Samsonite International S.A.

(Societé Anonyme)

Annual Accounts

As of December 31, 2023

(with the report of the Réviseur d'Entreprises Agréé thereon)

Address of the registered office:

13-15, avenue de la Liberté
L-1931, Luxembourg

R.C.S. Luxembourg: B 159.469

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To the Shareholders of
Samsonite International S.A.
13-15, Avenue de la Liberté
L-1931 Luxembourg
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of Samsonite International S.A. (the "Company"), which comprise the balance sheet as at 31 December 2023, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2023 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report but does not include the annual accounts and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the réviseur d'entreprises agréé for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 annual accounts.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

KPMG

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

Luxembourg, 13 March 2024

KPMG Audit S.à r.l.
Cabinet de révision agréé

Fabien Hedouin

SAMSONITE INTERNATIONAL S.A.

Société Anonyme

Registered office: 13-15, avenue de la Liberté, L-1931 Luxembourg

R.C.S. Luxembourg: B 159.469

(the "**Company**")

REPORT OF THE BOARD OF DIRECTORS
TO THE SHAREHOLDERS OF THE COMPANY
RELATING TO THE STATUTORY ANNUAL ACCOUNTS
(STAND ALONE ANNUAL ACCOUNTS)
OF THE COMPANY FOR THE FINANCIAL YEAR
FROM JANUARY 1, 2023 TO DECEMBER 31, 2023

March 13, 2024

Dear Shareholders,

We are pleased to present you the Company's statutory annual accounts (stand-alone annual accounts), being the balance sheet, the profit and loss account as well as the notes for the financial year having started on January 1, 2023, and ended on December 31, 2023 (the "**Financial Year**").

At the end of the Financial Year, the share capital of the Company amounts to US$ 14,496,922.10 and the authorized share capital of the Company (including the issued share capital of the Company) amounts to US$ 35,000,000.00, represented by 3,500,000,000 shares having a par value of US$ 0.01 each.

At the end of the Financial Year, the Company's issued share capital is represented by 1,449,692,210 shares with a par value of US$ 0.01 each, all of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The principal activity of the operating subsidiaries of the Company is the design, manufacture, sourcing and distribution of luggage, business and computer bags, outdoor and casual bags and travel accessories throughout the world, primarily under the *Samsonite*®, *Tumi*®, *American Tourister*®, *Gregory*®, *High Sierra*®, *Lipault*® and *Hartmann*® brand names as well as other owned and licensed brand names.

€350.0 Million 3.500% Senior Notes Due 2026

On April 25, 2018 (the "**Issue Date**"), Samsonite Finco S.à r.l., a wholly-owned, indirect subsidiary of the Company (the "**Issuer**"), issued € 350.0 million aggregate principal amount of its 3.500% senior notes due 2026 (the "**Senior Notes**"). The Senior Notes were issued at par pursuant to an indenture (the "**Indenture**"), dated the Issue Date, among the Issuer, the Company and certain of its direct or indirect wholly-owned subsidiaries (together with the Company, the "**Guarantors**").

The Senior Notes are guaranteed by the Company and the other Guarantors on a senior subordinated basis.

The Indenture contains a number of customary negative covenants that, among other things and subject to certain exceptions, may restrict the ability of the Company to: (i) incur or guarantee additional indebtedness, (ii) make investments or other restricted payments, (iii) create liens, (iv) sell assets and subsidiary stock, (v) pay dividends or make other distributions or repurchase or redeem the capital stock or subordinated debt of the Company, (vi) engage in certain transactions with affiliates, (vii) enter into agreements that restrict the payment of dividends by subsidiaries or the repayment of inter-company loans and advances, and (viii) engage in mergers or consolidations. The Indenture also contains certain customary provisions relating to events of default.

Amended and Restated Senior Credit Facilities Agreement

On June 21, 2023 (the "**Closing Date**"), the Company and certain of its direct and indirect wholly-owned subsidiaries entered into the Second Amended and Restated Credit and Guaranty Agreement (the "**New Credit Agreement**"). The New Credit Agreement amended and restated in its entirety the Amended and Restated Credit and Guaranty Agreement dated April 25, 2018 (as amended from time to time prior to the Closing Date (the "**Prior Credit Agreement**")), and provides for (1) a new US$ 800.0 million senior secured term loan A facility (the "**New Term Loan A Facility**"), (2) a new US$ 600.0 million senior secured term loan B facility (the "**New Term Loan B Facility**" and, together with the New Term Loan A Facility, the "**New Term Loan Credit Facilities**") and (3) a new US$ 850.0 million revolving credit facility (the "**New Revolving Credit Facility**"). The credit facilities provided under the New Credit Agreement are referred to herein as the "**New Senior Credit Facilities**."

On the Closing Date, certain indirect wholly-owned subsidiaries of the Company borrowed US$ 100.0 million under the New Revolving Credit Facility and used the proceeds of such borrowing, plus the proceeds from the New Term Loan A Facility and the New Term Loan B Facility, along with cash on hand, to repay the entire principal amount of outstanding borrowings under the Prior Credit Agreement, plus transaction expenses (the transactions entered into on the Closing Date pursuant to and in connection with the New Credit Agreement are collectively referred to herein as the "**Refinancing**").

As of December 31, 2023, no borrowings were outstanding under the New Revolving Credit Facility.

The obligations of the borrowers under the New Credit Agreement are unconditionally guaranteed by the Company and certain of the Company's existing direct or indirect wholly owned material restricted subsidiaries (the "**Credit Facility Guarantors**"). All obligations under the New Credit Agreement, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all of the assets of the Company, the other borrowers and the Credit Facility Guarantors. The security granted by the Company includes (a) the shares (*parts sociales*) of Samsonite Sub Holdings S.à r.l. (the direct, wholly-owned subsidiary of the Company), (b) the Company's receivables, and (c) all the present and future assets, rights and claims the Company has or will have in relation to the Company's bank accounts. The New Credit Agreement contains a number of customary negative covenants that, among other things and subject to certain exceptions, may restrict the ability of the Company to: (i) incur additional indebtedness; (ii) pay dividends or distributions on its capital stock or redeem, repurchase or retire its capital stock or its other indebtedness; (iii) make investments, loans and acquisitions; (iv) engage in transactions with its affiliates; (v) sell assets, including capital stock of its subsidiaries; (vi) consolidate or merge; (vii) materially alter the business it conducts; (viii) incur liens; and (ix) prepay or amend any junior debt or subordinated debt.

The New Credit Agreement also contains certain financial covenants that are applicable to the Company and its subsidiaries on a consolidated basis.

