Samsonite International S.A.

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R.C.S. Luxembourg: B 159.469
(Incorporated under the laws of Luxembourg with limited liability)

Consolidated report for the year ended December 31, 2023

Disclaimer

Non-IFRS Measures

The Company has presented certain non-IFRS[1] measures in the Directors' Report because each of these measures provides additional information that management believes is useful for securities analysts, investors and other interested parties to gain a more complete understanding of the Group's operational performance and of the trends impacting its business. These non-IFRS measures, as calculated herein, may not be comparable to similarly named measures used by other companies and should not be considered comparable to IFRS measures. Non-IFRS measures have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group's financial results as reported under IFRS Accounting Standards.

Forward-looking Statements

This document contains forward-looking statements. Forward-looking statements reflect the Company's current views with respect to future events and performance. These statements may discuss, among other things, the Company's net sales, gross profit margin, operating profit, Adjusted Net Income, Adjusted EBITDA[2], Adjusted EBITDA margin, cash flow, liquidity and capital resources, potential impairments, growth, strategies, plans, achievements, distributions, organizational structure, future store openings or closings, market opportunities and general market and industry conditions. The Company generally identifies forward-looking statements by words such as "expect", "seek", "believe", "plan", "intend", "estimate", "project", "anticipate", "may", "will", "would" and "could" or similar words or statements. Forward-looking statements are based on beliefs and assumptions made by management using currently available information. These statements are only predictions and are not guarantees of future performance, actions or events. Forward-looking statements are subject to risks and uncertainties.

If one or more of these risks or uncertainties materialize, or if management's underlying beliefs and assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. Among the factors that could cause actual results to differ materially are: the effect of worldwide economic conditions; the effect of political or social unrest and armed conflict; the effects of inflation; a general economic downturn or generally reduced consumer spending; significant changes in consumer spending patterns or preferences; competition; interruptions or delays in the supply of finished goods or key components; the performance of the Group's products within the prevailing retail environment; and financial difficulties encountered by customers and related bankruptcy and collection issues.

Forward-looking statements speak only as of the date on which they are made. The Company's shareholders, potential investors and other interested parties should not place undue reliance on these forward-looking statements. The Company expressly disclaims any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable securities laws and regulations.

Rounding

Certain amounts presented in this report have been rounded up or down to the nearest tenth of a million, unless otherwise indicated. There may therefore be discrepancies between the actual totals of the individual amounts in the tables and the totals shown, between the amounts in the tables and the amounts given in the corresponding analyses in the text of this document and between amounts in this document and other publicly available documents. All percentages and key figures were calculated using the underlying data in whole US Dollars.

Notes

(1) International Financial Reporting Standards (IFRS) Accounting Standards as issued by the International Accounting Standards Board (IASB).

(2) Earnings before interest, taxes, depreciation and amortization of intangible assets.

Directors' Report

Principal Activities

Samsonite International S.A. (the "Company"), together with its consolidated subsidiaries (the "Group"), is principally engaged in 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.

Before 2012, the Group's business was primarily centered on the *Samsonite* brand, focused largely on travel luggage, and distributed principally through the wholesale channel. Over the last decade, the Group has strategically diversified its business in order to reduce its reliance on any single brand, market, channel of distribution or product category, and in line with the goal of not just building a bigger business, but a stronger one as well. Today, the Group has a more balanced business, built around a portfolio of diverse yet complementary brands and offering its customers a competitive mix of products sold through multiple distribution channels. The Company believes this diversification considerably strengthens its resilience and provides a platform for sustained growth.

The Group sells its products through a variety of wholesale distribution channels, through its company-operated retail stores and through e-commerce. The principal wholesale distribution customers of the Group are department and specialty retail stores, mass merchants, warehouse clubs and e-retailers. The Group sells its products in Asia, North America, Europe and Latin America.

1. Review of the Financial Year 2023

Net Sales

The Group's net sales increased by US$802.8 million, or 27.9% (+30.0% constant currency), during the year ended December 31, 2023, compared to the year ended December 31, 2022. The Group's net sales improvement was driven mainly by the continued recovery and growth in leisure and business travel and the resulting increased demand for the Group's products.

In this report, certain financial results for the year ended December 31, 2023, are compared to both the year ended December 31, 2022, and to the year ended December 31, 2019. Comparisons to the year ended December 31, 2019, are provided because it is the most recent comparable year prior to the pandemic.

When evaluating the results for the year ended December 31, 2023, certain factors impact comparability to the results for the year ended December 31, 2022, and for the year ended December 31, 2019, mainly the suspension and subsequent disposition of operations in Russia and the sale of Speck. 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, which impacts comparability to both the year ended December 31, 2022, and the year ended December 31, 2019. On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck, a designer and distributor of slim protective cases for personal electronic devices that were marketed under the *Speck*® brand, thereby affecting comparability to the year ended December 31, 2019.

In the discussions that follow, where noted, net sales results exclude (i) the net sales of the Group's former Russian operations for the years ended December 31, 2022, and December 31, 2019 (the "Russia Net Sales") and (ii) the net sales of Speck for the year ended December 31, 2019 (the "Speck Net Sales" and together with the Russia Net Sales, the "Russia and Speck Net Sales").

When excluding the Russia Net Sales, consolidated net sales increased by US$812.5 million, or 28.3% (+30.4% constant currency), for the year ended December 31, 2023, compared to the year ended December 31, 2022.

The Group's consolidated net sales, as reported, increased by 1.2% (+11.5% constant currency) during the year ended December 31, 2023, compared to the year ended December 31, 2019. When excluding the Russia and Speck Net Sales, consolidated net sales increased by 6.6% (+17.5% constant currency) for the year ended December 31, 2023, compared to the year ended December 31, 2019.

Net Sales by Region

The following table sets forth a breakdown of net sales by region for the years ended December 31, 2023, and December 31, 2022, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2023		2022		2023 vs. 2022	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[4]
Net sales by region[1]:						
Asia	**1,427.8**	**38.8%**	916.4	31.8%	55.8%	61.7%
North America	**1,267.2**	**34.4%**	1,117.3	38.8%	13.4%	13.7%
Europe[2]	**776.9**	**21.1%**	675.7	23.5%	15.0%	15.1%
Latin America	**209.5**	**5.7%**	168.8	5.9%	24.1%	25.7%
Corporate	**1.1**	**0.0%**	1.5	0.0%	(27.2)%	(27.2)%
Net sales[3]	**3,682.4**	**100.0%**	2,879.6	100.0%	27.9%	30.0%

Notes

(1) The geographic location of the Group's net sales generally reflects the country/territory from which its products were sold and does not necessarily indicate the country/territory in which its end customers were actually located.

(2) 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. When excluding the Russia Net Sales, net sales in Europe increased by US$110.9 million, or 16.7% (+16.8% constant currency), for the year ended December 31, 2023, compared to the previous year.

(3) When excluding the Russia Net Sales, consolidated net sales increased by US$812.5 million, or 28.3% (+30.4% constant currency), for the year ended December 31, 2023, compared to the previous year.

(4) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the year under comparison to current year local currency results.

Brands

The following table sets forth a breakdown of net sales by brand for the years ended December 31, 2023, and December 31, 2022, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2023		2022		2023 vs. 2022	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by brand:						
Samsonite	**1,849.0**	**50.2%**	1,444.3	50.2%	28.0%	30.1%
Tumi	**878.6**	**23.9%**	654.2	22.7%	34.3%	35.8%
American Tourister	**654.5**	**17.8%**	519.4	18.0%	26.0%	28.7%
Other[1]	**300.3**	**8.1%**	261.7	9.1%	14.8%	17.0%
Net sales	**3,682.4**	**100.0%**	2,879.6	100.0%	27.9%	30.0%

Notes

(1) "Other" includes certain other non-core brands owned by the Group, such as *Gregory*, *High Sierra*, *Kamiliant*, *ebags*, *Xtrem*, *Lipault*, *Hartmann*, *Saxoline* and *Secret*, as well as third-party brands sold through the Group's Rolling Luggage and Chic Accent retail stores.

(2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the year under comparison to current year local currency results.

The Group's core brands all recorded strong year-on-year net sales increases during the year ended December 31, 2023, compared to the year ended December 31, 2022. Net sales of the *Samsonite* brand increased by US$404.7 million, or 28.0% (+30.1% constant currency), year-on-year. Net sales of the *Tumi* brand increased by US$224.3 million, or 34.3% (+35.8% constant currency), year-on-year. Net sales of the *American Tourister* brand increased by US$135.2 million, or 26.0% (+28.7% constant currency), for the year ended December 31, 2023, compared to the year ended December 31, 2022.

Product Categories

The Group sells products in two principal product categories: travel and non-travel. The following table sets forth a breakdown of net sales by product category for the years ended December 31, 2023, and December 31, 2022, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2023		2022		2023 vs. 2022	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by product category:						
Travel	**2,435.9**	**66.2%**	1,891.8	65.7%	28.8%	30.7%
Non-travel[1]	**1,246.5**	**33.8%**	987.8	34.3%	26.2%	28.5%
Net sales	**3,682.4**	**100.0%**	2,879.6	100.0%	27.9%	30.0%

Notes

(1) The non-travel product category comprises business, casual, accessories and other products.

(2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the year under comparison to current year local currency results.

Net sales in the travel product category during the year ended December 31, 2023, increased by US$544.2 million, or 28.8% (+30.7% constant currency), compared to the year ended December 31, 2022. The Group's net sales in the travel product category continued to improve driven mainly by the continued recovery and growth in leisure and business travel and increased demand for the Group's products. Total non-travel product category net sales, which comprises business, casual, accessories and other products, increased by US$258.6 million, or 26.2% (+28.5% constant currency), for the year ended December 31, 2023, compared to the year ended December 31, 2022.

