



**Samsonite International S.A.**  
(Société Anonyme)

**Annual Accounts**  
**As of December 31, 2022**

(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

## **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 2022, 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 2022 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.



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 communicate to 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, 15 March 2023

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

A handwritten signature in blue ink, appearing to read 'Fabien Hedouin', written over a horizontal line.

Fabien Hedouin

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(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 PERIOD  
FROM JANUARY 1, 2022 TO DECEMBER 31, 2022**

March 15, 2023

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, 2022, and ended on December 31, 2022 (the “**Financial Year**”).

At the end of the Financial Year, the share capital of the Company amounts to US\$ 14,389,004.32 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 1,438,900,432 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*<sup>®</sup>, *Tumi*<sup>®</sup>, *American Tourister*<sup>®</sup>, *Gregory*<sup>®</sup>, *High Sierra*<sup>®</sup>, *Kamiliant*<sup>®</sup>, *ebags*<sup>®</sup>, *Lipault*<sup>®</sup> and *Hartmann*<sup>®</sup> 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**”).

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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.

### **Senior Credit Facilities**

On April 25, 2018 (the “**Closing Date**”), the Company and certain of its direct and indirect, wholly-owned subsidiaries entered into an amended and restated credit and guaranty agreement (as amended from time to time since the Closing Date, the “**Credit Agreement**”) with certain lenders and financial institutions. The Credit Agreement provides for (1) a US\$ 800.0 million senior secured term loan A facility, (2) a US\$ 665.0 million senior secured term loan B facility, (3) a US\$ 495.5 million term loan B facility, and (4) a US\$ 850.0 million revolving credit facility (the “**Revolving Credit Facility**”). The credit facilities provided under the Credit Agreement are referred to herein as the “**Senior Credit Facilities**.”

The obligations of the borrowers under the Senior Credit Facilities 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 Senior Credit Facilities, 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 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 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.

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The Senior Credit Facilities Agreement also contains certain financial covenants and a minimum liquidity covenant that are applicable to the Company and its subsidiaries on a consolidated basis.

On March 20, 2020, certain of the Company’s indirect, wholly-owned subsidiaries borrowed US\$ 810.3 million (US Dollar equivalent at the applicable exchange rate on the borrowing date) under the Revolving Credit Facility to ensure access to the liquidity of Samsonite group of which the Company belongs to (the “**Group**”) given the uncertainties and challenges caused by the COVID-19 pandemic. During the year ended December 31, 2022, the Group repaid the remaining US\$ 654.8 million principal amount of its outstanding borrowings under the Revolving Credit Facility. As of December 31, 2022, there were no outstanding borrowings under the Revolving Credit Facility. As of December 31, 2022, US\$ 845.4 million was available to be borrowed under the Revolving Credit Facility as a result of the utilization of US\$ 4.6 million of the facility for outstanding letters of credit extended to certain creditors. As of December 31, 2021, US\$ 176.7 million was available to be borrowed under the Revolving Credit Facility as a result of US\$ 668.7 million of outstanding borrowings and the utilization of US\$ 4.6 million of the facility for outstanding letters of credit extended to certain creditors.

### **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, 2022, there were no drawings on the overdraft facility with JPM by the Company or of its subsidiaries under the Pooling Agreement. At December 31, 2022, total drawings on the overdraft facility by a wholly-owned subsidiary of the Company under the Pooling Agreement were US\$ 19,299,255.38.

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### **Share Award Scheme**

Upon the exercise of share options and the vesting of restricted share units 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**”), 1,995,369 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 22 of the Company’s consolidated financial statements).

On March 14, 2022, the Group suspended all commercial activities in Russia due to the armed conflict in Ukraine, and the Group subsequently completed the disposition of its Russian operations on July 1, 2022.

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**Subsequent events**

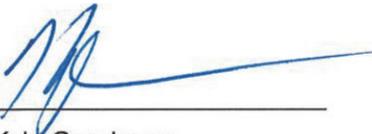
From January 1, 2023 to February 28, 2023, the Company issued 4,152,196 ordinary shares upon the exercise of share options that were outstanding and exercisable as of December 31, 2022.

There are no other significant subsequent events impacting the annual accounts of the Company for the year ended December 31, 2022.