Cash Pooling Agreement

On November 21, 2019, the Company entered into a Pooling Adherence Agreement (the "**Adherence Agreement**") with J.P. Morgan Bank Luxembourg S.A. ("**JPM**") pursuant to which the Company became bound as a "customer" under a Pooling Agreement (the "**Pooling Agreement**") dated November 21, 2019, between JPM and Samsonite IP Holdings S.à r.l., a wholly owned subsidiary of the Company. Pursuant to the arrangements governed by the terms of the Pooling Agreement, the amount of the balance on an interest-bearing bank account of the Company maintained with JPM, together with the balances on bank accounts maintained with JPM by certain subsidiaries of the Company that are also "customers" under the Pooling Agreement, collectively make up the amount of a "notional pool" of funds (the "**Notional Pool**"). The Pooling Agreement allows for customers, including the Company, to make short-term overdraft borrowings from JPM in an amount up to the net aggregate balance of all accounts included within the Notional Pool (taking into account any negative balances that exist by virtue of the Company or the other "customers" having drawn on the overdraft facility). The Company is jointly and severally liable for the obligations of each of its subsidiaries that participates as a "customer" under the Pooling Agreement. At December 31, 2023, there were no drawings on the overdraft facility with JPM by the Company. At December 31, 2023, total drawings on the overdraft facility by a wholly-owned subsidiary of the Company under the Pooling Agreement were US$ 23,058,597.15.

Share Award Scheme

Upon the exercise of share options granted by the Company pursuant to the rules of the Company's share award scheme adopted by the shareholders of the Company on September 14, 2012 (as amended from time to time, the "**2012 Share Award Scheme**"), 10,791,778 new ordinary shares were issued during the Financial Year.

The 2012 Share Award Scheme was valid for a term of 10 years from October 26, 2012 (being the adoption date under the terms of the 2012 Share Award Scheme) and expired on October 26, 2022. Following the expiration of the 2012 Share Award Scheme, no additional share options or restricted share units may be granted thereunder, however the terms of the 2012 Share Award Scheme continue to apply to all outstanding awards granted thereunder.

At the general meeting of the shareholders of the Company held on December 21, 2022, a new Share Award Scheme (the "**2022 Share Award Scheme**") was adopted by the shareholders in accordance with the Hong Kong Stock Exchange Listing Rules to enable continued administration of the Company's long-term incentive plan (the "**LTIP**"). The 2022 Share Award Scheme will be valid for a term of 10 years from January 5, 2023 (being the adoption date under the terms of the 2022 Share Award Scheme).

Own Shares

During the Financial Year, the Company did not proceed with any acquisition of its own shares.

Branch

The Company has a branch named "Samsonite International S.A., Hong Kong Branch" which is located at 25th Floor, Tower 2, The Gateway, Harbour City, Kowloon, Hong Kong.

Research & development

During the Financial Year, the Company did not engage in any research and/or development activity.

Risk management

The Company's directors considered that the Company may potentially be impacted by the principal risks and uncertainties to which the Company's group is exposed (for more explanation on this matter, please refer to Note 21 of the Company's consolidated financial statements).

Subsequent events

From January 1, 2024 to February 29, 2024, the Company issued 1,155,493 ordinary shares upon the exercise of share options that were outstanding and exercisable as of December 31, 2023.

There are no other significant subsequent events impacting the annual accounts of the Company for the year ended December 31, 2023.

The Company will continue to exercise its activities of a holding company during the next financial year.

Results, appropriation of the results

The operating results indicate a loss for the Financial Year of US$ 1,885,394.42. The balance sheet total amounts to US$ 1,968,445,538.65 as at December 31, 2023. We propose to approve the annual accounts for the financial year ending December 31, 2023, as presented to you and to carry forward the loss of US$ 1,885,394.42 to the next financial year.

We recommend that a cash distribution in the amount of US$ 150,000,000.- (the "**Distribution**") be made to the Company's shareholders from its ad hoc distributable reserve. The Distribution will be paid net of applicable Luxembourg withholding tax. The current rate of Luxembourg withholding tax to be applied to the recommended cash distribution to shareholders is 15%. While previous cash distributions made to the Company's shareholders were not subject to withholding tax, there has been a change in the applicability of Luxembourg tax law since the Company last made a distribution to shareholders in 2019.

The payment of this Distribution shall be made in US dollars, except the payment to shareholders whose names appear on the register of shareholders in Hong Kong shall be made in Hong Kong dollars.

We remind you that this Distribution will be subject to your approval at the forthcoming annual general meeting of the Company to be held on June 6, 2024.

By: Kyle Gendreau
Capacity: Director

Samsonite International S.A.
Balance Sheet
as at December 31, 2023
(expressed in USD)

	Note(s)	12/31/2023	12/31/2022
ASSETS			
Fixed assets	2.3, 3		
Shares in affiliated undertakings		1,944,943,754.10	1,944,943,754.10
Other loan		–	–
Total financial assets		1,944,943,754.10	1,944,943,754.10
Total fixed assets		**1,944,943,754.10**	**1,944,943,754.10**
Current assets			
Debtors	2.4, 4		
Amounts owed by affiliated undertakings	4.1		
becoming due and payable within one year		2,374,102.54	452,181.35
becoming due and payable after more than one year		–	–
Total amounts owed by affiliated undertakings		2,374,102.54	452,181.35
Other debtors	4.2		
becoming due and payable within one year		5,808,046.80	130,072.25
becoming due and payable after more than one year		12,768.80	12,768.80
Total other debtors		5,820,815.60	142,841.05
Total debtors		8,194,918.14	595,022.40
Cash at bank and in hand	5	15,171,977.59	5,396,232.41
Total current assets		**23,366,895.73**	**5,991,254.81**
Prepayments		**134,888.82**	**126,834.84**
TOTAL ASSETS		**1,968,445,538.65**	**1,951,061,843.75**

Samsonite International S.A.
Balance Sheet
as at December 31, 2023 *(continued)*
(expressed in USD)

	Note(s)	12/31/2023	12/31/2022
CAPITAL, RESERVES and LIABILITIES			
Capital and reserves	6		
Subscribed capital		14,496,922.10	14,389,004.32
Share premium account		318,252,013.62	291,485,661.15
Reserves			
Other reserves including the fair value reserve			
Other available reserves		1,680,187,437.44	1,680,187,437.44
Total reserves		1,680,187,437.44	1,680,187,437.44
Profit or loss brought forward		(60,503,068.78)	(46,239,657.60)
Profit or loss for the financial year		(1,885,394.42)	(14,263,411.18)
Total capital and reserves		**1,950,547,909.96**	**1,925,559,034.13**
Provisions	2.5, 7		
Provisions for taxation		–	–
Other provisions		771,835.05	540,473.02
Total provisions		**771,835.05**	**540,473.02**
Creditors	2.6, 8		
Amounts owed to credit institutions			
becoming due and payable within one year		–	–
Total amounts owed to credit institutions		–	–
Trade creditors	8.1		
becoming due and payable within one year		250,915.55	97,878.88
Total trade creditors		250,915.55	97,878.88
Amounts owed to affiliated undertakings	8.2		
becoming due and payable within one year		16,687,281.54	24,668,384.04
Total amounts owed to affiliated undertakings		16,687,281.54	24,668,384.04
Other creditors	8.3		
Tax authorities		8,915.00	5,154.00
Other creditors			
becoming due and payable within one year		147,204.79	155,719.92
becoming due and payable after one year		31,476.76	35,199.76
Total other creditors		187,596.55	196,073.68
Total creditors		**17,125,793.64**	**24,962,336.60**
TOTAL CAPITAL, RESERVES AND LIABILITIES		**1,968,445,538.65**	**1,951,061,843.75**