Net sales of business products increased by US$155.4 million, or 28.6% (+31.2% constant currency), for the year ended December 31, 2023, compared to the previous year. Net sales of casual products increased by US$64.9 million, or 26.6% (+29.2% constant currency), year-on-year. Net sales of accessories products increased by US$28.7 million, or 17.7% (+17.9% constant currency), year-on-year.

Distribution Channels

The Group sells its products through two primary distribution channels: wholesale and direct-to-consumer. The following table sets forth a breakdown of net sales by distribution channel for the years ended December 31, 2023, and December 31, 2022, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2023		2022		2023 vs. 2022	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Net sales by distribution channel:						
Wholesale	**2,247.2**	**61.0%**	1,794.1	62.3%	25.3%	27.4%
DTC[1]	**1,433.9**	**38.9%**	1,083.8	37.6%	32.3%	34.2%
Other[2]	**1.3**	**0.1%**	1.6	0.1%	(21.6)%	(21.6)%
Net sales	**3,682.4**	**100.0%**	2,879.6	100.0%	27.9%	30.0%

Notes
(1) DTC, or direct-to-consumer, includes bricks-and-mortar retail and e-commerce sites operated by the Group.
(2) "Other" primarily consists of licensing revenue.
(3) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the year under comparison to current year local currency results.

Net sales in the wholesale channel increased by US$453.1 million, or 25.3% (+27.4% constant currency), during the year ended December 31, 2023, compared to the year ended December 31, 2022. Net sales to e-retailers, which are included in the Group's wholesale channel, increased by US$52.8 million, or 24.3% (+25.8% constant currency), during the year ended December 31, 2023, compared to the previous year.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, increased by US$350.0 million, or 32.3% (+34.2% constant currency), to US$1,433.9 million (representing 38.9% of net sales) for the year ended December 31, 2023, from US$1,083.8 million (representing 37.6% of net sales) for the year ended December 31, 2022.

Net sales in the DTC retail channel increased by US$253.0 million, or 32.3% (+34.3% constant currency), during the year ended December 31, 2023, compared to the previous year. During the year ended December 31, 2023, the Group added 96 company-operated retail stores. This was partially offset by the permanent closure of 29 company-operated retail stores. This resulted in a net addition of 67 company-operated retail stores during the year ended December 31, 2023, compared to a net reduction of 20 company-operated retail stores during the year ended December 31, 2022, (including 37 company-operated retail stores that were located in Russia). The total number of company-operated retail stores was 1,052 as of December 31, 2023, compared to 985 as of December 31, 2022, and 1,294 as of December 31, 2019. On a same store, constant currency basis, retail net sales grew by 28.9% for the year ended December 31, 2023, compared to the year ended December 31, 2022. This was due to constant currency same store net sales increases of 55.3%, 24.2%, 21.5%, and 16.5% in Asia, Europe, North America, and Latin America, respectively. The Group's same store analysis includes existing company-operated retail stores which had been open for at least 12 months before the end of the relevant financial period.

Total DTC e-commerce net sales increased by US$97.1 million, or 32.2% (+34.2% constant currency), to US$398.5 million (representing 10.8% of net sales) for the year ended December 31, 2023, from US$301.4 million (representing 10.5% of net sales) for the year ended December 31, 2022.

During the year ended December 31, 2023, US$668.7 million of the Group's net sales were through e-commerce channels (comprising US$398.5 million of net sales from the Group's DTC e-commerce websites, which are included within the DTC channel, and US$270.2 million of net sales to e-retailers, which are included within the wholesale channel). This represented a year-on-year increase of US$149.9 million, or 28.9% (+30.7% constant currency), compared to the year ended December 31, 2022, when e-commerce comprised US$518.9 million of the Group's net sales. During the year ended December 31, 2023, the Group's net sales through e-commerce channels represented 18.2% of total net sales compared to 18.0% of total net sales for the year ended December 31, 2022.

Regions

Asia

Countries/Territories

Year ended December 31, 2023, vs. Year ended December 31, 2022

The Group's net sales in Asia increased by US$511.4 million, or 55.8% (+61.7% constant currency), for the year ended December 31, 2023, compared to the year ended December 31, 2022, with all major markets experiencing meaningful year-on-year net sales increases.

Net sales in China increased by US$131.1 million, or 78.7% (+88.4% constant currency), for the year ended December 31, 2023, compared to the previous year, due to the lifting of travel restrictions and the relaxing of social distancing measures. Net sales in Japan increased by US$68.3 million, or 56.3% (+68.4% constant currency), year-on-year. Total net sales reported for Hong Kong (which includes net sales made in the domestic Hong Kong market, in Macau, and to distributors in certain other Asian markets) increased by US$56.5 million, or 96.2% (+96.1% constant currency), for the year ended December 31, 2023, compared to the previous year. Net sales in South Korea increased by US$53.4 million, or 49.3% (+52.2% constant currency), year-on-year. Net sales reported for Singapore (which includes net sales made domestically as well as net sales to distributors in certain other Asian markets) increased by US$44.2 million, or 105.1% (+101.2% constant currency), compared to the previous year. Net sales in India increased by US$42.2 million, or 19.4% (+25.5% constant currency), for the year ended December 31, 2023, compared to the previous year. Net sales in Australia increased by US$21.3 million, or 37.4% (+43.7% constant currency), year-on-year.

Year ended December 31, 2023, vs. Year ended December 31, 2019

The Group's net sales in Asia improved by 8.7% (+20.1% constant currency) during the year ended December 31, 2023, compared to the year ended December 31, 2019.

Compared to the year ended December 31, 2019, most markets in Asia continued to see strong net sales increases during the year ended December 31, 2023, with increases in Singapore of 108.4% (+106.1% constant currency), India of 49.5% (+75.7% constant currency), Thailand of 47.3% (+65.7% constant currency), Indonesia of 53.5% (+65.4% constant currency), and Australia of 16.0% (+21.6% constant currency), while Japan reported a net sales decline of 12.8% but a constant currency increase of 13.0%. The net sales performances in China of -2.8% (+0.0% constant currency), South Korea -12.2%, (-1.2% constant currency) and Hong Kong -24.3%, (-24.3% constant currency) continued to recover.

Countries/Territories

The following table sets forth a breakdown of net sales in Asia by geographic location for the years ended December 31, 2023, and December 31, 2022, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2023		2022		2023 vs. 2022	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[4]
Net sales by geographic location[1]:						
China	**297.6**	**20.9%**	166.5	18.2%	78.7%	88.4%
India	**260.3**	**18.2%**	218.1	23.8%	19.4%	25.5%
Japan	**189.4**	**13.3%**	121.2	13.2%	56.3%	68.4%
South Korea	**161.8**	**11.3%**	108.4	11.8%	49.3%	52.2%
Hong Kong[2], [3]	**115.3**	**8.1%**	58.8	6.4%	96.2%	96.1%
Singapore[2]	**86.2**	**6.0%**	42.1	4.6%	105.1%	101.2%
Australia	**78.2**	**5.5%**	57.0	6.2%	37.4%	43.7%
Other	**238.9**	**16.7%**	144.5	15.8%	65.4%	68.3%
Net sales	**1,427.8**	**100.0%**	916.4	100.0%	55.8%	61.7%

Notes

(1) The geographic location of the Group's net sales generally reflects the country/territory from which its products were sold and does not necessarily indicate the country/territory in which its end customers were actually located.

(2) Includes net sales made domestically as well as net sales to distributors in certain other Asian markets.

(3) Net sales reported for Hong Kong include net sales made in Macau.

(4) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the year under comparison to current year local currency results.

Brands

For the year ended December 31, 2023, net sales of the *Samsonite* brand in Asia increased by US$248.4 million, or 65.2% (+71.5% constant currency), compared to the previous year. Net sales of the *Tumi* brand in Asia increased by US$105.0 million, or 62.2% (+67.6% constant currency), year-on-year. Net sales of the *American Tourister* brand in Asia increased by US$137.1 million, or 52.0% (+57.5% constant currency), compared to the year ended December 31, 2022.

Product Categories

Net sales in the travel product category for the year ended December 31, 2023, increased by US$359.1 million, or 64.5% (+70.5% constant currency), compared to the year ended December 31, 2022. Total non-travel product category net sales for the year ended December 31, 2023, increased by US$152.3 million, or 42.3% (+47.9% constant currency), compared to the year ended December 31, 2022.

Net sales of business products for the year ended December 31, 2023, increased by US$96.0 million, or 44.8% (+50.2% constant currency), year-on-year. Net sales of casual products increased by US$35.9 million, or 33.7% (+39.8% constant currency), compared to the previous year. Net sales of accessories products for the year ended December 31, 2023, increased by US$12.3 million, or 47.1% (+51.3% constant currency), year-on-year.

Distribution Channels

Net sales in the wholesale channel increased by US$334.4 million, or 50.2% (+56.1% constant currency), for the year ended December 31, 2023, compared to the year ended December 31, 2022.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, increased by US$177.0 million, or 70.6% (+76.5% constant currency), to US$427.8 million for the year ended December 31, 2023, from US$250.8 million for the year ended December 31, 2022.

Net sales in the DTC retail channel increased by US$118.0 million, or 71.5% (+77.4% constant currency), during the year ended December 31, 2023, compared to the year ended December 31, 2022. During the year ended December 31, 2023, the Group added 60 new company-operated retail stores in Asia. This was partially offset by the permanent closure of 16 company-operated retail stores. This resulted in a net addition of 44 company-operated retail stores in Asia during the year ended December 31, 2023, compared to a net addition of 16 company-operated retail stores during the year ended December 31, 2022. The total number of company-operated retail stores in Asia was 405 as of December 31, 2023, compared to 361 as of December 31, 2022, and 408 as of December 31, 2019. On a same store, constant currency basis, retail net sales in Asia increased by 55.3% for the year ended December 31, 2023, compared to the year ended December 31, 2022. The Group's same-store analysis includes existing company-operated retail stores that have been open for at least 12 months before the end of the relevant financial period.