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\$ 14,263,411.18. The balance sheet total amounts to US\$ 1,951,061,843.75 as at December 31, 2022. We propose to approve the annual accounts for the financial year ending December 31, 2022, as presented to you and to carry forward the loss of US\$ 14,263,411.18 to the next financial year.



By: Kyle Gendreau

Capacity: Director

**Samsonite International S.A.**  
**Balance Sheet**  
**as at December 31, 2022**  
**(expressed in USD)**

	Note(s)	12/31/2022	12/31/2021
<b>ASSETS</b>			
<b>Fixed assets</b>	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
<b>Total fixed assets</b>		<b>1,944,943,754.10</b>	<b>1,944,943,754.10</b>
<b>Current assets</b>			
Debtors	2.4, 4		
Amounts owed by affiliated undertakings	4.1		
<i>becoming due and payable within one year</i>		452,181.35	–
<i>becoming due and payable after more than one year</i>		–	–
Total amounts owed by affiliated undertakings		452,181.35	–
Other debtors	4.2		
<i>becoming due and payable within one year</i>		130,072.25	74,954.34
<i>becoming due and payable after more than one year</i>		12,768.80	12,768.80
Total other debtors		142,841.05	87,723.14
Total debtors		595,022.40	87,723.14
Cash at bank and in hand	5	5,396,232.41	4,915,492.33
<b>Total current assets</b>		<b>5,991,254.81</b>	<b>5,003,215.47</b>
<b>Prepayments</b>		<b>126,834.84</b>	<b>83,052.08</b>
<b>TOTAL ASSETS</b>		<b>1,951,061,843.75</b>	<b>1,950,030,021.65</b>

**Samsonite International S.A.**  
**Balance Sheet**  
**as at December 31, 2022 (continued)**  
**(expressed in USD)**

	Note(s)	12/31/2022	12/31/2021
<b>CAPITAL, RESERVES and LIABILITIES</b>			
<b>Capital and reserves</b>	6		
Subscribed capital		14,389,004.32	14,369,050.63
Share premium account		291,485,661.15	289,148,074.02
Reserves			
Other reserves including the fair value reserve			
<i>Other available reserves</i>		1,680,187,437.44	1,680,196,676.46
Total reserves		1,680,187,437.44	1,680,196,676.46
Profit or loss brought forward		(46,239,657.60)	(39,043,630.85)
Profit or loss for the financial year		(14,263,411.18)	(7,196,026.75)
<b>Total capital and reserves</b>		<b>1,925,559,034.13</b>	<b>1,937,474,143.51</b>
<b>Provisions</b>	2.5, 7		
Provisions for taxation		–	–
Other provisions		540,473.02	692,519.80
<b>Total provisions</b>		<b>540,473.02</b>	<b>692,519.80</b>
<b>Creditors</b>	2.6, 8		
Amounts owed to credit institutions			
<i>becoming due and payable within one year</i>		–	–
Total amounts owed to credit institutions		–	–
Trade creditors	8.1		
<i>becoming due and payable within one year</i>		97,878.88	113,257.47
Total trade creditors		97,878.88	113,257.47
Amounts owed to affiliated undertakings	8.2		
<i>becoming due and payable within one year</i>		24,668,384.04	11,603,502.81
Total amounts owed to affiliated undertakings		24,668,384.04	11,603,502.81
Other creditors	8.3		
Tax authorities		5,154.00	13,149.99
Other creditors		–	–
<i>becoming due and payable within one year</i>		155,719.92	109,855.07
<i>becoming due and payable after one year</i>		35,199.76	23,593.00
Total other creditors		196,073.68	146,598.06
<b>Total creditors</b>		<b>24,962,336.60</b>	<b>11,863,358.34</b>
<b>TOTAL CAPITAL, RESERVES AND LIABILITIES</b>		<b>1,951,061,843.75</b>	<b>1,950,030,021.65</b>

