



NORWEGIAN CRUISE LINE
HOLDINGS LTD.

FOURTH QUARTER AND FULL YEAR 2022 EARNINGS CONFERENCE CALL

February 28, 2023



FORWARD LOOKING STATEMENTS

Some of the statements, estimates or projections contained in this presentation are "forward-looking statements" within the meaning of the U.S. federal securities laws intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained, or incorporated by reference, in this presentation, including, without limitation, those regarding our business strategy, financial position, results of operations, plans, prospects, actions taken or strategies being considered with respect to our liquidity position, valuation and appraisals of our assets and objectives of management for future operations (including those regarding expected fleet additions, our expectations regarding the impacts of the COVID-19 pandemic, Russia's invasion of Ukraine and general macroeconomic conditions, our expectations regarding cruise voyage occupancy, the implementation of and effectiveness of our health and safety protocols, operational position, demand for voyages, plans or goals for our sustainability program and decarbonization efforts, our expectations for future cash flows and profitability, financing opportunities and extensions, and future cost mitigation and cash conservation efforts and efforts to reduce operating expenses and capital expenditures) are forward-looking statements. Many, but not all, of these statements can be found by looking for words like "expect," "anticipate," "goal," "project," "plan," "believe," "seek," "will," "may," "forecast," "estimate," "intend," "future" and similar words. Forward-looking statements do not guarantee future performance and may involve risks, uncertainties and other factors which could cause our actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in those forward-looking statements. Examples of these risks, uncertainties and other factors include, but are not limited to the impact of: adverse general economic factors, such as fluctuating or increasing levels of interest rates, inflation, unemployment, underemployment and the volatility of fuel prices, declines in the securities and real estate markets, and perceptions of these conditions that decrease the level of disposable income of consumers or consumer confidence; the spread of epidemics, pandemics and viral outbreaks, including the COVID-19 pandemic, and their effect on the ability or desire of people to travel (including on cruises), which is expected to continue to adversely impact our results, operations, outlook, plans, goals, growth, reputation, cash flows, liquidity, demand for voyages and share price; implementing precautions in coordination with regulators and global public health authorities to protect the health, safety and security of guests, crew and the communities we visit and to comply with regulatory restrictions related to the pandemic; our indebtedness and restrictions in the agreements governing our indebtedness that require us to maintain minimum levels of liquidity and be in compliance with maintenance covenants and otherwise limit our flexibility in operating our business, including the significant portion of assets that are collateral under these agreements; our ability to work with lenders and others or otherwise pursue options to defer, renegotiate, refinance or restructure our existing debt profile, near-term debt amortization, newbuild related payments and other obligations and to work with credit card processors to satisfy current or potential future demands for collateral on cash advanced from customers relating to future cruises; our need for additional financing or financing to optimize our balance sheet, which may not be available on favorable terms, or at all, and our outstanding exchangeable notes and any future financing which may be dilutive to existing shareholders; the unavailability of ports of call; future increases in the price of, or major changes, disruptions or reduction in, commercial airline services; changes involving the tax and environmental regulatory regimes in which we operate, including new regulations aimed at reducing greenhouse gas emissions; the accuracy of any appraisals of our assets as a result of the impact of the COVID-19 pandemic or otherwise; our success in controlling operating expenses and capital expenditures; trends in, or changes to, future bookings and our ability to take future reservations and receive deposits related thereto; adverse events impacting the security of travel, or customer perceptions of the security of travel, such as terrorist acts, armed conflict, such as Russia's invasion of Ukraine, and threats thereof, acts of piracy, and other international events; adverse incidents involving cruise ships; breaches in data security or other disturbances to our information technology and other networks or our actual or perceived failure to comply with requirements regarding data privacy and protection; changes in fuel prices and the type of fuel we are permitted to use and/or other cruise operating costs; mechanical malfunctions and repairs, delays in our shipbuilding program, maintenance and refurbishments and the consolidation of qualified shipyard facilities; the risks and increased costs associated with operating internationally; our inability to recruit or retain qualified personnel or the loss of key personnel or employee relations issues; our inability to obtain adequate insurance coverage; pending or threatened litigation, investigations and enforcement actions; volatility and disruptions in the global credit and financial markets, which may adversely affect our ability to borrow and could increase our counterparty credit risks, including those under our credit facilities, derivatives, contingent obligations, insurance contracts and new ship progress payment guarantees; any further impairment of our trademarks, trade names or goodwill; our reliance on third parties to provide hotel management services for certain ships and certain other services; fluctuations in foreign currency exchange rates; our expansion into new markets and investments in new markets and land-based destination projects; overcapacity in key markets or globally; and other factors set forth under "Risk Factors" in our most recently filed Annual Report on Form 10-K, Quarterly Report on Form 10-Q and subsequent filings with the Securities and Exchange Commission. Additionally, many of these risks and uncertainties are currently amplified by and will continue to be amplified by, or in the future may be amplified by, the COVID-19 pandemic, Russia's invasion of Ukraine and the impact of general macroeconomic conditions. It is not possible to predict or identify all such risks. There may be additional risks that we consider immaterial or which are unknown. The above examples are not exhaustive and new risks emerge from time to time. Such forward-looking statements are based on our current beliefs, assumptions, expectations, estimates and projections regarding our present and future business strategies and the environment in which we expect to operate in the future. These forward-looking statements speak only as of the date made. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in our expectations with regard thereto or any change of events, conditions or circumstances on which any such statement was based, except as required by law.