Total DTC e-commerce net sales increased by US$59.0 million, or 68.8% (+74.8% constant currency), to US$144.9 million for the year ended December 31, 2023, from US$85.8 million for the year ended December 31, 2022.

North America

Countries

<u>Year ended December 31, 2023, vs. Year ended December 31, 2022</u>

The Group's net sales in North America increased by US$149.9 million, or 13.4% (+13.7% constant currency), for the year ended December 31, 2023, compared to the year ended December 31, 2022, driven by strong net sales growth for the *Samsonite* and *Tumi* brands.

For the year ended December 31, 2023, net sales in the United States increased by US$133.0 million, or 12.6%, compared to the previous year. Net sales in Canada increased by US$16.9 million, or 28.9% (+33.5% constant currency), year-on-year.

<u>Year ended December 31, 2023, vs. Year ended December 31, 2019</u>

When excluding the Speck Net Sales, net sales in North America increased by 2.2% (+2.3% constant currency) for the year ended December 31, 2023, compared to the year ended December 31, 2019. Further adjusting for the discontinuation of third-party brand sales on the ebags e-commerce platform during 2020, net sales in North America increased by 7.9% (+8.0% constant currency) compared to the year ended December 31, 2019. When compared to the year ended December 31, 2019, the Group's reported net sales in North America, which included the Speck Net Sales and third-party brand sales on the ebags e-commerce platform during the year ended December 31, 2019, declined by 7.1% (-7.0% constant currency) during the year ended December 31, 2023.

When excluding the Speck Net Sales, net sales in the United States increased by 1.3% for the year ended December 31, 2023, compared to the year ended December 31, 2019. Further adjusting for the discontinuation of third-party brand sales on the ebags e-commerce platform during 2020, net sales in the United States increased by 7.3% compared to the year ended December 31, 2019. When compared to the year ended December 31, 2019, the Group's reported net sales in the United States, which included the Speck Net Sales and third-party brand sales on the ebags e-commerce platform during the year ended December 31, 2019, declined by 8.3% during the year ended December 31, 2023. Net sales in Canada increased by 18.7% (+20.8% constant currency) during the year ended December 31, 2023, compared to the year ended December 31, 2019.

Countries

The following table sets forth a breakdown of net sales in North America by geographic location for the years ended December 31, 2023, and December 31, 2022, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2023		2022		2023 vs. 2022	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by geographic location[1]:						
United States	**1,191.6**	**94.0%**	1,058.6	94.7%	12.6%	12.6%
Canada	**75.6**	**6.0%**	58.7	5.3%	28.9%	33.5%
Net sales	**1,267.2**	**100.0%**	1,117.3	100.0%	13.4%	13.7%

Notes

(1) The geographic location of the Group's net sales generally reflects the country from which its products were sold and does not necessarily indicate the country in which its end customers were actually located.

(2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the year under comparison to current year local currency results.

Brands

For the year ended December 31, 2023, net sales of the *Samsonite* brand in North America increased by US$61.6 million, or 11.4% (+11.7% constant currency), compared to the previous year. Net sales of the *Tumi* brand in North America increased by US$91.5 million, or 22.3% (+22.6% constant currency), driven by strong performance in the Group's company-operated retail stores and DTC e-commerce sales. Net sales of the *American Tourister* brand in North America decreased by US$9.2 million, or 8.4% (-8.2% constant currency), due to a shift in timing of shipments to certain wholesale customers.

Product Categories

Net sales in the travel product category for the year ended December 31, 2023, increased by US$100.9 million, or 12.9% (+13.2% constant currency), compared to the year ended December 31, 2022, as travel continued to rebound in both the United States and Canada. Total non-travel product category net sales increased by US$49.1 million, or 14.6% (+14.8% constant currency), year-on-year.

Net sales of business products increased by US$36.7 million, or 17.4% (+17.6% constant currency), compared to the year ended December 31, 2022. Net sales of casual products increased by US$4.0 million, or 7.3% (+7.4% constant currency), year-on-year. Net sales of accessories products increased by US$7.9 million, or 11.5% (+11.7% constant currency), year-on-year.

Distribution Channels

Net sales in the wholesale channel increased by US$52.8 million, or 8.5% (+8.7% constant currency), for the year ended December 31, 2023, compared to the year ended December 31, 2022.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, increased by US$97.0 million, or 19.6% (+19.8% constant currency), year-on-year to US$593.3 million for the year ended December 31, 2023, from US$496.3 million for the year ended December 31, 2022.

Net sales in the DTC retail channel increased by US$74.6 million, or 21.4% (+21.8% constant currency), during the year ended December 31, 2023, compared to the previous year. During the year ended December 31, 2023, the Group added 13 new company-operated retail stores in North America. This was partially offset by the permanent closure of 7 company-operated retail stores. This resulted in a net addition of 6 company-operated retail stores in North America during the year ended December 31, 2023, compared to a net reduction of 4 company-operated retail stores during the year ended December 31, 2022. The total number of company-operated retail stores in North America was 274 as of December 31, 2023, compared to 268 as of December 31, 2022, and 348 as of December 31, 2019. On a same store, constant currency basis, retail net sales in North America increased by 21.5% for the year ended December 31, 2023, compared to the year ended December 31, 2022. The Group's same-store analysis includes existing company-operated retail stores that have been open for at least 12 months before the end of the relevant financial period.

Total DTC e-commerce net sales increased by US$22.4 million, or 15.1% (+15.3% constant currency), to US$170.9 million for the year ended December 31, 2023, from US$148.4 million for the year ended December 31, 2022.

Europe

Countries

Year ended December 31, 2023, vs. Year ended December 31, 2022

The Group's net sales in Europe increased by US$101.2 million, or 15.0% (+15.1% constant currency), for the year ended December 31, 2023, compared to the year ended December 31, 2022. 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. When excluding the Russia Net Sales, the Group's net sales in Europe increased by US$110.9 million, or 16.7% (+16.8% constant currency), year-on-year.

Net sales in Germany increased by US$24.3 million, or 28.6% (+25.2% constant currency), for the year ended December 31, 2023, compared to the year ended December 31, 2022. Net sales in Italy increased by US$15.2 million, or 22.7% (+19.8% constant currency), compared to the previous year. Net sales in Spain increased by US$10.8 million, or 19.1% (+16.0% constant currency), year-on-year. Net sales in France increased by US$9.3 million, or 14.2% (+11.4% constant currency), compared to the year ended December 31, 2022. Net sales in the United Kingdom (net sales reported for the United Kingdom include net sales made in Ireland) increased by US$5.3 million, or 7.7% (+6.6% constant currency), year-on-year.

Year ended December 31, 2023, vs. Year ended December 31, 2019

When compared to the year ended December 31, 2019, the Group's reported net sales in Europe declined by 1.9% but increased by 16.7% on a constant currency basis during the year ended December 31, 2023. When excluding the Russia Net Sales, the Group's net sales in Europe increased by 6.2% (+26.3% constant currency) during the year ended December 31, 2023, compared to the year ended December 31, 2019.

Most of the Group's key markets in Europe recorded net sales increases on a constant currency basis when comparing the year ended December 31, 2023, to the year ended December 31, 2019, including: Belgium +26.6%, (+31.1% constant currency), Holland +23.2%, (+27.5% constant currency), Spain +16.0%, (+20.0% constant currency) and Italy +0.4%, (+3.9% constant currency).

Countries

The following table sets forth a breakdown of net sales in Europe by geographic location for the years ended December 31, 2023, and December 31, 2022, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2023		2022		2023 vs. 2022	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[5]
Net sales by geographic location[1]:						
Belgium[2]	**182.2**	**23.4%**	158.5	23.5%	14.9%	12.1%
Germany	**109.4**	**14.1%**	85.1	12.6%	28.6%	25.2%
Italy	**82.3**	**10.6%**	67.1	9.9%	22.7%	19.8%
France	**75.1**	**9.7%**	65.8	9.7%	14.2%	11.4%
United Kingdom[3]	**74.2**	**9.5%**	68.9	10.2%	7.7%	6.6%
Spain	**67.4**	**8.7%**	56.5	8.4%	19.1%	16.0%
Russia[4]	**—**	**—%**	9.8	1.4%	(100.0)%	(100.0)%
Other	**186.3**	**24.0%**	164.1	24.3%	13.5%	22.4%
Net sales[4]	**776.9**	**100.0%**	675.7	100.0%	15.0%	15.1%

Notes

(1) The geographic location of the Group's net sales generally reflects the country from which its products were sold and does not necessarily indicate the country in which its end customers were actually located.

(2) Net sales in Belgium were US$25.2 million and US$21.2 million for the years ended December 31, 2023, and December 31, 2022, respectively, an increase of US$3.9 million, or 18.4% (+16.1% constant currency). Remaining sales consisted of direct shipments to distributors, customers and agents in other European countries, including e-commerce.

(3) Net sales reported for the United Kingdom include net sales made in Ireland.

(4) 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. When excluding the Russia Net Sales, net sales in Europe increased by US$110.9 million, or 16.7% (+16.8% constant currency), for the year ended December 31, 2023, compared to the previous year.

(5) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the year under comparison to current year local currency results.