**Samsonite International S.A.**  
**Profit and (Loss) Account**  
**as at December 31, 2022**  
**(expressed in USD)**

	Note(s)	12/31/2022	12/31/2021
<b>Other operating income</b>	9	1,958,866.17	5,698,766.41
<b>Raw materials and consumables and other external expenses</b>	10		
Other external expenses		(14,260,884.01)	(11,105,854.69)
<b>Total raw materials and consumables and other external expenses</b>		<b>(14,260,884.01)</b>	<b>(11,105,854.69)</b>
<b>Staff costs</b>	11		
Wages and salaries		(374,597.87)	(290,032.34)
Social security costs		(4,355.36)	(4,087.82)
<b>Total staff costs</b>		<b>(378,953.23)</b>	<b>(294,120.16)</b>
<b>Other operating expenses</b>	12	<b>(1,561,783.96)</b>	<b>(1,444,890.80)</b>
<b>Other interest receivable and similar income</b>	13		
<i>derived from affiliated undertakings</i>		–	–
<i>other interest and similar income</i>		21,522.29	16,435.18
<b>Total other interest receivable and similar income</b>		<b>21,522.29</b>	<b>16,435.18</b>
<b>Interest payable and similar expenses</b>	14		
<i>Other interest and similar expenses</i>		(44,721.46)	(53,212.70)
<b>Total interest payable and similar expenses</b>		<b>(44,721.46)</b>	<b>(53,212.70)</b>
<b>Tax on profit or loss</b>		–	–
<b>Profit or loss after taxation</b>		<b>(14,265,954.20)</b>	<b>(7,182,876.76)</b>
<b>Other taxes not included in the previous captions</b>	15	<b>2,543.02</b>	<b>(13,149.99)</b>
<b>Profit or loss for the financial year</b>		<b>(14,263,411.18)</b>	<b>(7,196,026.75)</b>

**Samsonite International S.A.**  
**Notes to the Annual Accounts**  
**as of December 31, 2022**  
**(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 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, 2024. 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.

## **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:

<b>Name (registered office)</b>	<b>Ownership %</b>	<b>Net Equity 2022 USD</b>	<b>Result 2022 USD</b>
Samsonite Sub Holdings S.à r.l. 13-15, avenue de la Liberté, L-1931 Luxembourg	100.00%	5,280,875,074.31	13,292,613.68

The movements of the year are as follows:

<b>Name</b>	<b>Acquisition cost at the beginning of the year USD</b>	<b>Acquisition cost at the end of the year USD</b>	<b>Net book value at the end of the year USD</b>
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:

	<b>Dec 31, 2022</b>	<b>Dec 31, 2021</b>
	<b>USD</b>	<b>USD</b>
<i>Becoming due and payable within one year:</i>		
Samsonite Mexico, S.A. de C.V.	21,314.08	—
Samsonite Europe NV	324,659.94	—
Tumi Inc.	106,207.33	—
	<b>452,181.35</b>	<b>—</b>

All these balances do not bear interest.

##### **4.2 Other debtors**

The other debtors are comprised of as follows:

	<b>Dec 31, 2022</b>	<b>Dec 31, 2021</b>
	<b>USD</b>	<b>USD</b>
<i>Becoming due and payable within one year:</i>		
Net wealth tax advances	65,720.93	74,954.34
Miscellaneous receivable	64,351.32	—
	<b>130,072.25</b>	<b>74,954.34</b>

Other debtors becoming due and payable after more than one year consist of rent deposits amounting to US\$ 12,768.80 (2021: US\$ 12,768.80).

## 5. CASH AT BANK AND IN HAND

The cash at bank is comprised of as follows:

	Dec 31, 2022	Dec 31, 2021
	<i>USD</i>	<i>USD</i>
HSBC Luxembourg current account USD	629,937.80	1,983,445.66
HSBC Hong Kong current account USD	230,086.66	43,176.62
JP Morgan current account USD (Cash pooling account)	84,956.27	90,577.30
HSBC Hong Kong current account HKD 62,997.44	8,066.82	101,438.85
HSBC Hong Kong current account HKD 578,781.02	74,252.41	74,252.41
HSBC Hong Kong share options HKD 34,118,957.02	4,368,932.45	2,622,601.49
	<b>5,396,232.41</b>	<b>4,915,492.33</b>

## 6. CAPITAL AND RESERVES

During 2022, the share capital of the Company has been increased by an amount of US\$ 19,953.69 by the issuance of 1,995,369 shares with a nominal value of US\$ 0.01 each. From this total, Time-based Restricted Share Units for an amount of US\$ 9,239.02 were vested and converted to ordinary shares, as described in note 16 on off balance sheet financial commitments.