NCLH OVERVIEW



1966
Year Founded



29
Ships in Fleet



60,000+
Berths



8
Ships on
Order



20,000+
Berths on
Order



~500
Global
Destinations Visited



~39,000
Team
Members



~2.7M
Expected Guests
Carried in 2023



2
Luxurious Private
Island Destinations

KEY EVENTS SINCE Q3 2022 EARNINGS CALL

Dec 6	Norwegian Cruise Line announced November was a record-breaking month, achieving a record day, week and month of sales boosted by the Black Friday and Cyber Monday holiday push.
Dec 7	Oceania Cruises announced that it would accelerate the debut of its new ship Vista by one week due to unprecedented demand for the ship's inaugural season.
Dec 9	Company amended and extended \$1.4 billion of the Company's Operating Credit Facility to January 2025.
Dec 15	Announced key organizational changes at the senior executive leadership level effective January 1, 2023, as part of its robust succession planning process. Andrea DeMarco, former Chief Sales and Marketing Officer for Regent Seven Seas Cruises, was appointed to President of Regent Seven Seas Cruises and Frank A. Del Rio, former Chief Sales and Marketing Officer for Oceania Cruises, was appointed to President of Oceania Cruises.
Jan 5	Announced creation of new "Experiences at Sea" division which is the union of Sixthman Festivals at Sea, a subsidiary of NCL, and the Company's Charters, Meetings and Incentives department. The new division will focus on serving corporate, incentive and affinity-focused clients across all three of its brands.
Jan 26	Regent's newest ship, Seven Seas Grandeur, was floated out in Italy, marking a major construction milestone ahead of the ship's first sail date in November 2023.
Jan 31	Oceania Cruises announced the name of the second 1,200-guest Allura Class ship as <i>Allura</i> , set to debut in 2025.
Feb 2	Issued \$600.0 million aggregate principal amount of 8.375% senior secured notes due 2028 with net proceeds used to repay the term loans outstanding under the Operating Credit Facility that would have become due in January 2024.
Feb 27	Announced amendment of \$1 billion commitment. As part of the amendment, Company issued \$250 million of 9.75% senior secured notes due 2028. At the same time, the Company revised the commitment to reduce the amount to \$650 million, which will be available through February 2024 with an option, at the Company's election, to extend through February 2025. In total, the combination of these two actions provides the Company with approximately \$900 million of liquidity.
Feb 27	Announced agreement to provide \$300 million of backstop committed financing to refinance, at the Company's election, amounts outstanding under the Operating Credit Facility that are coming due in January 2024.



- ✓ First major cruise operator to return its entire fleet back to service in May 2022, capping the Great Cruise Comeback
- ✓ Significantly ramped up Occupancy levels and on track to reach historical levels by Q2 2023
- ✓ Welcomed game changing Norwegian Prima to world class fleet



- ✓ Delivered exceptional vacation experiences to ~1.7 million guests
- ✓ Ended the year with a record cumulative booked position for full year 2023 and at higher pricing
- ✓ Pricing outperformance with Net Per Diem +13% for FY22 vs. FY19
- ✓ Strong and broad-based onboard revenue generation even as Occupancy ramped up
- ✓ Brands achieved numerous booking records



- ✓ Reached several key financial milestones including generating positive Operating Cash Flow, positive Adjusted EBITDA and positive Adjusted Free Cash Flow for the first-time post-pandemic¹
- ✓ Conducted balance sheet optimization transactions to repay highest cost debt incurred during voyage suspension and extend near-term maturities
- ✓ Ongoing margin enhancement initiative

1. Positive Operating Cash Flow achieved in Q2 2022, positive Adjusted EBITDA achieved in Q3 2022 and positive Adjusted Free Cash Flow achieved in Q4 2022.

WHAT'S ON THE HORIZON



CONTINUED STRENGTH IN TARGET CONSUMER

Target upmarket consumer remains healthy and resilient with continued desire for travel and experiences and accumulated wealth during the pandemic



STRATEGIC ACTIONS TO MAXIMIZE PROFITABILITY

Focused on strengthening the foundation for sustained, profitable growth including through ongoing margin enhancement initiative which was initiated in Q4 2022



ATTRACTIVE GROWTH PROFILE

Transformational growth profile, including three newbuilds in 2023 (+19% capacity vs 2019), expected to drive meaningful contribution to the bottom line