Brands

For the year ended December 31, 2023, net sales of the *Samsonite* brand in Europe increased by US$79.8 million, or 17.8% (+18.1% constant currency), compared to the previous year. Net sales of the *Tumi* brand in Europe increased by US$22.2 million, or 32.0% (+33.4% constant currency), year-on-year. Net sales of the *American Tourister* brand in Europe decreased by US$0.2 million, or 0.1% (-1.1% constant currency), compared to the year ended December 31, 2022.

Product Categories

Net sales in the travel product category for the year ended December 31, 2023, increased by US$66.6 million, or 14.3% (+14.1% constant currency), compared to the year ended December 31, 2022. Total non-travel product category net sales increased by US$34.5 million, or 16.4% (+17.4% constant currency), compared to the previous year.

Net sales of business products increased by US$14.8 million, or 15.1% (+17.0% constant currency), year-on-year. Net sales of casual products increased by US$17.5 million, or 39.3% (+38.8% constant currency), compared to the previous year. Net sales of accessories products increased by US$8.3 million, or 18.3% (+18.4% constant currency), year-on-year.

Distribution Channels

Net sales in the wholesale channel increased by US$37.6 million, or 9.0% (+9.2% constant currency), during the year ended December 31, 2023, compared to the year ended December 31, 2022.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, increased by US$63.6 million, or 24.6% (+24.7% constant currency), to US$321.7 million for the year ended December 31, 2023, from US$258.1 million for the year ended December 31, 2022.

Net sales in the DTC retail channel increased by US$50.8 million, or 25.4% (+26.0% constant currency), during the year ended December 31, 2023, compared to the year ended December 31, 2022. During the year ended December 31, 2023, the Group added 9 new company-operated retail stores in Europe. This was partially offset by the permanent closure of 1 company-operated retail store. This resulted in a net addition of 8 company-operated retail stores in Europe during the year ended December 31, 2023. In comparison, during the year ended December 31, 2022, the Group permanently closed 37 company-operated retail stores in Russia, which resulted in a net reduction of 31 company-operated retail stores during the year ended December 31, 2022. The total number of company-operated retail stores in Europe was 195 as of December 31, 2023, compared to 187 as of December 31, 2022, and 312 as of December 31, 2019. On a same store, constant currency basis, retail net sales in Europe increased by 24.2% for the year ended December 31, 2023, compared to the year ended December 31, 2022. The Group's same-store analysis includes existing company-operated retail stores that have been open for at least 12 months before the end of the relevant financial period.

Total DTC e-commerce net sales increased by US$12.8 million, or 22.0% (+20.6% constant currency), to US$71.2 million for the year ended December 31, 2023, from US$58.3 million for the year ended December 31, 2022.

Latin America

Countries

Year ended December 31, 2023, vs. Year ended December 31, 2022

The Group's net sales in Latin America increased by US$40.7 million, or 24.1% (+25.7% constant currency), for the year ended December 31, 2023, compared to the year ended December 31, 2022.

Net sales in Mexico increased by US$22.9 million, or 47.1% (+29.4% constant currency), year-on-year. Net sales in Chile increased by US$7.7 million, or 13.9% (+11.1% constant currency), during the year ended December 31, 2023, compared to the previous year. Net sales in Brazil increased by US$3.6 million, or 14.8% (+11.2% constant currency), year-on-year.

Year ended December 31, 2023, vs. Year ended December 31, 2019

The Group's net sales in Latin America increased by 25.6% (+71.6% constant currency) during the year ended December 31, 2023, compared to the year ended December 31, 2019.

When compared to the year ended December 31, 2019, all of the Group's key markets in Latin America recorded net sales increases for the year ended December 31, 2023, including: Brazil +43.6%, (+81.0% constant currency), Chile +10.2%, (+31.1% constant currency) and Mexico +27.1%, (+15.7% constant currency).

Countries

The following table sets forth a breakdown of net sales in Latin America by geographic location for the years ended December 31, 2023, and December 31, 2022, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,				2023 vs. 2022	
	2023		2022			
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[4]
Net sales by geographic location[1]:						
Mexico	**71.5**	**34.2%**	48.7	28.8%	47.1%	29.4%
Chile	**63.2**	**30.2%**	55.5	32.9%	13.9%	11.1%
Brazil[2]	**27.9**	**13.3%**	24.3	14.4%	14.8%	11.2%
Other[3]	**46.7**	**22.3%**	40.2	23.9%	16.2%	50.2%
Net sales	**209.5**	**100.0%**	168.8	100.0%	24.1%	25.7%

Notes

(1) The geographic location of the Group's net sales generally reflects the country from which its products were sold and does not necessarily indicate the country in which its end customers were actually located.

(2) Excludes any sales made to distributors in Brazil from outside the country.

(3) The net sales figure for the "Other" geographic location includes sales in Argentina, Colombia, Panama, Peru, Uruguay and sales to third-party distributors in Brazil from outside of Brazil.

(4) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the year under comparison to current year local currency results.

Brands

For the year ended December 31, 2023, net sales of the *Samsonite* brand in Latin America increased by US$14.8 million, or 19.9% (+24.2% constant currency), compared to the previous year. Net sales of the *Tumi* brand in Latin America increased by US$5.6 million, or 86.4% (+71.2% constant currency), year-on-year. Net sales of the *American Tourister* brand in Latin America increased by US$7.4 million, or 27.9% (+29.4% constant currency), year-on-year.

Product Categories

Net sales in the travel product category for the year ended December 31, 2023, increased by US$17.5 million, or 19.8% (+22.8% constant currency), compared to the previous year. Total non-travel product category net sales increased by US$23.2 million, or 28.8% (+29.0% constant currency), compared to the year ended December 31, 2022.

Net sales of business products increased by US$7.9 million, or 39.3% (+40.1% constant currency), year-on-year. Net sales of casual products increased by US$7.5 million, or 19.9% (+20.0% constant currency), year-on-year. Net sales of accessories products increased by US$0.3 million, or 1.3% (-3.0% constant currency), compared to the previous year.

Distribution Channels

Net sales in the wholesale channel increased by US$28.3 million, or 31.4% (+29.2% constant currency), for the year ended December 31, 2023, compared to the year ended December 31, 2022.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, increased by US$12.4 million, or 15.7% (+21.8% constant currency), to US$91.1 million for the year ended December 31, 2023, from US$78.7 million for the year ended December 31, 2022.

Net sales in the DTC retail channel increased by US$9.6 million, or 13.7% (+18.7% constant currency), during the year ended December 31, 2023, compared to the previous year. During the year ended December 31, 2023, the Group added 14 new company-operated retail stores in Latin America. This was partially offset by the permanent closure of 5 company-operated retail stores. This resulted in a net addition of 9 company-operated retail stores in Latin America during the year ended December 31, 2023, compared to a net reduction of 1 company-operated retail store during the year ended December 31, 2022. The total number of company-operated retail stores in Latin America was 178 as of December 31, 2023, compared to 169 as of December 31, 2022, and 226 as of December 31, 2019. On a same store, constant currency basis, retail net sales in Latin America increased by 16.5% for the year ended December 31, 2023, compared to the year ended December 31, 2022. The Group's same-store analysis includes existing company-operated retail stores that have been open for at least 12 months before the end of the relevant financial period.

Total DTC e-commerce net sales increased by US$2.8 million, or 31.6% (+46.9% constant currency), to US$11.6 million for the year ended December 31, 2023, from US$8.8 million for the year ended December 31, 2022.

Cost of Sales and Gross Profit

Cost of sales increased by US$225.4 million, or 17.7%, to US$1,499.6 million (representing 40.7% of net sales) for the year ended December 31, 2023, from US$1,274.2 million (representing 44.2% of net sales) for the year ended December 31, 2022.

Gross profit increased by US$577.3 million, or 36.0%, to US$2,182.8 million for the year ended December 31, 2023, from US$1,605.4 million for the year ended December 31, 2022, due to increased net sales year-on-year and higher gross profit margin. The gross profit margin was 59.3% for the year ended December 31, 2023, compared to 55.8% for the previous year. The 350 basis point increase in gross profit margin was driven mainly by year-on-year gross profit margin improvements in all regions and because Asia, the region with the highest gross profit margin, increased its share of total net sales. This increase in gross profit margin was also driven by an increased proportion of total net sales attributable to the higher-margin *Tumi* brand, an increased proportion of total net sales attributable to direct-to-consumer net sales, and overall reduced promotional discounts.

Distribution Expenses

Distribution expenses increased by US$220.3 million, or 27.3%, to US$1,027.6 million (representing 27.9% of net sales) for the year ended December 31, 2023, from US$807.3 million (representing 28.0% of net sales) for the year ended December 31, 2022. Distribution expenses as a percentage of net sales remained relatively consistent year over year.

Marketing Expenses

The Group spent US$241.5 million on marketing during the year ended December 31, 2023, compared to US$156.0 million for the year ended December 31, 2022, an increase of US$85.5 million, or 54.8%. As a percentage of net sales, marketing expenses increased by 120 basis points to 6.6% for the year ended December 31, 2023, from 5.4% for the year ended December 31, 2022. The Group will continue to invest in marketing to drive further net sales growth.

General and Administrative Expenses

General and administrative expenses increased by US$28.3 million, or 12.7%, to US$250.2 million (representing 6.8% of net sales) for the year ended December 31, 2023, from US$221.9 million (representing 7.7% of net sales) for the year ended December 31, 2022. The decrease in general and administrative expenses as a percentage of net sales reflects the increase in net sales year-on-year as well as disciplined expense management, partially offset by inflationary pressures.

Impairment Reversals

The following table sets forth a breakdown of the non-cash impairment reversals for the year ended December 31, 2023 (the "2023 Impairment Reversals"), and for the year ended December 31, 2022 (the "2022 Impairment Reversals").