Samsonite International S.A.
Profit and (Loss) Account
as at December 31, 2023
(expressed in USD)

	Note(s)	12/31/2023	12/31/2022
Other operating income	9	8,961,145.27	1,958,866.17
Raw materials and consumables and other external expenses	10		
Other external expenses		(8,698,800.22)	(14,260,884.01)
Total raw materials and consumables and other external expenses		**(8,698,800.22)**	**(14,260,884.01)**
Staff costs	11		
Wages and salaries		(370,884.37)	(374,597.87)
Social security costs		(5,011.39)	(4,355.36)
Total staff costs		**(375,895.76)**	**(378,953.23)**
Other operating expenses	12	**(1,750,581.47)**	**(1,561,783.96)**
Other interest receivable and similar income	13		
derived from affiliated undertakings		–	–
other interest and similar income		88,655.22	21,522.29
Total other interest receivable and similar income		**88,655.22**	**21,522.29**
Interest payable and similar expenses	14		
Other interest and similar expenses		(104,782.46)	(44,721.46)
Total interest payable and similar expenses		**(104,782.46)**	**(44,721.46)**
Tax on profit or loss		–	–
Profit or loss after taxation		**(1,880,259.42)**	**(14,265,954.20)**
Other taxes not included in the previous captions	15	**(5,135.00)**	**2,543.02**
Profit or loss for the financial year		**(1,885,394.42)**	**(14,263,411.18)**

Samsonite International S.A.
Notes to the Annual Accounts
as of December 31, 2023
(expressed in USD)

1. GENERAL

Samsonite International S.A. ("**the Company**") was incorporated on March 8, 2011, and organized under the laws of Luxembourg as a "société anonyme" for an unlimited period.

The registered office of the Company is at 13-15, avenue de la Liberté, L-1931 Luxembourg. The Company is registered with the Register of Commerce of Luxembourg under the section B Number 159.469.

The Company's financial year starts on January 1 and ends on December 31 of each year.

The purpose of the Company is the holding of participations, in any form whatsoever, in Luxembourg and foreign companies and any other form of investment, the acquisition by purchase, subscription or in any other manner as well as the transfer by sale, exchange or otherwise of securities of any kind and the administration, control and development of its portfolio. It may in particular acquire by way of contribution, subscription, option, purchase or otherwise all and any transferable securities of any kind and realize the same by way of sale, transfer, exchange or otherwise.

The Company may likewise acquire, hold and assign, as well as license and sub-license all kinds of intellectual property rights, including without limitation, trademarks, patents, copyrights, and licenses of all kinds. The Company may act as licensor or licensee and it may carry out all operations which may be useful or necessary to manage, develop and profit from its portfolio of intellectual property rights.

The Company may borrow and grant all and any support, loans, advances, or guarantees to companies in which it holds a direct or indirect participating interest or which form part of the same group of companies as the Company.

The Company may also carry out any and all operations in relation to its business, both in Luxembourg and abroad, including, but not limited to, the design, manufacture, marketing, importation, exportation, warehousing, distribution, and sale of, among others, luggage, bags, travel, and other accessories and related goods, as well as all products and materials used in manufacture.

The Company may moreover carry out all and any commercial, industrial, and financial operations, both movable and immovable, which may directly or indirectly relate to its own corporate purpose or likely to promote its development or fulfillment.

The Company has been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since June 16, 2011.

The Company set up a branch in Hong Kong on December 12, 2011. From a Hong Kong law perspective, the Company has established a Place of Business in Hong Kong since April 16, 2011, and has been registered as a "Non-Hong Kong company" under Part XI of the Hong Kong Companies Ordinance since May 26, 2011.

Pursuant to the Title XVII of the amended law of August 10, 1915, the Company also prepares consolidated financial statements, which are deposited with the register of commerce and companies and published according to the provisions of the Luxembourg law.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the going concern assumption and the historical cost convention.

The annual accounts have been prepared in accordance with legal and regulatory requirements and generally accepted accounting principles in the Grand Duchy of Luxembourg. Accounting policies and valuation principles are, besides the ones laid down by the law of December 19, 2002, as amended, determined, and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and its results fairly.

The books and records are maintained in US dollars (US$) and the annual accounts have been prepared in accordance with the valuation rules and accounting policies described below.

The Board of Directors has reviewed the cash flow projections for the Company and its subsidiaries that were prepared by management, including the potential effects of certain downside scenarios. Based on these projections, the Board of Directors believes the Company will meet its financial obligations as and when they fall due and will comply with the financial covenants at least through March 31, 2025. As such, the annual accounts have been prepared on a going concern basis of accounting.

2.2 Basis of conversion for items originally expressed in foreign currency

Transactions expressed in currencies other than US$ are translated into US$ at the exchange rate effective at the time of the transaction.

Long-term assets expressed in currencies other than US$ are translated into US$ at the exchange rate effective at the time of the transaction. At the balance sheet date these assets remain translated at historical exchange rates.

Other assets are valued individually at the lower of and other liabilities are valued at the higher of their value at the historical exchange rate or their value determined at the exchange rates prevailing at the balance sheet date. Only unrealized exchange losses are recorded in the profit and loss account. Realized exchange gains and losses are recorded in the profit and loss account at the moment of their realization.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange gains and losses are recorded in the profit and loss account of the year.

(expressed in USD)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial assets

Shares in affiliated undertakings are valued at purchase price.

In case of durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of financial assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made ceased to apply.

2.4 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recoverability is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made ceased to apply.

2.5 Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of balance sheet, are either likely to be incurred or certain to be incurred but uncertain as their amount or the date on which they will arise.

2.6 Creditors

Creditors are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method.