THREE NEW WORLD-CLASS VESSELS TO JOIN FLEET IN 2023

May 2023



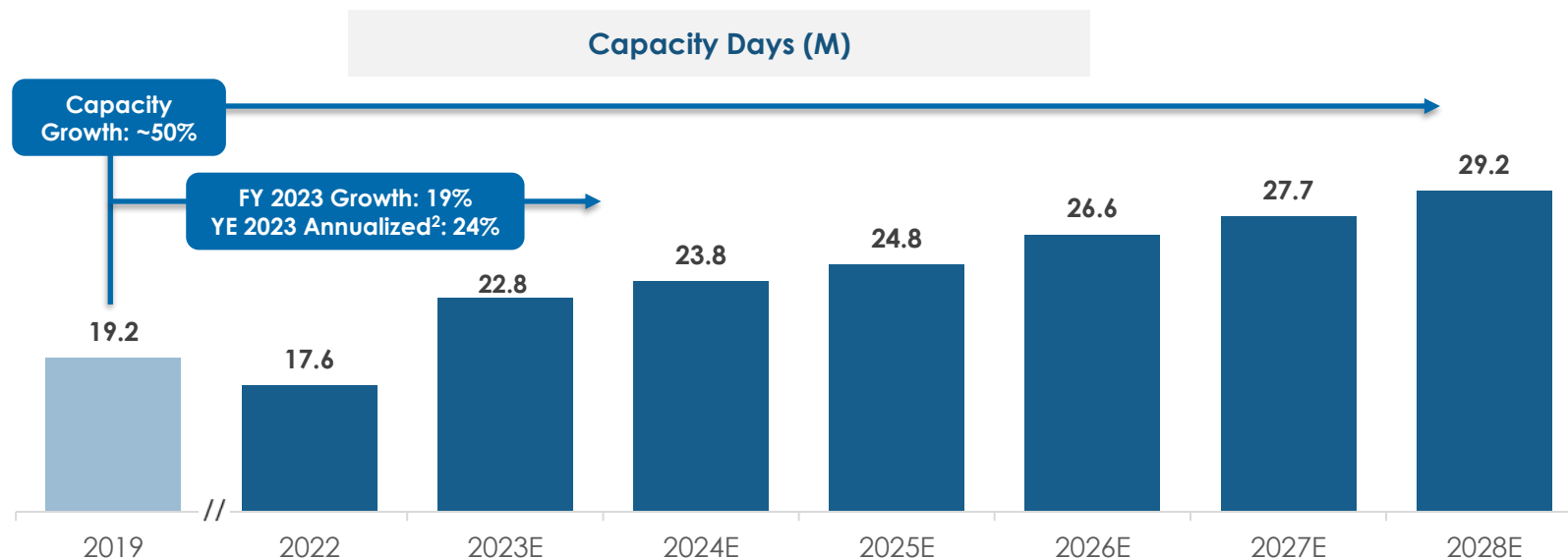
August 2023



November 2023



MEANINGFUL GROWTH POTENTIAL TO TOP AND BOTTOM-LINE RESULTS



# Ships	27	29	32	32	34	35	36	37
New Ships	Norwegian Encore (Nov '19)	Norwegian Prima	Norwegian Viva	Organic growth + full benefit of 2023 deliveries	Next Generation Norwegian Prima Class	Next Generation Norwegian Prima Class	Next Generation "Methanol-Ready" Norwegian Prima Class	Next Generation "Methanol-Ready" Norwegian Prima Class
		Seven Seas Splendor ¹	Oceania's Vista		Oceania's Allura			
			Seven Seas Grandeur TM					

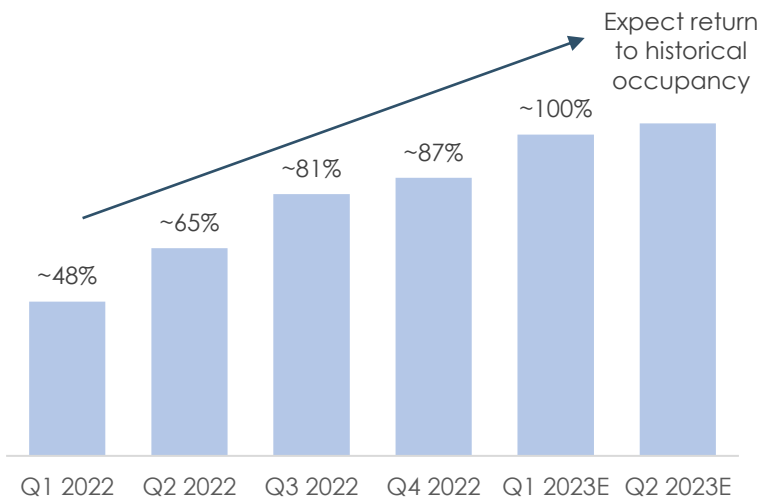
¹ Seven Seas Splendor[®] was delivered in 2020 just prior to the cruise voyage suspension.

² Annualized for 2023 ship deliveries.

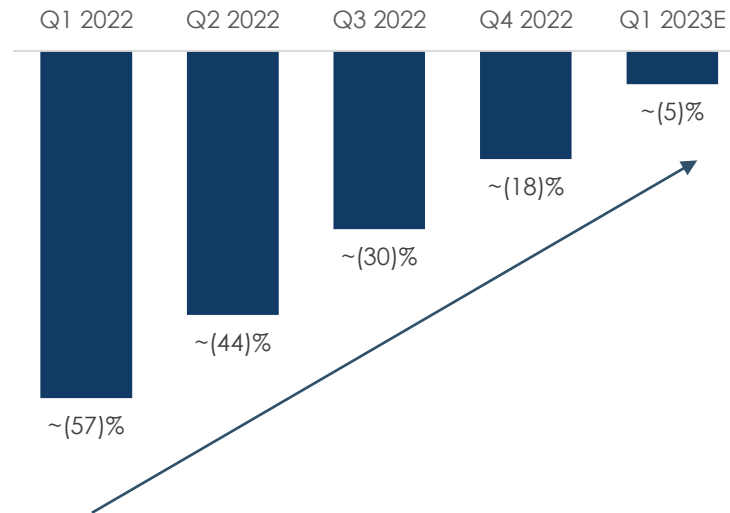
Note: Information is based on currently scheduled dates. Timing of delivery of newbuilds is subject to change and additional delivery delays may occur due to the impacts of COVID-19, Russia's invasion of Ukraine, other potential modifications the Company may make to its newbuilds, including potential initiatives to improve environmental sustainability, and/or other macroeconomic events.

PHASED & DISCIPLINED VOYAGE RESUMPTION

Sequential Increase in Occupancy



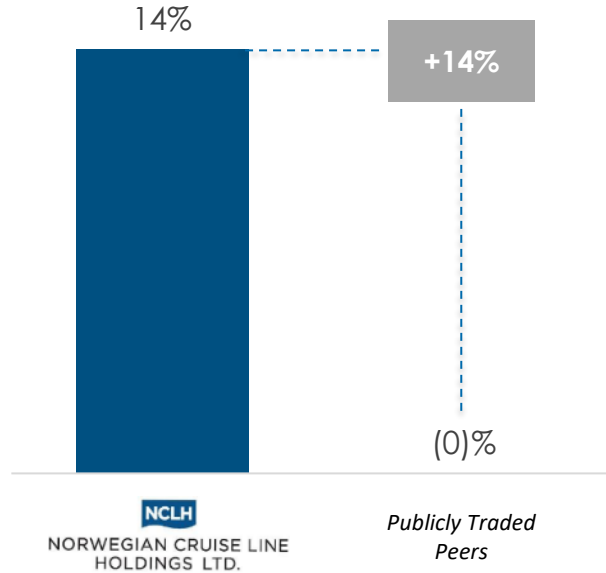
Occupancy Gap Narrowing vs. 2019



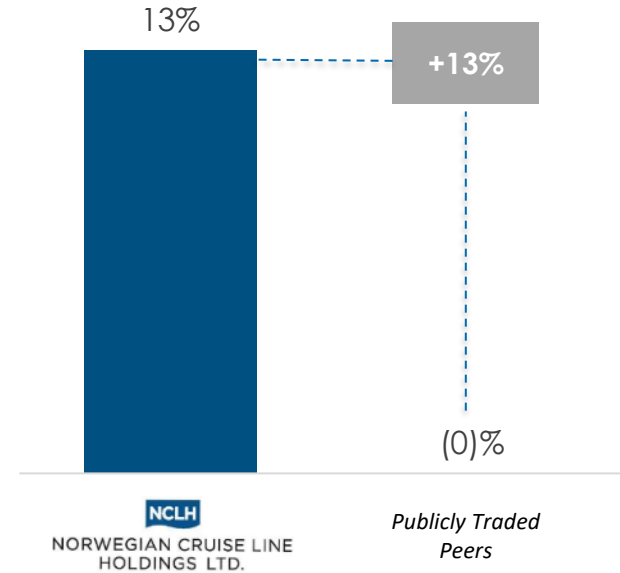
Continued steady, sequential improvement expected until historical Occupancy levels reached for Q2 2023