(Expressed in millions of US Dollars)		**Year ended December 31,**	
Impairment (reversals) charges recognized on:	Functional Area	**2023**	2022
Tradenames		**(84.0)**	(81.7)
Lease right-of-use assets	Distribution	—	1.8
Property, plant and equipment	Distribution	—	(0.1)
Other[(1)]	Distribution	—	7.8
Total impairment reversals		**(84.0)**	(72.2)

Note

(1) Other impairment charges for the year ended December 31, 2022, were attributable to the disposition of the Group's Russian operations on July 1, 2022.

In accordance with International Accounting Standards ("IAS") 36, *Impairment of Assets* ("IAS 36"), the Group is required to evaluate its intangible assets with indefinite lives at least annually. The Group reviews the carrying amounts of its intangible assets with indefinite lives to determine whether there is any indication of impairment below its carrying value (resulting in an impairment charge), or when an event has occurred or circumstances change that would result in the recoverable amount of intangible assets, excluding goodwill, exceeding its net impaired carrying value (resulting in an impairment reversal). The Group is also required to perform a review for impairment indicators at the end of each reporting period on its tangible and intangible assets with finite useful lives. If there is any indication that an asset may be impaired or there may be an impairment reversal, the Group must estimate the recoverable amount of the asset or cash generating unit ("CGU").

2023 Impairment Reversals

Based on valuations performed by a third-party specialist engaged by the Company in conjunction with its annual assessment during the fourth quarter of 2023, management determined that the recoverable amounts of certain intangible assets exceeded their net impaired carrying values during the year ended December 31, 2023, resulting in the reversal of certain non-cash impairment charges that had been recorded during the year ended December 31, 2020. The Group recognized non-cash impairment reversals totaling US$84.0 million during the year ended December 31, 2023, for certain tradenames. The increase in recoverable value for these tradenames is attributable to the continued improvement in net sales and profitability.

2022 Impairment (Reversals) Charges

Based on valuations performed by a third-party specialist engaged by the Company in conjunction with its annual assessment during the fourth quarter of 2022, management determined that the recoverable amounts of certain intangible assets exceeded their net impaired carrying values during the year ended December 31, 2022, resulting in the reversal of certain non-cash impairment charges that had been recorded during the year ended December 31, 2020. The Group recognized non-cash impairment reversals totaling US$81.7 million during the year ended December 31, 2022, for certain tradenames. The increase in recoverable value for these tradenames is attributable to the continued improvement in net sales and profitability.

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. During the year ended December 31, 2022, the Group recognized non-cash impairment charges related to the disposition of its Russian operations totaling US$11.9 million, of which US$4.0 million related to lease right-of-use assets and US$0.1 million for property, plant and equipment associated with the retail stores in Russia, and the remaining US$7.8 million related to the disposition of the Group's Russian operations.

Based on an evaluation of company-operated retail stores during the year ended December 31, 2022, the Group determined that the recoverable amounts of certain retail stores, which represent individual CGUs, exceeded their corresponding net impaired carrying amounts, resulting in impairment reversals being recorded during the year ended December 31, 2022. During the year ended December 31, 2022, the Group recognized non-cash impairment reversals totaling US$2.4 million, which were comprised of US$2.2 million for lease right-of-use assets and US$0.2 million for property, plant and equipment, including leasehold improvements related to such stores.

See note 5 Impairment Reversals to the consolidated financial statements for further discussion.

Other Expense

The Group recorded other expense of US$3.8 million and US$0.3 million for the years ended December 31, 2023, and December 31, 2022, respectively. Other expense for the year ended December 31, 2023, included losses on the disposal of property, plant and equipment along with certain other miscellaneous expense items. Other expense for the year ended December 31, 2023, also included restructuring reversals (the "2023 Restructuring Reversals") of US$0.6 million as the Group determined that a portion of its restructuring accrual was no longer needed. Other expense for the year ended December 31, 2022, included restructuring charges (the "2022 Restructuring Charges") of US$1.3 million, primarily attributable to the disposition of the Group's operations in Russia, as well as certain other miscellaneous income and expense items. These other expenses were partially offset by gains from the disposal of assets and gains on lease exits/remeasurements.

Operating Profit

The Group reported an operating profit of US$743.7 million for the year ended December 31, 2023, compared to US$492.1 million for the previous year, an improvement of US$251.5 million, or 51.1%.

The following table presents the reconciliation from the Group's operating profit, as reported, to operating profit, as adjusted, for the years ended December 31, 2023, and December 31, 2022.

OPERATING PROFIT

	Year ended December 31,			
(Expressed in millions of US Dollars)	**2023**	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(1)]
Operating profit, as reported	**743.7**	492.1	51.1%	53.6%
Impairment Reversals	**(84.0)**	(72.2)	16.3%	16.3%
Restructuring (Reversals) Charges	**(0.6)**	1.3	*nm*	*nm*
Operating profit, as adjusted	**659.1**	421.2	56.5%	59.4%

Notes

(1) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the year under comparison to current year local currency results.

nm Not meaningful.

Net Finance Costs

Net finance costs increased by US$29.2 million, or 22.5%, to US$158.7 million for the year ended December 31, 2023, from US$129.5 million for the year ended December 31, 2022. This increase was primarily attributable to an US$11.3 million increase in interest expense on loans and borrowings driven by higher interest rates year-on-year, an increase in interest expense on leases of US$8.8 million, an increase in the non-cash charge associated with redeemable non-controlling interest put options of US$3.8 million year-on-year due to improved financial performance of the Group's subsidiaries with non-controlling interests that are subject to put options, and a non-cash charge of US$4.4 million to derecognize the deferred financing costs associated with the Refinancing (as defined in Review of the Financial Year 2023 – Indebtedness). The impact from higher interest rates in 2023 was partially offset by the lower principal amount of outstanding debt during the year. The Group refinanced its senior credit facilities in June 2023. See Review of the Financial Year 2023 – Indebtedness.

The following table sets forth a breakdown of total finance costs for the years ended December 31, 2023, and December 31, 2022.

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2023**	2022
Recognized in profit or loss:		
Interest income	**14.3**	8.8
Total finance income	**14.3**	8.8
Interest expense on loans and borrowings	**(101.8)**	(90.6)
Derecognition of deferred financing costs associated with the Refinancing	**(4.4)**	–
Amortization of deferred financing costs	**(3.4)**	(4.8)
Interest expense on lease liabilities	**(27.7)**	(18.9)
Change in fair value of put options	**(21.8)**	(18.0)
Net foreign exchange loss	**(10.2)**	(7.6)
Other finance costs	**(3.6)**	1.6
Total finance costs	**(173.0)**	(138.3)
Net finance costs recognized in profit or loss	**(158.7)**	(129.5)

Profit before Income Tax

The Group recorded a profit before income tax of US$584.9 million for the year ended December 31, 2023, compared to US$362.6 million for the previous year, an improvement of US$222.3 million, or 61.3%.

The following table presents the reconciliation from the Group's profit before income tax, as reported, to profit before income tax, as adjusted, for the years ended December 31, 2023, and December 31, 2022.

PROFIT BEFORE INCOME TAX

	Year ended December 31,			
(Expressed in millions of US Dollars)	**2023**	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(1)
Profit before income tax, as reported	**584.9**	362.6	61.3%	62.6%
Impairment Reversals	**(84.0)**	(72.2)	16.3%	16.3%
Restructuring (Reversals) Charges	**(0.6)**	1.3	*nm*	*nm*
Derecognition of deferred financing costs associated with the Refinancing	**4.4**	—	n/a	n/a
Profit before income tax, as adjusted	**504.8**	291.6	73.1%	74.7%

Notes

(1) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the year under comparison to current year local currency results.

n/a Not applicable.

nm Not meaningful.

Income Tax Expense

The Group recorded income tax expense of US$134.6 million for the year ended December 31, 2023, compared to income tax expense of US$24.3 million for the year ended December 31, 2022. The income tax expense recorded during the year ended December 31, 2023, was due mainly to the US$584.9 million reported profit before income tax, combined with tax impacts from changes in unrecognized deferred tax assets, and the profit mix between high and low tax jurisdictions. The income tax expense recorded during the year ended December 31, 2022, was due mainly to the US$362.6 million reported profit before income tax, combined with tax impacts from changes in unrecognized deferred tax assets and the profit mix between high and low tax jurisdictions.

The Group's consolidated effective tax rate for operations was 23.0% and 6.7% for the years ended December 31, 2023, and December 31, 2022, respectively. The increase in the Group's effective tax rate year-on-year was mainly the result of changes in unrecognized deferred tax assets, and changes in the profit mix between high and low tax jurisdictions. Excluding the effect of the changes in unrecognized deferred tax assets, the consolidated effective tax rate for operations would have been 26.9% for the year ended December 31, 2023. Excluding the effect of the changes in unrecognized deferred tax assets, the consolidated effective tax rate for operations would have been 32.1% for the year ended December 31, 2022. The effective tax rate is calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets.

Deferred tax assets in each jurisdiction are analyzed for recoverability at each reporting date and derecognized to the extent that it is no longer probable that the assets will be utilized in future taxable periods. The analysis considers both positive and negative evidence. In 2023, the Group's results showed an increase in profit before income tax reported during the year. As a result, the Group began to recognize certain deferred tax assets that were previously unrecognized in the amount of US$22.7 million. In 2022, the Group's results showed an increase in profit before income tax reported during the year. As a result, the Group began to recognize certain deferred tax assets that were previously unrecognized in the amount of US$104.2 million.

Profit

Profit for the Year

Profit for the year ended December 31, 2023, was US$450.3 million compared to US$338.3 million for the year ended December 31, 2022, an improvement of US$112.0 million, or 33.1%.