3. FINANCIAL ASSETS

The financial assets are comprised of as follows:

Name (registered office)	Ownership %	Net Equity 2023 *USD*	Result 2023 *USD*
Samsonite Sub Holdings S.à r.l. 13-15, avenue de la Liberté, L-1931 Luxembourg	100.00%	5,302,770,308.12	21,895,233.81

(expressed in USD)

3. FINANCIAL ASSETS (continued)

The movements of the year are as follows:

Name	**Acquisition cost at the beginning of the year** *USD*	**Acquisition cost at the end of the year** *USD*	**Net book value at the end of the year** *USD*
Samsonite Sub Holdings S.à r.l. Luxembourg	1,944,943,754.10	1,944,943,754.10	1,944,943,754.10

4. DEBTORS

4.1 Amounts owed by affiliated undertakings

The amounts owed by affiliated undertakings are comprised of as follows:

	Dec 31, 2023 *USD*	**Dec 31, 2022** *USD*
Becoming due and payable within one year:		
Samsonite Mexico, S.A. de C.V.	33,533.86	21,314.08
Samsonite Europe NV	424,686.81	324,659.94
Samsonite UK	1,915,881.87	–
Tumi Inc.	–	106,207.33
	2,374,102.54	**452,181.35**

All these balances do not bear interest.

4.2 Other debtors

The other debtors are comprised of as follows:

	Dec 31, 2023 *USD*	**Dec 31, 2022** *USD*
Becoming due and payable within one year:		
Net wealth tax advances	5,253.45	65,720.93
Miscellaneous receivable – ComputerShare December exercised options	5,802,793.35	64,351.32
	5,808,046.80	**130,072.25**

Other debtors becoming due and payable after more than one year consist of rent deposits amounting to US$ 12,768.80 (2022: US$ 12,768.80).

(expressed in USD)

5. CASH AT BANK AND IN HAND

The cash at bank is comprised of as follows:

	Dec 31, 2023 *USD*	Dec 31, 2022 *USD*
HSBC Luxembourg current account USD	658,476.72	629,937.80
HSBC Hong Kong current account USD	201,426.25	230,086.66
JP Morgan current account USD (Cash pooling account)	82,483.90	84,956.27
HSBC Hong Kong current account HKD 352,562.92	45,149.21	8,066.82
HSBC Hong Kong current account HKD 578,781.02	74,252.41	74,252.41
HSBC Hong Kong share options HKD 110,184,203.46	14,110,189.10	4,368,932.45
	15,171,977.59	**5,396,232.41**

6. CAPITAL AND RESERVES

During 2023, the share capital of the Company has been increased by an amount of US$ 107,917.78 by the issuance of 10,791,778 shares with a nominal value of US$ 0.01 each.

The authorized capital including the subscribed capital amounts to US$ 35,000,000.00.

As at December 31, 2023, the share capital amounts to US$ 14,496,922.10, represented by 1,449,692,210 shares with a nominal value of US$ 0.01 each.

The movements of the year are as follows:

	Subscribed capital *USD*	Share premiums and similar premiums *USD*	Other reserves *USD*	Profit or (loss) brought forward *USD*	Profit or (loss) for the financial year *USD*	Total *USD*
Balance as at January 1, 2023	14,389,004.32	291,485,661.15	1,680,187,437.44	(46,239,657.60)	(14,263,411.18)	1,925,559,034.13
Allocation of the result	–	–	–	(14,263,411.18)	14,263,411.18	–
Capital increase	107,917.78	26,766,352.47	–	–	–	26,874,270.25
Result of the year ended	–	–	–	–	(1,885,394.42)	(1,885,394.42)
Balance as at December 31, 2023	**14,496,922.10**	**318,252,013.62**	**1,680,187,437.44**	**(60,503,068.78)**	**(1,885,394.42)**	**1,950,547,909.96**

In accordance with Luxembourg law, the Company is required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

(expressed in USD)

7. PROVISIONS

The provisions are comprised of as follows:

	Dec 31, 2023 *USD*	**Dec 31, 2022** *USD*
Audit fees	35,777.54	64,151.29
Director expenses	50,000.00	50,000.00
Legal fees	482,000.00	330,000.00
Miscellaneous fees	204,057.51	96,321.73
	771,835.05	**540,473.02**

8. CREDITORS

8.1 Trade creditors

The trade creditors are comprised of as follows:

	Dec 31, 2023 *USD*	**Dec 31, 2022** *USD*
Becoming due and payable within one year:		
Trade creditors	250,915.55	97,878.88
	250,915.55	**97,878.88**

8.2 Amounts owed to affiliated undertakings

The amounts owed to affiliated undertakings are comprised of as follows:

	Dec 31, 2023 *USD*	**Dec 31, 2022** *USD*
Becoming due and payable within one year:		
Samsonite LLC	15,388,340.21	23,371,131.77
Samsonite Company Stores	6,941.59	71.00
Direct Marketing Ventures LLC	–	78.00
Tumi Inc	7,103.66	–
Samsonite GMBH	1,945.91	2,681.79
Samsonite AG	–	57.35
Samsonite Espana S.A.	6,541.23	19,247.13
Samsonite S.P.A.	–	9,894.91
Samsonite Brands Pte Ltd	15,204.67	–
Samsonite IP Holdings S.à r.l.	1,240,212.00	1,218,742.88
Samsonite South Asia PVT.	8,955.28	3,884.65
Samsonite Asia Limited	12,036.99	42,594.56
	16,687,281.54	**24,668,384.04**

(expressed in USD)

8. CREDITORS (continued)

8.2 Amounts owed to affiliated undertakings (continued)

All these balances do not bear interest.

As of December 31, 2023, there was no intercompany interest payable.

8.3 Other creditors

The other creditors payable less than one year are comprised of as follows:

	Dec 31, 2023 *USD*	Dec 31, 2022 *USD*
Tax authorities	8,915.00	5,154.00
Accrued current long-term incentive plan retention payment	72,952.38	81,467.51
Payable to the shareholders (dividends)	74,252.41	74,252.41
	156,119.79	**160,873.92**

The other creditors payable after more than one year are comprised of as follows:

	Dec 31, 2023 *USD*	Dec 31, 2022 *USD*
Accrued long term incentive plan retention payment	31,476.76	35,199.76
	31,476.76	**35,199.76**

9. OTHER OPERATING INCOME

The other operating income are comprised of as follows:

	2023 *USD*	2022 *USD*
Audit fees (prior period reversal)	–	267,556.00
Miscellaneous other income	–	3,330.88
Recharge of share options fees	8,961,145.27	1,687,979.29
	8,961,145.27	**1,958,866.17**

(expressed in USD)

10. OTHER EXTERNAL EXPENSES

The other external expenses are comprised of as follows:

	2023 *USD*	**2022** *USD*
Rental fees	78,064.37	77,340.80
Legal fees	1,184,238.44	331,191.95
Accounting and administration fees	26,764.21	22,740.26
Bank fees	13,935.94	12,437.02
Audit fees (Statutory audit fees – KPMG)	93,039.80	130,000.00
Tax advisory/consulting fees	486,164.21	172,457.97
Travel and representation fees	125,535.97	10,954.00
Cross-charge finance and management fees	5,561,207.00	12,588,634.00
General expenses	879,620.23	719,094.59
Non-deductible VAT	4,350.89	–
Insurance premiums	245,879.16	196,033.42
	8,698,800.22	**14,260,884.01**