PRICING & PRICING GROWTH CONTINUES TO OUTPERFORM

4Q 2022 Pricing Growth vs 2019



FY 2022 Pricing Growth vs 2019



Stellar pricing growth in both the fourth quarter and full year 2022

Note: Percentages presented above are based on growth in Net Per Diems, a non-GAAP financial measure, for 4Q 2019 vs. 4Q 2022 and FY 2022 vs FY 2019. Please refer to the Appendix for reconciliations of these non-GAAP financial measures to the GAAP financial measures the Company considers most comparable. Source: Company and peer company SEC filings. Peer company calculations may not be based on comparable time periods.






BOOKING TRENDS UPDATE

- 2023 cumulative booked position is ahead of 2019 levels and at higher pricing.¹
- Booking volumes have accelerated in recent months buoyed by strong WAVE season demand and continue to be at the pace needed to return to historical Occupancy levels for second quarter of 2023 and beyond.
 - Norwegian Cruise Line reached an all-time record booking month in November, boosted by Black Friday and Cyber Monday, which was subsequently exceeded in January 2023.
 - Regent Seven Seas Cruises achieved record launch day for its 2023 WAVE offer with net booking volume nearly 4x launches in 2022 and 2019.
 - Oceania Cruises accelerated debut of newest ship Vista by one week due to unprecedented demand for its inaugural season.
- Advance ticket sales balance of \$2.7 billion at quarter-end (~9% higher QoQ and ~30% higher than year-end 2019). This balance included \$144 million of FCCs.
 - Dilution from value-add FCCs issued during the pandemic will not carry over into 2023 as the bonus portion of these FCCs expired at YE 2022.

**Continued strong demand for cruising combined with higher pricing
position us well for 2023 and beyond**

(1) Booked position and pricing in 2022 for 2023 sailings compared to 2018 for 2019 sailings at a comparable point in the booking curve
Note: As of 2/26/23.

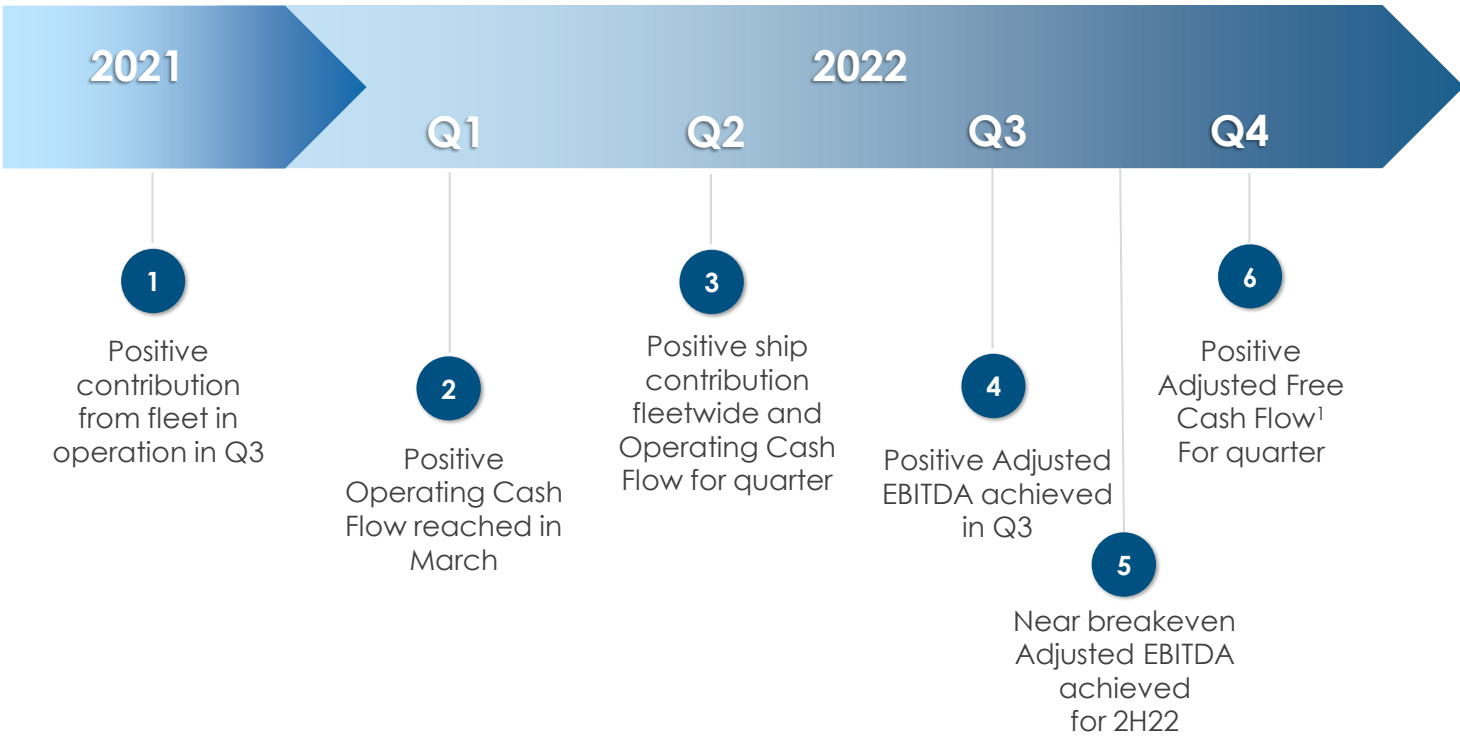
4Q 2022 RESULTS OVERVIEW

	4Q 2022 Guidance	Actuals	Vs. Guidance
Occupancy	Mid to high 80% range	~87%	
Total Revenue	\$1.4-\$1.5 billion	\$1.5 billion	
Total Revenue per Passenger Cruise Day	↑ 20% vs 2019	↑ ~24% vs 2019 ¹	
Adjusted Net Cruise Cost ex. Fuel per Capacity Day	↓ ~10% in 2H22 vs 1H22	↓ ~10% in 2H22 vs 1H22	
Adjusted EBITDA	Slightly positive in 2H22	Near breakeven in 2H22	

Solid finish to 2022 lays foundation for return to normalized operations in 2023

¹. 24% on a constant currency basis and 23% on an as-reported basis.