The following table presents the reconciliation from the Group's profit for the year, as reported, to profit for the year, as adjusted, for the years ended December 31, 2023, and December 31, 2022.

PROFIT FOR THE YEAR

	Year ended December 31,			
(Expressed in millions of US Dollars)	**2023**	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(1)]
Profit for the year, as reported	**450.3**	338.3	33.1%	34.2%
Impairment Reversals	**(84.0)**	(72.2)	16.3%	16.3%
Restructuring (Reversals) Charges	**(0.6)**	1.3	*nm*	*nm*
Derecognition of deferred financing costs associated with the Refinancing	**4.4**	—	n/a	n/a
Tax impact	**19.4**	19.4	(0.2)%	(0.2)%
Profit for the year, as adjusted	**389.6**	286.8	35.8%	37.2%

Notes

(1) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the year under comparison to current year local currency results.

n/a Not applicable.

nm Not meaningful.

Profit Attributable to the Equity Holders

Profit attributable to the equity holders was US$417.0 million for the year ended December 31, 2023, compared to US$312.7 million for the previous year, an improvement of US$104.3 million, or 33.3%.

The following table presents the reconciliation from the Group's profit attributable to the equity holders, as reported, to profit attributable to the equity holders, as adjusted, for the years ended December 31, 2023, and December 31, 2022.

PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS

	Year ended December 31,			
(Expressed in millions of US Dollars)	**2023**	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(1)]
Profit attributable to the equity holders, as reported	**417.0**	312.7	33.3%	34.6%
Impairment Reversals	**(84.0)**	(72.2)	16.3%	16.3%
Restructuring (Reversals) Charges	**(0.6)**	1.3	*nm*	*nm*
Derecognition of deferred financing costs associated with the Refinancing	**4.4**	—	n/a	n/a
Tax impact	**19.4**	19.4	(0.2)%	(0.2)%
Profit attributable to the equity holders, as adjusted	**356.3**	261.2	36.4%	37.9%

Notes

(1) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the year under comparison to current year local currency results.

n/a Not applicable.

nm Not meaningful.

Basic and Diluted Earnings per Share

Basic earnings per share were US$0.289 for the year ended December 31, 2023, compared to US$0.218 for the year ended December 31, 2022. The weighted average number of shares used in the basic earnings per share calculation was 1,444,491,686 shares for the year ended December 31, 2023, compared to 1,437,575,062 shares for the year ended December 31, 2022. Diluted earnings per share were US$0.287 for the year ended December 31, 2023, compared to US$0.217 for the year ended December 31, 2022. The weighted average number of shares outstanding used in the diluted earnings per share calculation was 1,453,260,449 shares for the year ended December 31, 2023, compared to 1,439,740,642 shares for the year ended December 31, 2022.

Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization of intangible assets ("Adjusted EBITDA"), a non-IFRS measure, improved by US$237.0 million, or 50.2%, to US$709.3 million for the year ended December 31, 2023, compared to US$472.3 million for the year ended December 31, 2022. Adjusted EBITDA margin, a non-IFRS measure, was 19.3% for the year ended December 31, 2023, compared to 16.4% for the year ended December 31, 2022. The improvement in Adjusted EBITDA margin was primarily due to continued net sales improvement and the increase in gross profit margin, as well as disciplined expense management.

The following table presents the reconciliation from the Group's profit for the year to Adjusted EBITDA for the years ended December 31, 2023, and December 31, 2022:

	Year ended December 31,			
(Expressed in millions of US Dollars)	**2023**	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(4)
Profit for the year	**450.3**	338.3	33.1%	34.2%
Plus (minus):				
Income tax expense	**134.6**	24.3	454.7%	458.0%
Finance costs	**173.0**	138.3	25.1%	34.2%
Finance income	**(14.3)**	(8.8)	62.9%	121.1%
Depreciation	**39.8**	34.9	13.9%	14.2%
Total amortization	**152.5**	140.5	8.6%	9.3%
EBITDA	**935.9**	667.6	40.2%	42.2%
Plus (minus):				
Share-based compensation expense	**14.8**	13.8	7.4%	7.0%
Impairment Reversals	**(84.0)**	(72.2)	16.3%	16.3%
Amortization of lease right-of-use assets	**(133.5)**	(118.2)	13.0%	13.8%
Interest expense on lease liabilities	**(27.7)**	(18.9)	46.7%	48.1%
Other expense(1)	**3.8**	0.3	*nm*	*nm*
Adjusted EBITDA(2)	**709.3**	472.3	50.2%	54.0%
Adjusted EBITDA margin(3)	**19.3%**	16.4%		

Notes

(1) Other expense per the consolidated statements of income.

(2) Adjusted EBITDA, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. Adjusted EBITDA includes the lease interest and amortization expense as a result of the Group's adoption of IFRS 16, *Leases* ("IFRS 16") to account for operational rent expenses.

(3) Adjusted EBITDA margin, a non-IFRS measure, is calculated by dividing Adjusted EBITDA by net sales.

(4) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the year under comparison to current year local currency results.

nm Not meaningful.

The following tables present reconciliations from profit (loss) for the year to Adjusted EBITDA on a regional basis for the years ended December 31, 2023, and December 31, 2022:

	Year ended December 31, 2023					
(Expressed in millions of US Dollars)	**Asia**	**North America**	**Europe**	**Latin America**	**Corporate**	**Total**
Profit (loss) for the year	**197.6**	**148.6**	**94.5**	**35.4**	**(25.7)**	**450.3**
Plus (minus):						
Income tax expense (benefit)	**53.0**	**45.9**	**33.9**	**(18.3)**	**20.1**	**134.6**
Finance costs	**10.8**	**13.0**	**8.8**	**10.1**	**130.3**	**173.0**
Finance income	**(3.5)**	**(1.0)**	**(1.4)**	**(4.2)**	**(4.3)**	**(14.3)**
Depreciation	**15.5**	**9.6**	**12.1**	**2.4**	**0.3**	**39.8**
Total amortization	**44.2**	**60.3**	**33.1**	**12.4**	**2.6**	**152.5**
EBITDA	**317.5**	**276.4**	**181.0**	**37.8**	**123.2**	**935.9**
Plus (minus):						
Share-based compensation expense	**0.0**	**1.9**	**3.1**	**0.0**	**9.8**	**14.8**
Impairment Reversals	**—**	**—**	**—**	**—**	**(84.0)**	**(84.0)**
Amortization of lease right-of-use assets	**(40.4)**	**(51.9)**	**(28.7)**	**(12.3)**	**(0.2)**	**(133.5)**
Interest expense on lease liabilities	**(6.1)**	**(12.6)**	**(5.8)**	**(3.2)**	**(0.0)**	**(27.7)**
Inter-company charges (income)[1]	**69.1**	**42.4**	**(1.4)**	**4.1**	**(114.2)**	**—**
Other expense[2]	**(0.8)**	**2.0**	**(0.5)**	**2.8**	**0.3**	**3.8**
Adjusted EBITDA[3]	**339.3**	**258.1**	**147.8**	**29.1**	**(65.0)**	**709.3**
Adjusted EBITDA margin[4]	**23.8%**	**20.4%**	**19.0%**	**13.9%**	***nm***	**19.3%**

Notes

(1) Inter-company charges (income) by region include intra-group royalty income/expense and other cross-charges that eliminate in consolidation.

(2) Other expense per the consolidated statements of income.

(3) Adjusted EBITDA, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. 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.

(4) Adjusted EBITDA margin, a non-IFRS measure, is calculated by dividing Adjusted EBITDA by net sales.

nm Not meaningful.

	Year ended December 31, 2022					
(Expressed in millions of US Dollars)	Asia	North America	Europe	Latin America	Corporate	Total
Profit for the year	83.6	123.6	105.4	14.4	11.3	338.3
Plus (minus):						
Income tax expense (benefit)	11.6	41.0	(12.2)	1.5	(17.6)	24.3
Finance costs	6.9	10.0	11.1	3.6	106.7	138.3
Finance income	(2.2)	(0.2)	(0.5)	(1.7)	(4.2)	(8.8)
Depreciation	12.7	9.6	10.2	2.2	0.3	34.9
Total amortization	41.9	56.8	28.7	10.4	2.7	140.5
EBITDA	154.6	240.8	142.7	30.3	99.1	667.6
Plus (minus):						
Share-based compensation expense	(2.1)	1.9	1.0	0.0	13.0	13.8
Impairment (Reversals) Charges	—	(2.3)	10.7	—	(80.7)	(72.2)
Amortization of lease right-of-use assets	(34.7)	(48.6)	(24.4)	(10.3)	(0.2)	(118.2)
Interest expense on lease liabilities	(4.1)	(9.2)	(3.5)	(2.0)	(0.0)	(18.9)
Inter-company charges (income)[(1)]	48.9	34.8	(0.6)	2.8	(86.0)	—
Other expense[(2)]	2.5	(1.2)	(2.3)	0.2	1.1	0.3
Adjusted EBITDA[(3)]	165.1	216.2	123.7	21.0	(53.7)	472.3
Adjusted EBITDA margin[(4)]	18.0%	19.3%	18.3%	12.4%	*nm*	16.4%

Notes

(1) Inter-company charges (income) by region include intra-group royalty income/expense and other cross-charges that eliminate in consolidation.

(2) Other expense per the consolidated statements of income.

(3) Adjusted EBITDA, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. 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.

(4) Adjusted EBITDA margin, a non-IFRS measure, is calculated by dividing Adjusted EBITDA by net sales.

nm Not meaningful.