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

As at December 31, 2022, the share capital amounts to US\$ 14,389,004.32, represented by 1,438,900,432 shares with a nominal value of US\$ 0.01 each.

The movements of the year are as follows:

	Subscribed capital	Share premiums and similar premiums	Other reserves	Profit or (loss) brought forward	Profit or (loss) for the financial year	Total
	<i>USD</i>	<i>USD</i>	<i>USD</i>	<i>USD</i>	<i>USD</i>	<i>USD</i>
Balance as at January 1, 2022	14,369,050.63	289,148,074.02	1,680,196,676.46	(39,043,630.85)	(7,196,026.75)	1,937,474,143.51
Allocation of the result	-	-	-	(7,196,026.75)	7,196,026.75	-
Capital Increase	10,714.67	2,337,587.13	-	-	-	2,348,301.80
Contribution of reserve	9,239.02	-	(9,239.02)	-	-	-
Result of the year ended	-	-	-	-	(14,263,411.18)	(14,263,411.18)
Balance as at December 31, 2022	<b>14,389,004.32</b>	<b>291,485,661.15</b>	<b>1,680,187,437.44</b>	<b>(46,239,657.60)</b>	<b>(14,263,411.18)</b>	<b>1,925,559,034.13</b>

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.

## **7. PROVISIONS**

The provisions are comprised of as follows:

	<b>Dec 31, 2022</b>	<b>Dec 31, 2021</b>
	<i>USD</i>	<i>USD</i>
Audit fees	64,151.29	257,716.55
Director expenses	50,000.00	50,000.00
Legal fees	330,000.00	200,000.00
Miscellaneous fees	96,321.73	184,803.25
	<b><u>540,473.02</u></b>	<b><u>692,519.80</u></b>

## **8. CREDITORS**

### **8.1 Trade creditors**

The trade creditors are comprised of as follows:

	<b>Dec 31, 2022</b>	<b>Dec 31, 2021</b>
	<i>USD</i>	<i>USD</i>
<i>Becoming due and payable within one year:</i>		
Trade creditors	97,878.88	113,257.47
	<b><u>97,878.88</u></b>	<b><u>113,257.47</u></b>

### **8.2 Amounts owed to affiliated undertakings**

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

	<b>Dec 31, 2022</b>	<b>Dec 31, 2021</b>
	<i>USD</i>	<i>USD</i>
<i>Becoming due and payable within one year:</i>		
Samsonite LLC	23,371,131.77	10,360,594.93
Samsonite Company Stores	71.00	–
Direct Marketing Ventures LLC	78.00	–
Samsonite GMBH	2,681.79	–
Samsonite AG	57.35	–
Samsonite Espana S.A.	19,247.13	–
Samsonite S.P.A.	9,894.91	–
Samsonite IP Holdings S.à r.l.	1,218,742.88	1,218,578.86
Samsonite South Asia PVT.	3,884.65	–
Samsonite Asia Limited	42,594.56	24,329.02
	<b><u>24,668,384.04</u></b>	<b><u>11,603,502.81</u></b>

All these balances do not bear interest.

As of December 31, 2022, there was no intercompany interest payable.

## **8. CREDITORS (continued)**

### **8.3 Other creditors**

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

	<b>Dec 31, 2022</b> <i>USD</i>	<b>Dec 31, 2021</b> <i>USD</i>
Tax authorities	5,154.00	13,149.99
Accrued current long-term incentive plan retention payment	81,467.51	35,599.84
Payable to the shareholders (dividends)	74,252.41	74,255.23
	<b>160,873.92</b>	<b>123,005.06</b>

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

	<b>Dec 31, 2022</b> <i>USD</i>	<b>Dec 31, 2021</b> <i>USD</i>
Accrued long-term incentive plan retention payment	35,199.76	23,593.00
	<b>35,199.76</b>	<b>23,593.00</b>

## **9. OTHER OPERATING INCOME**

The other operating income are comprised of as follows:

	<b>2022</b> <i>USD</i>	<b>2021</b> <i>USD</i>
Non-deductible VAT (prior period reversal)	–	1,747,327.68
Audit fees (prior period reversal)	267,556.00	–
Miscellaneous other income	3,330.88	–
Recharge of share options fees	1,687,979.29	3,951,438.73
	<b>1,958,866.17</b>	<b>5,698,766.41</b>