KEY FINANCIAL RECOVERY MILESTONES



Continue to achieve financial milestones with positive Adjusted Free Cash Flow in Q4

(1) Includes financing proceeds for newbuilds
Note: Adjusted EBITDA and Adjusted Free Cash Flow are non-GAAP Financial measures. Non-GAAP financial measures should not be used as a substitute for GAAP financial measures, or considered in isolation, for the purpose of analyzing operating performance, financial position or cash flows. Please see the Appendix for additional information.

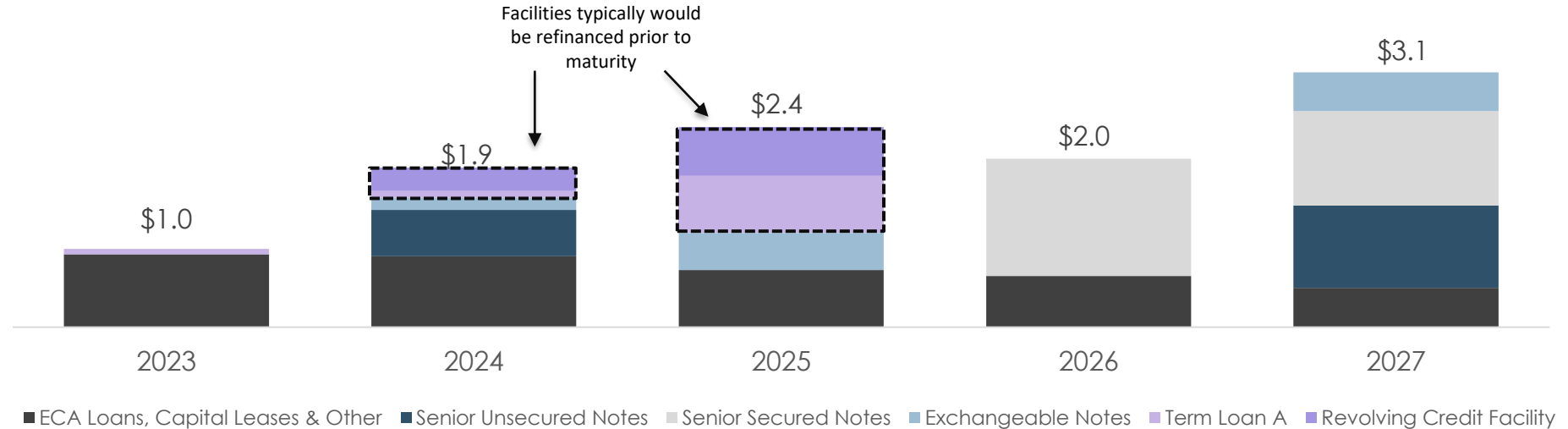
2023 GUIDANCE OVERVIEW

	1Q 2023 Guidance	FY 2023 Guidance
Occupancy	Approx. 100%	Approx. 103.5%
Net Per Diem Growth vs. 2019	6.25% to 7.25% as-reported 6.75% to 7.75% constant currency	8.75% to 10.25% as-reported 9.0% to 10.5% constant currency
Net Yield Growth vs. 2019	0.75% to 1.75% as-reported 1.25% to 2.25% constant currency	4.75% to 6.25% as-reported 5.0% to 6.5% constant currency
Adjusted Net Cruise Cost ex. Fuel per Capacity Day	~\$165 as-reported and constant currency	~\$160 as-reported and constant currency
Adjusted EBITDA	~\$195 million	\$1.8-\$1.95 billion
Adjusted EPS¹	\$(0.45)	\$0.70

(1) Based on midpoint of guidance and using a share count of approximately 420 million in the first quarter 2023 and approximately 460 million for full year 2023.
Note: Additional guidance metrics can be found in the Appendix on slide 23 and in the Company's earnings release.

MANAGEABLE DEBT MATURITY PROFILE

As of 12/31/2022¹
(\$ billions)



Debt portfolio is ~80% fixed and expected to rise to 85%+ with 2023 newbuild additions

(1) All amounts presented are as of December 31, 2022, pro forma for the \$600M 8.375% 2028 senior secured notes offering.

Note: All future repayments, total debt amounts and certain variable interest rates are forward-looking and involve risks and uncertainties and are subject to change based on future events. These statements should be considered in conjunction with the Cautionary Statement Concerning Forward-Looking Statements contained in our Q4 2022 earnings release.

RECENT TRANSACTION OVERVIEW

Addressed Operating Credit Facility's 2024 Maturities

- In December 2022, amended and extended ~\$1.4 billion of the Operating Credit Facility by one year to January 2025.¹
- In February 2023, issued \$600 million of 8.375% senior secured notes due 2028. Proceeds were used to refinance all of the non-extended term loans outstanding under the Operating Credit Facility that would have otherwise become due in January 2024.
- In February 2023, secured a commitment to provide backstop financing to refinance up to \$300 million of the remaining non-extended amount of the Operating Credit Facility that becomes due in 2024.²

Amended & Extended Existing Commitment

- In February 2023, amended the \$1 billion undrawn commitment.
 - As part of the amendment and to provide the option to extend the commitment for a second year, Company issued \$250 million of 9.75% senior secured notes due 2028.
 - At the same time, revised the remaining commitment to \$650 million, which will be available through February 2024 with an option, at the Company's election, to extend through 2025.
 - Combined actions provide approximately \$900 million of liquidity.