The Company has presented EBITDA, Adjusted EBITDA and Adjusted EBITDA margin because it believes that, when viewed with its results of operations as prepared in accordance with IFRS Accounting Standards and with the reconciliation to profit for the year, these measures provide additional information that is useful in gaining a more complete understanding of its operational performance and of the trends impacting its business. EBITDA, Adjusted EBITDA and Adjusted EBITDA margin are important metrics the Group uses to evaluate its operating performance and cash generation.

EBITDA, Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS measures and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered comparable to profit for the year in the Company's consolidated statements of income. These measures have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Company's results of operations as reported under IFRS Accounting Standards.

Adjusted Net Income

Adjusted Net Income, a non-IFRS measure, increased by US$96.3 million, or 32.5%, to US$392.4 million for the year ended December 31, 2023, compared to US$296.0 million for the year ended December 31, 2022. The improvement in Adjusted Net Income was primarily due to improved net sales and gross profit, as well as disciplined expense management.

The following table presents the reconciliation from the Group's profit attributable to the equity holders to Adjusted Net Income for the years ended December 31, 2023, and December 31, 2022.

(Expressed in millions of US Dollars)	Year ended December 31, 2023	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Profit attributable to the equity holders	**417.0**	312.7	33.3%	34.6%
Plus (minus):				
Change in fair value of put options included in finance costs	**21.8**	18.0	20.9%	20.9%
Amortization of intangible assets	**19.0**	22.3	(14.8)%	(14.7)%
Derecognition of deferred financing costs associated with the Refinancing	**4.4**	—	n/a	n/a
Impairment Reversals	**(84.0)**	(72.2)	16.3%	16.3%
Restructuring (Reversals) Charges	**(0.6)**	1.3	*nm*	*nm*
Tax adjustments[1]	**14.7**	13.9	5.6%	5.5%
Adjusted Net Income[2]	**392.4**	296.0	32.5%	33.8%

Notes

(1) Tax adjustments represent the tax effect of the reconciling line items as included in the consolidated statements of income based on the applicable tax rate in the jurisdiction where such costs were incurred.

(2) Represents Adjusted Net Income attributable to the equity holders of the Company.

(3) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the year under comparison to current year local currency results.

n/a Not applicable.

nm Not meaningful.

Adjusted basic and diluted earnings per share, which are non-IFRS measures, were US$0.272 and US$0.270 per share, respectively, for the year ended December 31, 2023, compared to US$0.206 and US$0.206 per share, respectively, for the year ended December 31, 2022. Adjusted basic and diluted earnings per share are calculated by dividing Adjusted Net Income by the weighted average number of shares used in the basic and diluted earnings per share calculations, respectively.

The Company has presented Adjusted Net Income and adjusted basic and diluted earnings per share because it believes these measures help to give securities analysts, investors and other interested parties a more complete understanding of the Company's underlying financial performance. By presenting Adjusted Net Income and the related adjusted basic and diluted earnings per share calculations, the Company eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, along with their respective tax effects, that impact reported profit attributable to the equity holders.

Adjusted Net Income and adjusted basic and diluted earnings per share are non-IFRS measures and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered comparable to profit attributable to the equity holders or basic and diluted earnings per share presented in the Company's consolidated statements of income. Adjusted Net Income and the related adjusted basic and diluted earnings per share calculations have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Company's results of operations as reported under IFRS Accounting Standards.

Liquidity and Capital Resources

The primary objectives of the Company's capital management policies are to safeguard its ability to continue as a going concern, to provide returns for the Company's shareholders, and to fund total capital expenditures, normal operating expenses, working capital needs and the payment of obligations. The Group's primary sources of liquidity are its cash flows from operating activities, invested cash, available lines of credit and, subject to shareholder approval, the Company's ability to issue additional shares. The Company believes that its existing cash and estimated cash flows, along with current working capital, will be adequate to meet the foreseeable future operating and capital requirements of the Group at least through March 31, 2025.

Cash Flows

Cash flows generated from operating activities improved by 92.4% to US$534.2 million for the year ended December 31, 2023, compared to US$277.7 million for the year ended December 31, 2022. The US$256.5 million increase in cash flows generated from operating activities year-on-year primarily relates to the increase in Adjusted Net Income and changes in working capital as compared to the year ended December 31, 2022, partially offset by an increase in interest paid on borrowings and lease liabilities and income taxes paid.

For the year ended December 31, 2023, net cash flows used in investing activities were US$110.1 million and were related to total capital expenditures of US$110.1 million, (comprised of US$99.3 million for the purchase of property, plant and equipment and US$10.8 million for software purchases). The Group selectively added new retail locations, remodeled certain existing retail locations and made investments in machinery and equipment to support new product innovation. For the year ended December 31, 2022, net cash flows used in investing activities were US$62.8 million and were related to total capital expenditures of US$62.8 million, (comprised of US$51.6 million for the purchase of property, plant and equipment and US$11.2 million for software purchases). The Group intends to continue to spend on property, plant and equipment to upgrade and expand its retail store fleet as well as to invest in core strategic functions to support continued sales growth during 2024.

Net cash flows used in financing activities were US$347.8 million for the year ended December 31, 2023, and were largely attributable to cash outflows associated with the Refinancing (as defined in Review of the Financial Year 2023 – Indebtedness) and repayment of US$113.0 million of outstanding borrowings under the Group's New Senior Credit Facilities, consisting of US$100.0 million in voluntary payments and US$13.0 million in required quarterly amortization payments. In conjunction with the Refinancing, the Group paid US$17.1 million in deferred financing costs that will be recognized over the term of the borrowings. Net cash flows used in financing activities also included US$139.6 million in principal payments on lease liabilities. The cash flows used in financing activities during the year ended December 31, 2023, were partially offset by proceeds from share option exercises of US$26.8 million.

Net cash flows used in financing activities were US$881.1 million for the year ended December 31, 2022, and were largely attributable to the repayment of US$751.4 million of outstanding borrowings under the Prior Senior Credit Facilities (as defined in Review of the Financial Year 2023 – Indebtedness), consisting of US$704.8 million in voluntary prepayments and US$46.6 million in required quarterly amortization payments. Net cash flows used in financing activities also included US$131.3 million in principal payments on lease liabilities.

During the year ended December 31, 2023, the Group delivered Free Cash Flow[1] of US$284.5 million compared to US$83.5 million for the previous year, an increase of US$201.0 million, or 240.6%. As of December 31, 2023, the Group had US$716.6 million in cash and cash equivalents, compared to US$635.9 million as of December 31, 2022. Cash and cash equivalents are generally denominated in the functional currency of the applicable Group entity.

Note

(1) Free Cash Flow is defined as net cash generated from (used in) operating activities less (i) purchases of property, plant and equipment and software ("total capital expenditures") and (ii) principal payments on lease liabilities (each as set forth on the consolidated statements of cash flows).

Indebtedness

The following table sets forth the carrying amount of the Group's loans and borrowings as of December 31, 2023, and December 31, 2022.

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
New Term Loan A Facility	**790.0**	—
New Term Loan B Facility	**597.0**	—
New Senior Credit Facilities	**1,387.0**	—
Prior Term Loan A Facility	—	580.0
Prior Term Loan B Facility	—	534.9
2021 Incremental Term Loan B Facility	—	463.1
Prior Senior Credit Facilities	—	1,578.0
Total Senior Credit Facilities	**1,387.0**	1,578.0
Senior Notes[1]	**386.3**	374.6
Other borrowings and obligations	**50.7**	67.0
Total loans and borrowings	**1,824.0**	2,019.6
Less deferred financing costs	**(17.0)**	(7.8)
Total loans and borrowings less deferred financing costs	**1,807.0**	2,011.8

Note

(1) The value of the Senior Notes, when translated from Euros into US Dollars, will change relative to the fluctuation in the exchange rate between the Euro and US Dollar at stated points in time.

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).

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.

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.

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).

Other Information

The Group incurred US$17.1 million of new financing costs in conjunction with the Refinancing. Financing costs incurred in conjunction with borrowings and amendments have been deferred and are being offset against loans and borrowings. The deferred financing costs are being amortized using the effective interest method over the life of the Total Senior Credit Facilities and Senior Notes. Total deferred financing costs included within total loans and borrowings amounted to US$17.0 million and US$7.8 million as of December 31, 2023, and December 31, 2022, respectively.

The amortization of deferred financing costs, which is included in interest expense, amounted to US$3.4 million and US$4.8 million for the years ended December 31, 2023, and December 31, 2022, respectively.

During the year ended December 31, 2023, the Group recorded a non-cash charge in interest expense in the amount of US$4.4 million related to unamortized deferred financing costs which were part of the net carrying value of the Prior Senior Credit Facilities which were settled.

Interest Rate Swaps

The Group maintains interest rate swaps to hedge a portion of its interest rate exposure under the floating-rate New Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. On September 4, 2019, the Group entered into interest rate swap agreements that became effective on September 6, 2019, and will terminate on August 31, 2024. The notional amounts of the interest rate swap agreements decrease over time.

On June 21, 2023, the Group amended the interest rate swap agreements by replacing references to the London Interbank Offered Rate ("LIBOR") with references to SOFR. As a result, the Group's interest rate swaps have effectively fixed SOFR at approximately 1.1305% with respect to an amount equal to approximately 40% of the principal amount of the New Senior Credit Facilities as of December 31, 2023, which reduces a portion of the Company's exposure to interest rate increases. The interest rate swap agreements have fixed payments due monthly. The interest rate swap transactions qualify as cash flow hedges. As of December 31, 2023, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$14.1 million which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income.

Prior to the amendments to the interest rate swap agreements on June 21, 2023, the Group's interest rate swaps had LIBOR fixed at approximately 1.208% with respect to an amount equal to approximately 35% of the principal amount of the Prior Senior Credit Facilities. As of December 31, 2022, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$30.5 million which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income.

