021.

*Contingencies*

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

**34. Events after the reporting date**

**Group**

Subsequent to the end of the financial year, in 2023, the Group reports the following major and significant events:

- On 1 January 2023, De Wave S.r.l. acquired 60% of the share capital of Wingeco S.r.l., a company based in Genoa dedicated to the production of window frames and glass components through which the Group will be able to diversify its expertise within ship fittings. The consideration was €400,000. A PPA exercise will be completed by the end of fiscal year 2023.
- In April 2023, FCR, after an unsuccessful attempt to initiate restructuring procedures which had been approved by the local bankruptcy court, filed for bankruptcy. It is considered that all adverse financial impacts of this have already been reflected in the financial statements as at 31 December 2022, having also allocated a risk fund for potential future liabilities.