## **10. OTHER EXTERNAL EXPENSES**

The other external expenses are comprised of as follows:

	<b>2022</b> <i>USD</i>	<b>2021</b> <i>USD</i>
Rental fees	77,340.80	73,197.04
Legal fees	331,191.95	577,950.72
Accounting and administration fees	22,740.26	34,052.82
Bank fees	12,437.02	14,143.26
Audit fees (Statutory audit fees – KPMG)	130,000.00	273,409.69
Tax advisory/consulting fees	172,457.97	284,791.12
Travel and representation fees	10,954.00	323.28
Cross-charge finance and management fees	12,588,634.00	9,039,015.00
General expenses	719,094.59	678,114.83
Insurance premiums	196,033.42	130,856.93
	<b>14,260,884.01</b>	<b>11,105,854.69</b>

## **11. STAFF COSTS**

The Company employed 2 persons during the financial period (2021: 2)

	<b>2022</b> <b>USD</b>	<b>2021</b> <b>USD</b>
The staff costs are composed as follows:		
Salaries and wages Hong-Kong Branch	374,597.87	290,032.34
Social security on salary and wages Hong-Kong Branch	4,355.36	4,087.82
	<b>378,953.23</b>	<b>294,120.16</b>

## **12. OTHER OPERATING EXPENSES**

The other operating expenses are comprised of as follows:

	<b>2022</b> <b>USD</b>	<b>2021</b> <b>USD</b>
Director fees and expenses	1,561,783.96	1,444,890.80
	<b>1,561,783.96</b>	<b>1,444,890.80</b>

## **13. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

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

	<b>2022</b> <b>USD</b>	<b>2021</b> <b>USD</b>
<i>Other interest receivable and similar income</i>		
Other interest income	1,078.97	40.86
Realized exchange gains	20,443.32	16,394.32
	<b>21,522.29</b>	<b>16,435.18</b>

## **14. INTEREST PAYABLE AND SIMILAR EXPENSES**

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

	<b>2022</b> <b>USD</b>	<b>2021</b> <b>USD</b>
<i>Other interest payable and similar expenses</i>		
Unrealized exchange losses	17,721.77	12,979.65
Realized exchange losses	26,999.69	40,233.05
	<b>44,721.46</b>	<b>53,212.70</b>

## **15. OTHER TAXES NOT SHOWN UNDER ITEMS 1 TO 14**

	<b>2022</b> <b>USD</b>	<b>2021</b> <b>USD</b>
Net wealth tax	(2,543.02)	13,149.99
	<b>(2,543.02)</b>	<b>13,149.99</b>

## **16. OFF BALANCE SHEET FINANCIAL COMMITMENTS**

### **16.1 Borrowings**

#### **€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.

#### **Senior Credit Facilities**

On April 25, 2018 (the “**Closing Date**”), the Company and certain of its direct and indirect wholly-owned subsidiaries entered into an amended and restated credit and guaranty agreement (as amended from time to time since the Closing Date, the “**Credit Agreement**”) with certain lenders and financial institutions. The Credit Agreement provides for (1) a US\$ 800.0 million senior secured term loan A facility (the “**Term Loan A Facility**”), (2) a US\$ 665.0 million senior secured term loan B facility (the “**Term Loan B Facility**”), (3) a US\$ 495.5 million term loan B facility (the “**2021 Incremental Term Loan B Facility**”) and, together with the Term Loan A Facility and the Term Loan B Facility, the “**Term Loan Credit Facilities**”) and (4) a US\$ 850.0 million revolving credit facility (the “**Revolving Credit Facility**”). The credit facilities provided under the Credit Agreement are referred to herein as the “**Senior Credit Facilities**.”

The obligations of the borrowers under the Senior Credit Facilities 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 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. 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 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 Borrowings (continued)**

In addition, the Credit Agreement requires the Company and its subsidiaries to meet certain quarterly financial covenants. For test periods ending in 2022 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, up to a pro forma total net leverage ratio not to exceed 6.00:1.00 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 Term Loan A Facility and the lenders under the Revolving Credit Facility. The Company was in compliance with the Financial Covenants for the test period ended on December 31, 2022. The Credit Agreement also contains certain customary representations and warranties, affirmative covenants and provisions relating to events of default (including upon a change of control).