The Company continues to prioritize opportunities to strengthen its balance sheet and enhance financial flexibility

(1) Operating Credit Facility consists of the \$875.0 million senior secured revolving credit facility and the senior secured term loan A facility having an outstanding principal amount of approximately \$1.5 billion as of December 31, 2022. Subject to a springing maturity if certain liquidity conditions are not met.

(2) Facility is available to draw at the Company's sole election beginning October 4, 2023 through January 2, 2024.

LIQUIDITY POSITION

- Proforma for the February amendment, quarter-end liquidity position was approximately \$1.8 billion, including an approximately \$650 undrawn commitment.
 - Does not include \$300 million backstop facility which enhances future liquidity but is not currently available to draw.¹
- Total available debt capacity is approximately \$1.8 billion, including \$0.5 billion of secured debt capacity. This capacity is incremental to revised undrawn commitment which has approximately \$650 million available to be drawn.

Liquidity position remains strong and with additional flexibility

(1) Backstop facility is available to draw beginning October 4, 2023 through January 2, 2024 and provides backstop committed financing to refinance up to \$300 million of amounts outstanding under the Operating Credit Facility.

MEDIUM AND LONG-TERM FINANCIAL STRATEGY

1

Rebuild and Improve Margins

- Gradual return to pre-COVID margin levels
- Maintain price discipline and industry-leading Net Yields
- Reduce fixed cost base
- Identify marketing efficiencies, including shift to digital
- Manage fuel expense

2

Maximize Cash Flow Generation

- Introduce robust growth profile of ROIC and cash flow accretive vessels in 2022-2028
- Balance ongoing capex needs, including fleet refurbishments, with required debt and interest payments
- Explore return generating destination investments, including expanding private island infrastructure

3

Optimize Balance Sheet

- Maintain sufficient liquidity to weather extended post-crisis recovery
- Chart path to return to pre-COVID leverage
- Refinance or repay high-cost debt incurred during crisis
- Revisit capital returns to shareholders once balance sheet is optimized

Focused on rebuilding investment grade-like financial position

SAIL SUSTAIN

Driving a positive impact on society and the environment

Reducing Environmental Impact

Pursuing **Net Zero** by 2050

Investment in **Methanol-Ready** configurations for the final two Prima Class vessels

4 ships successfully completed tests using **biofuel blends**

Sailing Safely

Continued to evolve and deploy the science-backed **SailSAFE™** health and safety program

Held public health summit featuring representatives from government agencies and suppliers

Empowering People

Employed ~39,000 talented team members from ~120 countries

New Family Care Benefits including: Adoption, Maternity, & Paternity Leave; Fertility & Surrogacy Support; Adoption Assistance.

Strengthening Communities

\$100K to Save the Children's **Ukraine Crisis Relief Fund**

>\$100K to the Red Cross **Hurricane Ian** Response


>\$750K awarded in cash and in-kind to teachers through **Giving Joy program**

Operating with Integrity & Accountability

50% of director seats held by **female and/or under-represented minorities**

Tied ESG to compensation through 2022 & 2023 short-term incentive program


KEY TAKEAWAYS




- Continue to see a healthy & resilient consumer in our target high-end demographic



- Booking momentum is positive, buoyed by a strong WAVE season, which is reflected in our strong booked position and record pricing for 2023



- Taking strategic measures to strengthen the foundation for sustained, profitable growth as the Company enters its next chapter



- Cash generation engine continues to rev up, which along with transformational newbuild pipeline, provides a path to meet liquidity needs and restore balance sheet

APPENDIX

NCLH 2023 DEPLOYMENT MIX

	2023				
	Q1	Q2	Q3	Q4	FY
Alaska	0%	17%	23%	5%	11%
Asia/Africa/Pacific	9%	2%	1%	11%	6%
Bermuda	2%	11%	7%	5%	6%
Caribbean	54%	20%	6%	25%	26%
Europe	5%	33%	52%	28%	30%
Hawaii	4%	4%	3%	3%	4%
Other	27%	13%	7%	22%	17%
Total	100%	100%	100%	100%	100%

	Variance vs 2019				
	Q1	Q2	Q3	Q4	FY
Alaska	-	4%	2%	4%	3%
Asia/Africa/Pacific	(1%)	(1%)	1%	5%	1%
Bermuda	2%	(2%)	(2%)	1%	-
Caribbean	(6%)	(6%)	(12%)	(14%)	(10%)
Europe	1%	6%	10%	10%	7%
Hawaii	(1%)	-	(1%)	(1%)	(1%)
Other	4%	(1%)	2%	(5%)	-

Fleet deployment shifting to higher-yielding premium destinations

\$ Millions unless otherwise noted	Q1 2023	FY 2023		
Depreciation & Amortization	\$200M	\$830M		
Run-Rate Interest Expense, net ¹	\$175M	\$730M		
Non-Newbuild Capital Expenditures	\$115M	\$450M		
Fuel Consumption (metric tons)	255,000	985,000		
Fuel Price Per Metric Ton (net of hedges)	\$755	\$690		
\$ Billions unless otherwise noted	Q1 2023	FY 2023	FY 2024	FY 2025
Newbuild-Related Capital Expenditures, Pre-Financing ²	\$170M	\$2.4B	\$0.5B	\$1.8B
Export Credit Financing for Newbuild-Related Capital Expenditures	\$40M	\$1.9B	\$0.1B	\$1.1B
Newbuild-Related Capital Expenditures, Net of Financing	\$130M	\$0.5B	\$0.4B	\$0.7B

(1) Run-rate interest expense excluding debt extinguishment and modification costs.

(2) Includes all newbuild related capital expenditures including shipyard progress payments. Numbers may not add due to rounding.