11. STAFF COSTS

The Company employed 2 persons during the financial period (2022: 2)

	2023 *USD*	**2022** *USD*
The staff costs are composed as follows:		
Salaries and wages Hong-Kong branch	370,884.37	374,597.87
Social security on salary and wages Hong-Kong branch	5,011.39	4,355.36
	375,895.76	**378,953.23**

12. OTHER OPERATING EXPENSES

The other operating expenses are comprised of as follows:

	2023 *USD*	**2022** *USD*
Dues & subscriptions	468.75	–
Director fees and expenses	1,750,112.72	1,561,783.96
	1,750,581.47	**1,561,783.96**

(expressed in USD)

13. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

The other interest receivable and similar income are comprised of as follows:

	2023 *USD*	**2022** *USD*
Other interest receivable and similar income		
Other interest income	4,227.63	1,078.97
Realized exchange gains	84,427.59	20,443.32
	88,655.22	**21,522.29**

14. INTEREST PAYABLE AND SIMILAR EXPENSES

The interest payable and similar expenses are comprised of as follows:

	2023 *USD*	**2022** *USD*
Other interest payable and similar expenses		
Unrealized exchange losses	62,617.20	17,721.77
Realized exchange losses	42,165.26	26,999.69
	104,782.46	**44,721.46**

15. OTHER TAXES NOT SHOWN UNDER ITEMS 1 TO 14

	2023 *USD*	**2022** *USD*
Net wealth tax	5,135.00	(2,543.02)
	5,135.00	**(2,543.02)**

In Luxembourg, the Parliament adopted the bill of law 8292 implementing Council Directive (EU) 2022/2523 dated December 14, 2022, on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the EU, commonly known as Pillar Two, on December 20, 2023, and the law was published in the official gazette on December 22, 2023. As a result, the Company has no current tax impact for the year ended December 31, 2023. Had the top-up tax taken effect in 2023, the Company would expect to be subject to the minimum top-up tax in relation to its operations in Austria, Chile, Hungary, Macau, Mexico, Panama, United Arab Emirates and Uruguay, where the effective tax rates range from 0 to 14.5 percent. The top-up tax is primarily driven by the United Arab Emirates where it accounts for approximately 70% of the total top-up tax. The Company's potential minimum top-up tax exposure is approx. US$ 3.3 million. The Company, as the ultimate parent of the Luxembourg group, has an effective tax rate for FY 2023 of approx. 20.4%. Had the minimum top-up tax taken effect in 2023, the effective tax rate for the FY 2023 would have been approx. 27.1%. In addition, the Company's stand-alone tax loss carried forward for FY 2023 of approx. US$ 45.6 million would have no impact on reducing the minimum top-up tax.

16. OFF BALANCE SHEET FINANCIAL COMMITMENTS

16.1 Loans and Borrowings

Amended and Restated Senior Credit Facilities Agreement

On June 21, 2023 (the "**Closing Date**"), the Company and certain of its direct and indirect wholly owned subsidiaries entered into the Second Amended and Restated Credit Agreement (the "**New Credit Agreement**"). The New Credit Agreement amended and restated in its entirety the Amended and Restated Credit Agreement dated April 25, 2018 (as amended from time to time prior to the Closing Date, the "**Prior Credit Agreement**"), and provides for (1) a new US$ 800.0 million senior secured term loan A facility (the "**New Term Loan A Facility**"), (2) a new US$ 600.0 million senior secured term loan B facility (the "**New Term Loan B Facility**") and (3) a new US$ 850.0 million revolving credit facility (the "**New Revolving Credit Facility**"). The credit facilities provided under the New Credit Agreement are referred to herein as the "**New Senior Credit Facilities**".

The Prior Credit Agreement provided for (1) a US$ 800.0 million senior secured term loan A facility (the "**Prior Term Loan A Facility**"), (2) a US$ 665.0 million senior secured term loan B facility (the "**Prior Term Loan B Facility**"), (3) a US$ 495.5 million term loan B facility (the "**2021 Incremental Term Loan B Facility**") and (4) a US$ 850.0 million revolving credit facility (the "**Prior Revolving Credit Facility**"). The credit facilities provided under the Prior Credit Agreement are referred to herein as the "**Prior Senior Credit Facilities**".

On the Closing Date, the Group borrowed US$ 100.0 million under the New Revolving Credit Facility and used the proceeds of such borrowing, plus the proceeds from the New Term Loan A Facility and the New Term Loan B Facility, along with cash on hand, to repay the entire principal amount of its outstanding borrowings under the Prior Credit Agreement, plus transaction expenses (the transactions entered into on the Closing Date pursuant to and in connection with the New Credit Agreement are collectively referred to herein as the "**Refinancing**").

As of December 31, 2023, no amounts were outstanding on the New Revolving Credit Facility.

Interest Rate and Fees

Interest on the borrowings under the New Term Loan A Facility, the New Revolving Credit Facility and the New Term Loan B Facility began to accrue on the Closing Date.

In respect of the New Term Loan A Facility and the New Revolving Credit Facility, the interest rate payable from the Closing Date until the delivery of the financial statements for the first full fiscal quarter commencing on or after the Closing Date was based on the Secured Overnight Financing Rate ("**SOFR**"), with a SOFR floor of 0%, plus a 10 basis-point credit spread adjustment, plus 1.375% per annum (or a base rate plus 0.375% per annum), and thereafter is based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings.

In respect of the New Term Loan B Facility, the interest rate payable with effect from the Closing Date is based on SOFR, with a SOFR floor of 0.50%, plus 2.750% per annum (or a base rate plus 1.750% per annum).

16. OFF BALANCE SHEET FINANCIAL COMMITMENTS (continued)

16.1 Loans and Borrowings (continued)

Amended and Restated Senior Credit Facilities Agreement (continued)

Interest Rate and Fees (continued)

As the Company's New Term Loan A Facility, New Revolving Credit Facility and New Term Loan B Facility have floating interest rates, the Company calculates interest expense based on the actual benchmark interest rate plus the applicable margin that was in effect for the relevant period.

In addition to paying interest on the outstanding principal amount of borrowings under the New Senior Credit Facilities, the borrowers pay customary agency fees and a commitment fee equal to 0.2% per annum in respect of the unutilized commitments under the New Revolving Facility from the Closing Date until the delivery of the financial statements for the first full fiscal quarter commencing on or after the Closing Date and thereafter shall be based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings.