The 2021 Incremental Term Loan B Facility requires the Company to comply with a minimum liquidity covenant of US\$ 100.0 million until repayment in full of the 2021 Incremental Term Loan B Facility.

The Company was in compliance with the minimum liquidity covenant as of December 31, 2022 and it remains in compliance with such covenant as of the date hereof.

On March 20, 2020, certain indirect, wholly-owned subsidiaries of the Company borrowed US\$ 810.3 million (US Dollar equivalent at the applicable exchange rate on the borrowing date) under the Revolving Credit Facility to ensure access to the Group’s liquidity given the uncertainties and challenges caused by the COVID-19 pandemic. During the year ended December 31, 2022, the Group repaid the remaining US\$ 654.8 million principal amount of its outstanding borrowings under the Revolving Credit Facility. As of December 31, 2022, there were no outstanding borrowings under the Revolving Credit Facility. As of December 31, 2022, US\$ 845.4 million was available to be borrowed under the Revolving Credit Facility as a result of the utilization of US\$ 4.6 million of the facility for outstanding letters of credit extended to certain creditors. As of December 31, 2021, US\$ 176.7 million was available to be borrowed under the Revolving Credit Facility as a result of US\$ 668.7 million of outstanding borrowings and the utilization of US\$ 4.6 million of the facility for outstanding letters of credit extended to certain creditors.

Interest accrues and is payable on the borrowings under the Credit Agreement:

- (a) in respect of the Term Loan A Facility and the Revolving Credit Facility, at an interest rate equal to the applicable benchmark rate (the London Interbank Offered Rate (“**LIBOR**”) for borrowings denominated in US Dollars and the Euro Interbank Offered Rate (“**EURIBOR**”) for borrowings under the Revolving Credit Facility denominated in Euros) plus a margin between 1.125% and 1.875% per annum (or a base rate plus a margin between 0.125% and 0.875% per annum), with the applicable margin 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, and
- (b) in respect of the Term Loan B Facility, at an interest rate equal to LIBOR plus a margin of 1.75% per annum with a LIBOR floor of 0.00% (or a base rate plus a margin of 0.75% per annum), and
- (c) in respect of the 2021 Incremental Term Loan B Facility, at an interest rate equal to LIBOR plus a margin of 3.00% per annum with a LIBOR floor of 0.75% (or a base rate plus a margin of 2.00% per annum).

In addition to paying interest on the outstanding principal amount of borrowings under the Senior Credit Facilities, the borrowers pay customary agency fees and a commitment fee equal to 0.20% per annum in respect of the unutilized commitments under the Revolving Credit Facility, which commitment fee may step up 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, as applicable.

## **16. OFF BALANCE SHEET FINANCIAL COMMITMENTS (continued)**

### **16.1 Borrowings (continued)**

The Term Loan A Facility requires scheduled quarterly payments with an annual amortization of 5.0% of the original principal amount of the loans under the Term Loan A Facility with respect to amortization payments due during 2022 and 2023, with a step-up to annual amortization of 7.5% of the original principal amount of the loans under the Term Loan A Facility with respect to amortization payments due during 2024. There is no scheduled amortization of any principal amounts outstanding under the Revolving Credit Facility. The balance then outstanding under the Term Loan A Facility and the Revolving Credit Facility will be due and payable on March 16, 2025.

The Term Loan B Facility requires scheduled quarterly payments equal to 0.25% of the original principal amount of the loans under the Term Loan B Facility, with the balance due and payable on April 25, 2025.

The 2021 Incremental Term Loan B Facility requires scheduled quarterly payments equal to 0.25% of the original principal amount of the loans thereunder beginning with the fiscal quarter ended September 30, 2021, with the balance due and payable on April 25, 2025.

If, on the date that is 91 days prior to the maturity date of the Term Loan B Facility or the 2021 Incremental Term Loan B Facility, more than US\$ 50.0 million of the Term Loan B Facility or the 2021 Incremental Term Loan B Facility has not been repaid or refinanced pursuant to the terms provided for in the Credit Agreement, then the Term Loan A Facility and the Revolving Credit Facility will mature on the date that is 90 days prior to the maturity date of the Term Loan B Facility or the 2021 Incremental Term Loan B Facility, as applicable.