FUEL HEDGE PROGRAM

NCLH Fuel Hedge Program as of 12/31/22	
	2023
% of HFO Consumption Hedged ¹	29%
Blended HFO Hedge Price / Metric Ton	~\$572
% of MGO Consumption Hedged	70%
Blended MGO Hedge Price / Metric Ton	~\$692
Total % of Consumption Hedged	50%

Hedge program in place to provide partial protection from fuel price volatility

(1) Includes derivatives representing accounting hedges as well as economic hedges

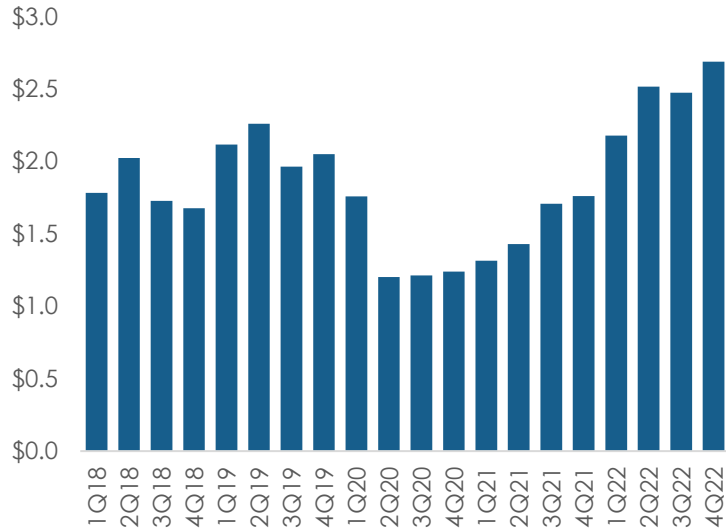
ILLUSTRATIVE SHARE COUNT SCENARIO

	Illustrative Diluted Share Count	
Shares Outstanding (as of 12/31/22)	421,413,565	
RSUs and Options Outstanding (as of 12/31/22)	14,302,157	
6% Exchangeable Notes due 2024	10,661,894	Must be settled in shares
5.375% Exchangeable Notes due 2025	23,999,985	
1.125% Exchangeable Notes due 2027	34,137,750	Can be settled in cash, shares or a combination
2.5% Exchangeable Notes due 2027	13,710,955	
Illustrative Fully Diluted Share Count	470,377,601¹	

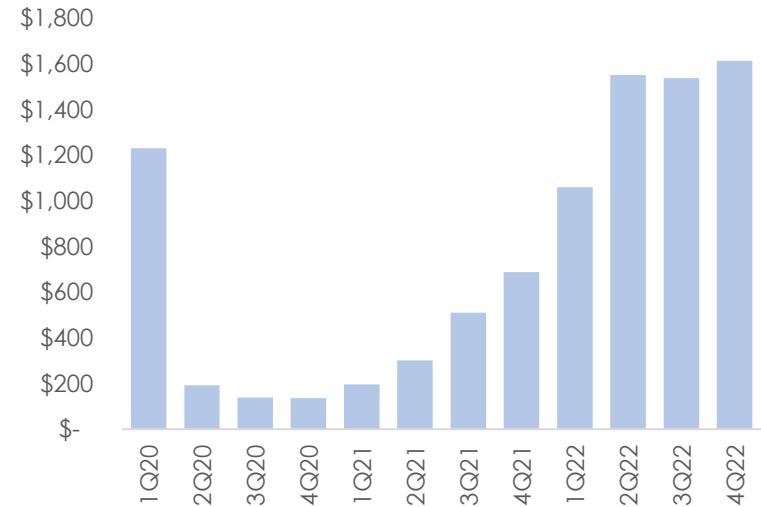
(1) Illustrative example. Assumes 1.125% and 2.5% Exchangeable Notes are settled entirely in cash. Actual number of shares issued upon settlement may differ. All share amounts presented show reserve for exchange at initial exchange ratio.

CASH GENERATION ENGINE FUELED BY ADVANCE TICKET SALES

Total Advance Ticket Sales (\$B)



Quarterly Gross Advance Ticket Sales Build (\$M)



Advance ticket sales balance increased ~9% vs prior quarter to \$2.7 billion

DEFINITIONS AND NON-GAAP INFORMATION AND RECONCILIATIONS

Non-GAAP financial measures should not be used as a substitute for GAAP financial measures, or considered in isolation, for the purpose of analyzing operating performance, financial position or cash flows. The Company does not provide certain estimated future results on a GAAP basis because the Company is unable to predict, with reasonable certainty, the future movement of foreign exchange rates or the future impact of certain gains and charges. These items are uncertain and will depend on several factors, including industry conditions, and could be material to the Company's results computed in accordance with GAAP.

DEFINITIONS

Adjusted EBITDA. EBITDA adjusted for other income (expense), net and other supplemental adjustments.

Adjusted Free Cash Flow. Free Cash Flow adjusted for proceeds from ship construction financing facilities and other supplemental adjustments.

Adjusted Gross Margin. Gross margin adjusted for payroll and related, fuel, food, other and ship depreciation. Gross margin is calculated pursuant to GAAP as total revenue less total cruise operating expense and ship depreciation.

Adjusted Net Cruise Cost Excluding Fuel. Net Cruise Cost less fuel expense adjusted for supplemental adjustments.

Adjusted Net Income. Net income, adjusted for non-cash compensation expense and any potential impacts associated with financing activities.

Capacity Days. Berths available for sale multiplied by the number of cruise days for the period for ships in service.

EBITDA. Earnings before interest, taxes, and depreciation and amortization.

Free Cash Flow. Net cash provided by operating activities less capital expenditures.

Net Per Diems. Adjusted Gross Margin divided by Passenger Cruise Days.

Net Yield. Adjusted Gross Margin per Capacity Day.

Occupancy, Occupancy Percentage or Load Factor. The ratio of Passenger Cruise Days to Capacity Days. A percentage in excess of 100% indicates that three or more passengers occupied some cabins.

Operating Cash Flow. Net cash provided by (used in) operating activities.

Passenger Cruise Days. The number of passengers carried for the period, multiplied by the number of days in their respective cruises.