Amortization and Final Maturity

The New Term Loan A Facility requires scheduled quarterly payments commencing on the last day of the first full fiscal quarter ended after the Closing Date, with an annual amortization of 2.5% of the original principal amount of the loans under the New Term Loan A Facility during each of the first and second years, with a step-up to 5.0% annual amortization during each of the third and fourth years and 7.5% annual amortization during the fifth year, with the balance due and payable on the maturity date for the New Term Loan A Facility. There is no scheduled amortization of any principal amounts outstanding under the New Revolving Credit Facility. The balance then outstanding under the New Term Loan A Facility and the New Revolving Credit Facility will be due and payable on June 21, 2028.

If (i) on the date that is 91 days prior to the maturity date of the Senior Notes (as defined below), more than € 150.0 million in aggregate principal amount of the Senior Notes has not been repaid and/ or refinanced with indebtedness having a maturity date at least 90 days later than the then-stated maturity date of the New Term Loan A Facility and the New Revolving Credit Facility and the total net leverage ratio of the Company and its restricted subsidiaries on such date is greater than 3.00:1.00 or (ii) on the date that is 90 days prior to the maturity date of the Senior Notes, more than US$ 150 million in aggregate principal amount of the loans outstanding under the New Term Loan B Facility have matured pursuant to the Term Loan B Maturity Springer (as defined below), then the maturity date with respect to the New Term Loan A Facility and the New Revolving Credit Facility will spring to a date that is 90 days prior to the maturity date of the Senior Notes.

16. OFF BALANCE SHEET FINANCIAL COMMITMENTS (continued)

16.1 Loans and Borrowings (continued)

Amended and Restated Senior Credit Facilities Agreement (continued)

Amortization and Final Maturity (continued)

The New Term Loan B Facility requires scheduled quarterly payments commencing on the last day of the first full fiscal quarter ended after the Closing Date, each equal to 0.25% of the original principal amount of the loans under the New Term Loan B Facility, with the balance due and payable on June 21, 2030.

If (i) on the date that is 91 days prior to the maturity date of Senior Notes, more than € 150.0 million in aggregate principal amount of the Senior Notes has not been repaid and/or refinanced with indebtedness having a maturity date at least 90 days later than the then-stated maturity date of the New Term Loan B Facility and after giving effect to a refinancing of the Senior Notes, the Company and its restricted subsidiaries have liquidity of less than US$ 350 million during the period from the 91st day prior to the maturity date applicable to the Senior Notes until the maturity date applicable to the Senior Notes, the maturity date with respect to the New Term Loan B Facility will spring to the date that is 90 days prior to the maturity date of the Senior Notes (such circumstances resulting in the such earlier maturity date being the "**Term Loan B Maturity Springer**").

Guarantees and Security

The obligations of the borrowers under the New Senior Credit Facilities are unconditionally guaranteed by the Company and certain of the Company's existing direct or indirect wholly-owned material restricted subsidiaries organized in Luxembourg, Belgium, Canada, Hong Kong, Hungary, Mexico, the United States and Singapore, and are required to be guaranteed by certain future direct or indirect wholly-owned material restricted subsidiaries organized in such jurisdictions (except Singapore) (the "**Credit Facility Guarantors**"). All obligations under the New Senior Credit Facilities, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all of the assets of the borrowers and the Credit Facility Guarantors (including the Shared Collateral (as defined below)).

Certain Covenants and Events of Default

The New Senior Credit Facilities contain a number of customary negative covenants that, among other things and subject to certain exceptions, may restrict the ability of the Company and each of its restricted subsidiaries to: (i) incur additional indebtedness; (ii) pay dividends or distributions on its capital stock or redeem, repurchase or retire its capital stock or its other indebtedness; (iii) make investments, loans and acquisitions; (iv) engage in transactions with its affiliates; (v) sell assets, including capital stock of its subsidiaries; (vi) consolidate or merge; (vii) materially alter the business it conducts; (viii) incur liens; and (ix) prepay or amend any junior debt or subordinated debt.

16. OFF BALANCE SHEET FINANCIAL COMMITMENTS (continued)

16.1 Loans and Borrowings (continued)

Amended and Restated Senior Credit Facilities Agreement (continued)

Certain Covenants and Events of Default (continued)

In addition, the New Credit Agreement requires the Company and its subsidiaries to meet certain quarterly financial covenants. For test periods commencing with the first full fiscal quarter ended after the Closing Date and thereafter, the Company and its subsidiaries are required to maintain (i) a pro forma total net leverage ratio of not greater than 4.50:1.00; provided that such maximum pro forma total net leverage ratio is subject to a step up of 0.50x from the otherwise applicable ratio for the six fiscal quarter period following the fiscal quarter in which a permitted acquisition has been consummated, and (ii) a pro forma consolidated cash interest coverage ratio of not less than 3.00:1.00 (collectively, the “**Financial Covenants**”). The Financial Covenants only apply for the benefit of the lenders under the New Term Loan A Facility and the lenders under the New Revolving Credit Facility. The Company was in compliance with the Financial Covenants for the test period ended on December 31, 2023. The New Credit Agreement also contains certain customary representations and warranties, affirmative covenants and provisions relating to events of default (including upon a change of control).

€350.0 Million 3.500% Senior Notes Due 2026

On April 25, 2018 (the “**Issue Date**”), Samsonite Finco S.à r.l., a wholly-owned, indirect subsidiary of the Company (the “**Issuer**”), issued € 350.0 million aggregate principal amount of its 3.500% senior notes due 2026 (the “**Senior Notes**”). The Senior Notes were issued at par pursuant to an indenture (the “**Indenture**”), dated the Issue Date, among the Issuer, the Company and certain of its direct or indirect wholly-owned subsidiaries (together with the Company, the “**Guarantors**”).

Maturity, Interest and Redemption

The Senior Notes will mature on May 15, 2026. Interest on the aggregate outstanding principal amount of the Senior Notes accrues at a fixed rate of 3.500% per annum, payable semi-annually in cash in arrears on May 15 and November 15 each year.

The Issuer may redeem all, or from time to time a part, of the Senior Notes at a redemption price equal to 100.000% of the principal amount of the Senior Notes redeemed plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Upon certain events defined as constituting a change of control, the Issuer may be required to make an offer to purchase the Senior Notes.

16. OFF BALANCE SHEET FINANCIAL COMMITMENTS (continued)

16.1 Loans and Borrowings (continued)

€350.0 Million 3.500% Senior Notes Due 2026 (continued)

Guarantee and Security

The Senior Notes are guaranteed by the Guarantors on a senior subordinated basis. The Senior Notes are secured by a second-ranking pledge over the shares of the Issuer and a second-ranking pledge over the Issuer's rights in the proceeds loan in respect of the proceeds of the offering of the Senior Notes (the "**Shared Collateral**"). The Shared Collateral also secures the borrowings under the New Credit Agreement on a first-ranking basis.