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, 2022, there were no drawings on the overdraft facility with JPM by the Company or of its subsidiaries under the Pooling Agreement. At December 31, 2022, total drawings on the overdraft facility under the Pooling Agreement by a wholly-owned subsidiary of the Company were US\$ 19,299,255.38.

## **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.

As of January 1, 2022, the maximum aggregate number of shares in respect of which awards could be granted pursuant to the 2012 Share Award Scheme was 20,565,901 shares. As the 2012 Share Award Scheme expired on October 26, 2022, no further awards may be granted pursuant to such scheme.

As of February 28, 2023 (the "**Latest Practicable Date**"), the maximum aggregate number of shares in respect of which awards may be granted pursuant to the 2022 Share Award Scheme was 51,737,838 shares, representing approximately 3.59% of the issued share capital of the Company at that date. Under both the 2012 Share Award Scheme and the 2022 Share Award Scheme, an individual participant may be granted awards pursuant to the 2022 Share Award Scheme in respect of a maximum of 1.00% of the Company's total issued shares in any 12-month period. Any grant of awards to an individual participant in excess of this limit is subject to independent shareholders' approval.

As of the Latest Practicable Date, the number of shares that may be issued in respect to outstanding awards granted under all of the Share Award Schemes (being the 2012 Share Award Scheme and the 2022 Share Award Scheme) during the year ended December 31, 2022 is 13,866,288. The dilutive effect of such is 0.96%, being the number of shares divided by the weighted average number of shares for the same period.

### **Remuneration Committee**

During the year ended December 31, 2022, the material matter relating to Share Award Schemes that was reviewed and/or approved by the Remuneration Committee was the approval of the share options granted during the year under the 2012 Share Award Scheme. The members of the Remuneration Committee, in their capacity as members of the Board, also reviewed and approved the design of the 2022 Share Award Scheme. In respect of the options granted during the year, the Remuneration Committee determined that it was appropriate for the options to not be subject to any performance targets on the basis that the options have an exercise price that represents a significant premium to the market price of the shares, which, it believes, creates a meaningful performance condition that is directly tied to the successful creation of future shareholder value and which allows the option grantees to participate in the long-term creation of value for the Company's shareholders.

## **16. OFF BALANCE SHEET FINANCIAL COMMITMENTS (continued)**

### **16.2 Share base payments (continued)**

#### **Share Options**

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.

On May 26, 2022, the Company granted premium-priced share options under the 2012 Share Award Scheme that are exercisable for 14,369,144 ordinary shares to the Executive Director and other members of the senior management team of the Company with an exercise price of HK\$ 17.97 per share, which represented an approximately 10% premium over the closing price of the Company's shares on the date of grant. Such options are subject to graded ("*pro rata*") vesting over a four-year period from the date of grant, with 25% of the options 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. Such options have a 10-year term.

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the share options exercisable for 14,369,144 shares that were granted on May 26, 2022:

Fair value at grant date	HK\$ 9.10
Share price at grant date	HK\$ 16.34
Exercise price	HK\$ 17.97
Expected volatility (weighted average volatility)	59.6%
Option life (expected weighted average life)	6.25 years
Expected cash distributions	0.0%
Risk-free interest rate (based on government bonds)	2.5%

On October 10, 2022, the Company granted a premium-priced share option under the 2012 Share Award Scheme that is exercisable for 535,536 ordinary shares to a member of the senior management team of the Company with an exercise price of HK\$ 20.59 per share, which represented an approximately 10% premium over the closing price of the Company's shares on the date of grant. Such option is subject to *pro rata* vesting over a four-year period from the date of grant, with 25% of the option 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. Such option has a 10-year term.