NON-GAAP RECONCILING INFORMATION

(UNAUDITED)

Adjusted EBITDA¹ is calculated as follows
(in thousands):

Six Months Ended
Dec. 31, 2022

Net loss	(\$777,874)
Interest expense, net	329,450
Income tax (benefit) expense	(10,320)
Depreciation and amortization expense	388,663
EBITDA	(70,081)
Other (income) expense, net	(7,455)
Non-cash deferred compensation	1,399
Non-cash share-based compensation	50,723
Restructuring costs	12,140
Adjusted EBITDA	(\$13,274)

(1) Adjusted EBITDA is defined as EBITDA adjusted for other (income) expense, and other supplemental adjustments ("Other"). We believe that Adjusted EBITDA is appropriate as a supplemental financial measure as it is used by management to assess operating performance. We believe that Adjusted EBITDA is a useful measure in determining the Company's performance as it reflects certain operating drivers of the Company's business, such as sales growth, operating costs, marketing, general and administrative expense and other operating income and expense. Adjusted EBITDA is not a defined term under GAAP. Adjusted EBITDA is not intended to be a measure of liquidity or cash flows from operations or measures comparable to net income as it does not take into account certain requirements such as capital expenditures and related depreciation, principal and interest payments and tax payments and it includes other supplemental adjustments.

NON-GAAP RECONCILING INFORMATION

(UNAUDITED)

Net Per Diem is calculated as follows
(in thousands, except Passenger Cruise Days and Net Per Diem Data):

	Three Months Ended Dec. 31, 2022	Three Months Ended Dec. 31, 2019
Total revenue	\$1,519,129	\$1,480,618
Less: Total cruise operating expense	1,219,459	887,422
Less: Ship depreciation	189,203	149,904
Gross Margin	\$110,467	\$443,292
Payroll and related	297,942	235,832
Fuel	183,143	111,875
Food	86,324	56,297
Other	211,880	135,154
Ship Depreciation	189,203	149,904
Adjusted Gross Margin	\$1,078,959	\$1,132,354
Passenger Cruise Days	4,380,465	5,260,764
Gross Margin per Passenger Cruise Day	\$25.22	\$84.26
Net Per Diem	\$246.31	\$215.25

NON-GAAP RECONCILING INFORMATION

(UNAUDITED)

Net Per Diem is calculated as follows (in thousands, except Passenger Cruise Days and Net Per Diem Data):	Year Ended Dec. 31, 2022	Year Ended Dec. 31, 2019
Total revenue	\$4,843,760	\$6,462,376
Less: Total cruise operating expense	4,267,086	3,663,261
Less: Ship depreciation	700,988	587,677
Gross Margin	(\$124,314)	\$2,211,438
Payroll and related	1,088,639	924,157
Fuel	686,825	409,602
Food	263,807	222,602
Other	835,254	591,341
Ship Depreciation	700,988	587,677
Adjusted Gross Margin	\$3,451,199	\$4,946,817
Passenger Cruise Days	12,791,773	20,637,949
Gross Margin per Passenger Cruise Day	(\$9.72)	\$107.15
Net Per Diem	\$269.80	\$239.70

NON-GAAP RECONCILING INFORMATION

(UNAUDITED)

Gross Cruise Cost, Net Cruise Cost, Net Cruise Cost Excluding Fuel and Adjusted Net Cruise Cost Excluding Fuel were calculated as follows (in thousands, except Capacity Days and per Capacity Day data):	Three Months Ended Dec. 31, 2022	Three Months Ended Dec. 31, 2019
Total cruise operating expense	\$1,219,459	\$887,422
Marketing, general and administrative expense	378,527	229,859
Gross Cruise Cost	\$1,597,986	\$1,117,281
Less: Commissions, transportation and other expense	337,683	263,038
Less: Onboard and other expense	102,487	85,226
Net Cruise Cost	\$1,157,816	\$769,017
Less: Fuel expense	183,143	111,875
Net Cruise Cost Excluding Fuel	\$974,673	\$657,142
Less: Non-cash deferred compensation	699	534
Less: Non-cash share-based compensation	24,640	12,985
Less: Restructuring costs	12,140	6,514
Adjusted Net Cruise Cost Excluding Fuel	\$937,194	\$637,109
Capacity Days	5,060,866	5,035,367
Gross Cruise Cost per Capacity Day	\$315.75	\$221.89
Net Cruise Cost per Capacity Day	\$228.78	\$152.72
Net Cruise Cost Excluding Fuel per Capacity Day	\$192.59	\$130.51
Adjusted Net Cruise Cost Excluding Fuel per Capacity Day	\$185.18	\$126.53

NON-GAAP RECONCILING INFORMATION

(UNAUDITED)

Gross Cruise Cost, Net Cruise Cost, Net Cruise Cost Excluding Fuel and Adjusted Net Cruise Cost Excluding Fuel were calculated as follows
(in thousands, except Capacity Days and per Capacity Day data):

Six Months Ended
Dec. 31, 2022

Total cruise operating expense	\$2,458,357
Marketing, general and administrative expense	753,818
Gross Cruise Cost	\$3,212,175
Less: Commissions, transportation and other expense	690,481
Less: Onboard and other expense	229,227
Net Cruise Cost	\$2,292,467
Less: Fuel expense	370,127
Net Cruise Cost Excluding Fuel	\$1,922,340
Less: Non-cash deferred compensation	1,399
Less: Non-cash share-based compensation	50,723
Less: Restructuring costs	12,140
Adjusted Net Cruise Cost Excluding Fuel	\$1,858,078
Capacity Days	9,948,281
Gross Cruise Cost per Capacity Day	\$322.89
Net Cruise Cost per Capacity Day	\$230.44
Net Cruise Cost Excluding Fuel per Capacity Day	\$193.23
Adjusted Net Cruise Cost Excluding Fuel per Capacity Day	\$186.77

NON-GAAP RECONCILING INFORMATION

(UNAUDITED)

Free Cash Flow and Adjusted Free Cash Flow were calculated as follows
(in thousands):

Three Months Ended
Dec. 31, 2022

Net cash used in investing activities	(\$164,418)
Net cash provided by financing activities	(\$311,909)
Net cash provided by operating activities	\$236,600
Additions to property and equipment, net	(155,415)
Free Cash Flow	\$81,185
Cash paid on settlement of derivatives	(10,102)
Newbuild related proceeds from long-term debt	-
Adjusted Free Cash Flow	\$71,083