Certain Covenants and Events of Default

The Indenture contains a number of customary negative covenants that, among other things and subject to certain exceptions, may restrict the ability of the Company and its restricted subsidiaries (including the Issuer) to: (i) incur or guarantee additional indebtedness, (ii) make investments or other restricted payments, (iii) create liens, (iv) sell assets and subsidiary stock, (v) pay dividends or make other distributions or repurchase or redeem the capital stock or subordinated debt of the Company or its restricted subsidiaries, (vi) engage in certain transactions with affiliates, (vii) enter into agreements that restrict the payment of dividends by subsidiaries or the repayment of inter-company loans and advances, (viii) engage in mergers or consolidations and (ix) impair the security interests in the Shared Collateral. The Indenture also contains certain customary provisions relating to events of default.

Please refer to the Company's consolidated financial statements for further details.

Cash Pooling Agreement

On November 21, 2019, the Company entered into a Pooling Adherence Agreement (the "**Adherence Agreement**") with J.P. Morgan Bank Luxembourg S.A. ("**JPM**") pursuant to which the Company became bound as a "customer" under a Pooling Agreement (the "**Pooling Agreement**") dated November 21, 2019, between JPM and Samsonite IP Holdings S.à r.l., a wholly owned subsidiary of the Company. Pursuant to the arrangements governed by the terms of the Pooling Agreement, the amount of the balance on an interest-bearing bank account of the Company maintained with JPM, together with the balances on bank accounts maintained with JPM by certain subsidiaries of the Company that are also "customers" under the Pooling Agreement, collectively make up the amount of a "notional pool" of funds (the "**Notional Pool**"). The Pooling Agreement allows for customers, including the Company, to make short-term overdraft borrowings from JPM in an amount up to the net aggregate balance of all accounts included within the Notional Pool (taking into account any negative balances that exist by virtue of the Company or the other "customers" having drawn on the overdraft facility). The Company is jointly and severally liable for the obligations of each of its subsidiaries that participates as a "customer" under the Pooling Agreement. At December 31, 2023, there were no drawings on the overdraft facility with JPM by the Company. At December 31, 2023, total drawings on the overdraft facility under the Pooling Agreement by a wholly-owned subsidiary of the Company were US$ 23,058,597.15.

16. OFF BALANCE SHEET FINANCIAL COMMITMENTS (continued)

16.2 Share base payments

On September 14, 2012, the Company's shareholders approved the 2012 Share Award Scheme (as amended from time to time), which was valid for a term of 10 years from October 26, 2012 (being the adoption date under the terms of the 2012 Share Award Scheme), until its expiration on October 26, 2022. No further awards may be granted under the 2012 Share Award Scheme, but all outstanding awards granted thereunder prior to its expiration remain outstanding in accordance with their terms.

On December 21, 2022, the Company's shareholders approved the 2022 Share Award Scheme, which is valid for a term of 10 years from January 5, 2023 (being the adoption date under the terms of the 2022 Share Award Scheme), until its expiration on January 5, 2033.

The purpose of both the 2012 Share Award Scheme and the 2022 Share Award Scheme is to attract skilled and experienced personnel, to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. Awards under both the 2012 Share Award Scheme and the 2022 Share Award Scheme may take the form of either share options or restricted share units ("**RSUs**"), which may be granted at the discretion of the Remuneration Committee to executive directors of the Company and its subsidiaries, managers employed or engaged by the Group, and/or employees of the Group.

Share Options

The Company may, from time to time, grant share options to certain key management personnel and other employees of the Group. The exercise price of share options is determined at the time of grant by the Remuneration Committee in its absolute discretion, but in any event shall not be less than the higher of:

a) the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant;

b) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

c) the nominal value of the shares.

The Company may, at its discretion, require a grantee to pay a remittance of HK$ 1.00 (or such other amount in any other currency as the Remuneration Committee may determine) as consideration for the grant of an option at the time of acceptance of an option grant.

Expected volatility is estimated taking into account the historic average share price volatility. The expected cash distributions are based on the Group's history and expectation of cash distribution payouts.

(expressed in USD)

16. OFF BALANCE SHEET FINANCIAL COMMITMENTS (continued)

16.2 Share base payments (continued)

Share Options (continued)

Particulars and movements of share options during the years ended December 31, 2023, and December 31, 2022, were as follows:

	Number of options	Weighted-average exercise price
Outstanding at January 1, 2023	96,726,144	HK$21.30
Exercised during the year	(10,791,778)	HK$19.47
Lapsed during the year	(585,088)	HK$26.38
Outstanding at December 31, 2023	**85,349,278**	**HK$21.50**
Exercisable at December 31, 2023	**64,322,598**	**HK$22.51**

	Number of options	Weighted-average exercise price
Outstanding at January 1, 2022	87,157,670	HK$21.74
Granted during the year	14,904,680	HK$18.06
Exercised during the year	(1,071,467)	HK$17.12
Lapsed during the year	(4,264,739)	HK$19.92
Outstanding at December 31, 2022	**96,726,144**	**HK$21.30**
Exercisable at December 31, 2022	**63,064,472**	**HK$23.02**

At December 31, 2023, the range of exercise prices for outstanding share options was HK$ 15.18 to HK$ 31.10 with a weighted average contractual life of 5.1 years. At December 31, 2022, the range of exercise prices for outstanding share options was HK$ 15.18 to HK$ 31.10 with a weighted average contractual life of 5.8 years.

Restricted Share Units ("RSUs")

No amount is payable to the Company for the grant or acceptance of RSU awards or at the time of vesting of the RSU awards.

RSU awards, including time-based restricted share units ("**TRSUs**") and performance-based restricted share units ("**PRSUs**"), were granted during the year ended December 31, 2023, and are discussed further below. No RSUs were granted during the year ended December 31, 2022.

(expressed in USD)

16. OFF BALANCE SHEET FINANCIAL COMMITMENTS (continued)

16.2 Share base payments (continued)

Time-based Restricted Share Units

TRSUs granted by the Company are subject to *pro rata* vesting over a three-year period, with one-third of such TRSUs vesting on each anniversary of the date of the grant, subject to the grantee continuing to be employed by, or continuing to provide services to, the Group on the applicable vesting date. Expense for TRSUs is based on the closing market price of the Company's shares on the date of grant, discounted by the present value of expected future dividends, and is recognized ratably over the vesting period, net of expected forfeitures.

On June 8, 2023, the Company awarded TRSUs with respect to 2,628,576 shares to the executive director of the Company and certain senior managers of the Group.