## 16. OFF BALANCE SHEET FINANCIAL COMMITMENTS (continued)

### 16.2 Share base payments (continued)

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the share option exercisable for 535,536 shares that was granted on October 10, 2022:

Fair value at grant date	HK\$ 10.72
Share price at grant date	HK\$ 18.72
Exercise price	HK\$ 20.59
Expected volatility (weighted average volatility)	59.2%
Option life (expected weighted average life)	6.25 years
Expected cash distributions	0.0%
Risk-free interest rate (based on government bonds)	3.8%

Particulars and movements of share options during the years ended December 31, 2022, and December 31, 2021, were as follows:

	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	<b>96,726,144</b>	<b>HK\$ 21.30</b>
Exercisable at December 31, 2022	<b>63,064,472</b>	<b>HK\$ 23.02</b>
	Number of options	Weighted-average exercise price
Outstanding at January 1, 2021	81,010,536	HK\$ 22.08
Granted during the year	14,348,844	HK\$ 20.76
Exercised during the year	(23,278)	HK\$ 16.04
Lapsed during the year	(8,178,432)	HK\$ 23.46
Outstanding at December 31, 2021	<b>87,157,670</b>	<b>HK\$ 21.74</b>
Exercisable at December 31, 2021	<b>54,851,124</b>	<b>HK\$ 23.74</b>

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. At December 31, 2021, the range of exercise prices for outstanding share options was HK\$ 15.18 to HK\$ 31.10 with a weighted average contractual life of 6.2 years.

### Restricted Share Units (“RSUs”)

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

No RSUs were granted during the years ended December 31, 2022, and December 31, 2021. Prior to 2020, two types of RSU awards were granted by the Company under the 2012 Share Award Scheme: time-based RSUs (“**TRSUs**”) and performance-based RSUs (“**PRSUs**”).

## **16. OFF BALANCE SHEET FINANCIAL COMMITMENTS (continued)**

### **16.2 Share base payments (continued)**

#### **Time-based Restricted Share Units**

TRSUs granted by the Company were 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. All TRSUs granted by the Company under the 2012 Share Award Scheme have either vested in full or lapsed. No TRSUs were outstanding at December 31, 2022.

A summary of TRSU activity during the years ended December 31, 2022, and December 31, 2021, were as follows:

	<b>Number of TRSUs</b>	<b>Weighted-average fair value per TRSU</b>
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	<u><u>–</u></u>	<u><u>–</u></u>
	<b>Number of TRSUs</b>	<b>Weighted-average fair value per TRSU</b>
Outstanding at January 1, 2021	3,259,111	HK\$ 16.76
Vested and converted to ordinary shares during the year	(2,001,338)	HK\$ 18.13
Lapsed during the year	(328,279)	HK\$ 16.42
Outstanding at December 31, 2021	<u><u><b>929,494</b></u></u>	<u><u><b>HK\$ 13.93</b></u></u>

#### **Performance-based Restricted Share Units**

PRSUs vested 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 were met. Expense related to PRSUs with non-market performance criteria was 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 ranged from 0% of the target number of shares subject to the PRSUs, if the minimum level of performance was not attained, to up to 200% of the target number of shares subject to the PRSUs, if the level of performance was at or above the predetermined maximum achievement level. For PRSUs subject to market conditions, the expense was recognized over the vesting period based on the fair value as determined on the grant date utilizing a Monte Carlo simulation. All PRSUs granted by the Company under the 2012 Share Award Scheme have lapsed in full and no shares were issued thereunder. No PRSUs were outstanding at December 31, 2022.

## **16. OFF BALANCE SHEET FINANCIAL COMMITMENTS (continued)**

### **16.2 Share base payments (continued)**

A summary of PRSU activity (at target level vesting) during the years ended December 31, 2022, and December 31, 2021, were as follows:

	<b>Number of PRSUs</b>	<b>Weighted-average fair value per PRSU</b>
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	<u><u>–</u></u>	<u><u>–</u></u>
	<b>Number of PRSUs</b>	<b>Weighted-average fair value per PRSU</b>
Outstanding at January 1, 2021	2,487,720	HK\$ 15.26
Lapsed during the year	(1,341,432)	HK\$ 17.57
Outstanding at December 31, 2021	<u><u><b>1,146,288</b></u></u>	<u><u><b>HK\$ 12.56</b></u></u>

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, 2022, and December 31, 2021, 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, 2022, the reporting date, through March 15, 2023, the date this financial information was authorized for issuance by the Board.

The Company issued 4,152,196 ordinary shares from January 1, 2023, through February 28, 2023, upon the exercise of share options that were outstanding and exercisable as of December 31, 2022.