A summary of TRSU activity during the years ended December 31, 2023, and December 31, 2022, was as follows:

	Number of TRSUs	Weighted-average fair value per TRSU
Outstanding at January 1, 2023	–	–
Granted during the year	2,628,576	HK$20.89
Lapsed during the year	–	–
Outstanding at December 31, 2023	**2,628,576**	**HK$20.89**

	Number of TRSUs	Weighted-average fair value per TRSU
Outstanding at January 1, 2022	929,494	HK$13.93
Vested and converted to ordinary shares during the year	(923,902)	HK$13.93
Lapsed during the year	(5,592)	HK$13.90
Outstanding at December 31, 2022	**–**	**–**

Performance-based Restricted Share Units

PRSUs vest in full on the third anniversary of the date of grant, subject to the grantee continuing to be employed by, or continuing to provide services to, the Group on the vesting date, and only to the extent certain pre-established performance targets are met. Expense related to PRSUs with non-market-based performance conditions is recognized ratably over the performance period, net of estimated forfeitures, based on the probability of attainment of the related performance targets. The potential number of shares that may be issued upon vesting of the PRSUs ranges from 0% of the target number of shares subject to the PRSUs, if the minimum level of performance is not attained, to up to 200% of the target number of shares subject to the PRSUs, if the level of performance is at or above the predetermined maximum achievement level. For any PRSUs granted with market-based performance conditions, the expense is recognized over the vesting period based on the fair value as determined on the grant date utilizing a Monte Carlo simulation.

16. OFF BALANCE SHEET FINANCIAL COMMITMENTS (continued)

16.2 Share base payments (continued)

Performance-based Restricted Share Units (continued)

On June 8, 2023, the Group granted PRSUs with respect to a target number of 2,628,576 shares to the executive director and certain senior managers of the Group, assuming target-level achievement of the performance conditions applicable to the PRSU grants. Such PRSUs will cliff vest on June 8, 2026, based on the achievement of pre-established performance goals determined by reference to the Group's annual long-term incentive plan ("**LTIP**") Adjusted EBITDA ("**LTIP Adjusted EBITDA**") growth rate targets set at the time of the grant, which growth rate targets are expressed on a constant currency basis compared to the previous year. For purposes of the PRSUs granted on June 8, 2023, LTIP Adjusted EBITDA is defined as the Company's consolidated earnings before interest, taxes, depreciation and amortization, as adjusted to eliminate the effect of a number of costs, charges and credits and certain other non-cash charges. LTIP Adjusted EBITDA includes the lease interest and amortization expense as a result of the Group's adoption of IFRS 16 to account for operational rent expenses and excludes annual cash bonus expenses and cash long-term-incentive award expenses.

When setting the performance targets, the objective was for the targets to be sufficiently challenging to create appropriate pay-for-performance alignment as expected by the Company's shareholders, within parameters that are likely to be perceived by the grantees to be achievable in order to create appropriate incentives. The annual LTIP Adjusted EBITDA growth rate target for each year included in the three-year performance period was established by the Remuneration Committee and was communicated to the recipients of the PRSUs in the grant notices. At the end of each year, the extent to which the annual growth target has been achieved will be determined in respect of 1/3 of the total PRSUs granted.

In making such determination, the Remuneration Committee shall adjust either the performance goals or the calculation of the LTIP Adjusted EBITDA to reflect the following occurrences affecting the Company during the performance period (to the extent such occurrences affect the year-over-year comparability of LTIP Adjusted EBITDA):

- the effect of changes in laws, regulations, or accounting principles, methods or estimates;

- changes to amortization of lease right-of-use assets resulting from the write down or impairment of such assets or the reversal of impairments;

- the planned, unrealized LTIP Adjusted EBITDA associated with a business segment, division, or unit or product group that is sold or discontinued (where such sale or discontinuation was unplanned);

- results from an unplanned acquired business and costs related to such unplanned acquisition;

(expressed in USD)

16. OFF BALANCE SHEET FINANCIAL COMMITMENTS (continued)

16.2 Share base payments (continued)

Performance-based Restricted Share Units (continued)

- restructuring and workforce severance costs pursuant to a plan approved by the Board and the Company's chief executive officer; and

- unusual and infrequently occurring items as defined by the International Accounting Standards Board ("**IASB**") International Financial Reporting Standards ("**IFRS**") Accounting Standards and any other unusual and exceptional events outside the ordinary course of business, provided that such adjustment is guided by the principles of the Company's long-term incentive program and alignment of shareholders' and participants' interests.

Details of the payout levels with respect to each year included in the three-year performance period are set out below:

	Payout levels (% of shares underlying PRSUs)		
	2023 against 2022 (1/3 weighting)	**2024 against 2023 (1/3 weighting)**	**2025 against 2024 (1/3 weighting)**
Maximum	200%	200%	200%
Target	100%	100%	100%
Threshold	25%	25%	25%
Below Threshold	0%	0%	0%

Vesting levels will be interpolated for actual performance between payout levels.

PRSUs will vest only upon completion of the three-year performance period to the extent the annual targets have been satisfied. PRSUs will ensure that there is linkage between the Company's stated long-term strategic and financial goals and executive compensation.

The maximum number of shares underlying the PRSUs granted on June 8, 2023, is 5,257,152 shares.

(expressed in USD)

16. OFF BALANCE SHEET FINANCIAL COMMITMENTS (continued)

16.2 Share base payments (continued)

Performance-based Restricted Share Units (continued)

A summary of PRSU activity (at target level vesting) during the years ended December 31, 2023, and December 31, 2022, was as follows:

	Number of PRSUs	Weighted-average fair value per PRSU
Outstanding at January 1, 2023	–	–
Granted during the year	2,628,576	HK$20.17
Lapsed during the year	–	–
Outstanding at December 31, 2023	**2,628,576**	**HK$20.17**

	Number of PRSUs	Weighted-average fair value per PRSU
Outstanding at January 1, 2022	1,146,288	HK$12.56
Lapsed during the year	(1,146,288)	HK$12.56
Outstanding at December 31, 2022	**–**	**–**

Shares underlying an award of share options, TRSUs or PRSUs that lapse without the issuance of such shares upon vesting of such award may be available for future grant under the 2022 Share Award Scheme. During the years ended December 31, 2023, and December 31, 2022, there were no cancellations of share options, TRSUs or PRSUs.

Please refer to the Company's consolidated financial statements for further details.

17. SUBSEQUENT EVENTS

The Company has evaluated events occurring subsequent to December 31, 2023, the reporting date, through March 13, 2024, the date this financial information was authorized for issuance by the Board.

The Company issued 1,155,493 ordinary shares from January 1, 2024, through February 29, 2024, upon the exercise of share options that were outstanding and exercisable as of December 31, 2023.

On March 13, 2024, the Company's Board of Directors recommended that a cash distribution in the amount of US$ 150.0 million, or approximately US$ 0.1034 per share, be made to the Company's shareholders. The distribution will be subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company.