€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.

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.

Other Loans and Borrowings
Certain consolidated subsidiaries of the Company maintain credit lines and other loans with various third-party lenders in the regions in which they operate. Other loans and borrowings are generally variable-rate instruments denominated in the functional currency of the borrowing Group entity. These credit lines provide short-term financing and working capital for the day-to-day business operations of certain Group entities, including overdraft, bank guarantees, and trade finance facilities. The majority of such credit lines are uncommitted facilities. The total aggregate amount of other loans and borrowings was US$50.7 million and US$67.0 million as of December 31, 2023, and December 31, 2022, respectively. The uncommitted available facilities amounted to US$93.7 million and US$82.1 million as of December 31, 2023, and December 31, 2022, respectively.

The following represents the contractual maturity dates of the Group's loans and borrowings as of December 31, 2023, and December 31, 2022.

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
On demand or within one year	**76.7**	118.6
After one year but within two years	**36.0**	66.6
After two years but within five years	**1,144.3**	1,834.4
More than five years	**567.0**	—
Total Loans and Borrowings	**1,824.0**	2,019.6

Cross-currency Swap
The Group previously maintained a cross-currency swap used to hedge currency risk associated with currency fluctuations between the Euro and US Dollar. In April 2019, the Group entered into a cross-currency swap which was designated as a net investment hedge. The hedge consisted of a US$50.0 million notional loan amount between the Euro and US Dollar. In August 2022 the Group terminated such swap. At the time of termination, the cross-currency swap had a fair market value of US$4.2 million. The gain was recorded as a hedging gain in finance costs in the consolidated statements of income for the year ended December 31, 2022.

Hedging
The Company's non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventories denominated primarily in US Dollars which are designated as cash flow hedges. Cash outflows associated with these derivatives as of December 31, 2023, are expected to be US$104.2 million within one year.

Other Financial Information

Total Capital Expenditures

Historical Total Capital Expenditures

The following table sets forth the Group's total capital expenditures for the years ended December 31, 2023, and December 31, 2022:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2023**	2022
Purchases of fixed assets:		
Buildings	**0.8**	0.1
Machinery, equipment, leasehold improvements and other	**98.5**	51.5
Total purchases of fixed assets	**99.3**	51.6
Software purchases	**10.8**	11.2
Total software purchases	**10.8**	11.2
Total capital expenditures	**110.1**	62.8

Total capital expenditures during the year ended December 31, 2023, were primarily related to new retail locations, remodeling certain existing retail locations, software purchases and investments in machinery and equipment to support new product innovation. The Group intends to continue to spend on property, plant and equipment to upgrade and expand its retail store fleet as well as to invest in core strategic functions and invest in software to improve e-commerce platforms and customer engagement capabilities to support continued sales growth during 2024.

Planned Total Capital Expenditures

The Group's total capital expenditures budget for 2024 is approximately US$146.3 million. The Group plans to open new retail stores, primarily in Asia and Latin America, refurbish existing retail stores, invest in new product innovation and manufacturing plants, expand the Tumi distribution center in North America and improve e-commerce platforms and customer engagement capabilities.

Contractual Obligations

The following table summarizes scheduled maturities of the Group's contractual obligations for which cash flows are fixed and determinable as of December 31, 2023:

(Expressed in millions of US Dollars)	Total	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loans and borrowings	1,824.0	76.7	36.0	1,144.3	567.0
Open inventory purchase orders	466.6	463.9	2.6	—	—
Future minimum contractual payments under lease liabilities	579.3	159.9	131.7	212.7	75.1
Future minimum payments under short-term and low-value leases	2.8	2.8	—	—	—
Total	2,872.7	703.3	170.3	1,357.0	642.1

As of December 31, 2023, the Group did not have any material off-balance sheet arrangements or contingencies except as included in the table summarizing its contractual obligations above.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

There were no significant investments held that represented 5% or more of the Group's total assets and no material acquisitions and disposals of subsidiaries, associates and joint ventures by the Company during the year ended December 31, 2023.

2. Principal Risks and Uncertainties

Details of principal risks and uncertainties can be found in note 21 of the consolidated financial statements.

In terms of financial guarantees, the Company's policy is to provide financial guarantees only on behalf of subsidiaries. No other guarantees have been made to third parties.

3. Effectiveness of Risk Management and Internal Control

The Board places great importance on risk management and internal control and is responsible for ensuring that the Company maintains sound and effective systems of risk management and internal control.

The Company's internal audit department reviews the adequacy and effectiveness of the risk management and internal control systems. Each year, the internal and external audit plans are discussed with and approved by the Audit Committee.

The Board has reviewed the overall effectiveness of the Company's systems of risk management and internal control for the year ended December 31, 2023. The Board has delegated to the Audit Committee the responsibility of reviewing the Company's systems of risk management and internal control and reporting the committee's findings to the Board. In conducting such review, the Audit Committee, on behalf of the Board, has (i) reviewed the Company's internal audit activities during the year and discussed such activities and the results thereof with the Company's Vice President of Internal Audit, (ii) reviewed and discussed the scope and results of the annual audit with the Company's external auditors, (iii) reviewed the results of management's control self-assessment process with management and the Company's Vice President of Internal Audit, (iv) reviewed the results of the Company's risk assessment with management and the Company's Vice President of Internal Audit, and (v) reviewed with management the results of the Company's internal management representation process that was performed in connection with the preparation of the Company's consolidated financial statements. Based on its review, the Board confirms, and management has also confirmed to the Board, that the Company's risk management and internal control systems are effective and adequate.

4. Financial Risk Management and Hedging

Details of financial risk management can be found in note 21 of the consolidated financial statements.

The Company's non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventories denominated primarily in US Dollars which are designated as cash flow hedges. Cash outflows associated with these derivatives as of December 31, 2023, are expected to be US$104.2 million within one year.

5. Research and Development

The Group devotes significant resources to new product design, development and innovation as it is a core part of its strategy. The Group believes it has a strong track record of innovation, and its global scale allows it to make significant expenditures on research and development. The Group incurred research and development expenses of US$19.8 million during the year ended December 31, 2023. Each of the Group's regions has a design team that develops products specifically for that region, and who are in communication with each other on a regular basis, sharing ideas and designs. The Group's design teams are continuously developing new products, based on continual improvement and innovation.

6. Capital Structure and Shareholding

Details on the capital structure of the Company can be found in note 23 of the consolidated financial statements. Since its incorporation, the Company did not proceed to acquire any of its own shares.

7. Other Information

Sustainability

The Company's Vice President, Global Head of Sustainability leads the Company's sustainability initiatives, which engage with the Company's key stakeholders including customers, investors, suppliers, employees and the communities in which the Group operates. The Vice President, Global Head of Sustainability reports directly to the Company's Chief Executive Officer, who is actively engaged in setting the direction and ambition of the Company's sustainability efforts. The Vice President, Global Head of Sustainability works with a Global Sustainability Council comprised of leaders representing the Group's regions, key brands and key functions to drive accountability and ensure alignment of the Company's sustainability efforts. The Board of Directors oversees the Company's management of environmental, social and governance ("ESG") issues.

In 2020, the Company launched "Our Responsible Journey," a global strategy and commitment to lead the luggage industry in sustainability. "Our Responsible Journey" focuses on three strategic pillars that were defined based in part on a comprehensive materiality assessment conducted with a third party. These strategic pillars are:

- Product – the Company seeks to apply circular economy principles and continuously innovate to create ever more sustainable products;

- Planet – the Company's aim is to reduce greenhouse gas emissions from its operations and its value chain, and minimize its impact on the environment; and

- People – the Company will provide a culture of inclusion and engagement, with professional development opportunities for all employees.

In 2023, the Company conducted its first comprehensive double materiality assessment with a third party. Based on the results, the Company is now evaluating certain of its sustainability goals. For additional information on the double materiality assessment, see the Company's 2023 ESG Report.

The pillars of the Company's sustainability strategy are supported by a foundation of strong governance. The Company encourages good practice within and beyond its direct business through its principles and policies.

The Company takes product responsibility seriously in all its operations and has comprehensive approaches to customer service, data protection and privacy, intellectual property, product quality, and product testing. The Company's 2023 ESG Report highlights the policies and practices through which the Company seeks to responsibly manage its business worldwide. The Company has published on the Company's website and on the website of the Stock Exchange its 2023 ESG Report at the same time as this Annual Report.

Dividends and Distributions to Shareholders

No cash distribution has been paid to the Company's shareholders in 2023 or 2022.

Dividend payments to non-controlling interests amounted to US$12.6 million and US$11.0 million during the years ended December 31, 2023, and December 31, 2022, respectively.

The Company will evaluate its distribution policy (the "Dividend and Distribution Policy") and distributions made (by way of the Company's ad hoc distributable reserve, dividends or otherwise) in any particular year in light of its financial position, the prevailing economic climate and expectations about the future macro-economic environment and business performance. The determination to make distributions will be made upon the recommendation of the Board and the approval of the Company's shareholders and will be based upon the Group's earnings, cash flow, financial condition, capital and other reserve requirements and any other conditions which the Board deems relevant. The payment of distributions may also be limited by legal restrictions and by the Credit Agreement, the Indenture or other financing agreements that the Group may enter into in the future.

The Board recommends that a cash distribution in the amount of US$150.0 million, or approximately US$0.1034 per share, based upon the number of shares outstanding as of the date hereof (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.

Shareholders should seek independent professional advice in relation to the procedures and timing for obtaining a refund of, or tax credit with respect to, Luxembourg withholding tax, if applicable.

The per share amount of the Distribution is subject to change in the event that any new shares are issued pursuant to the exercise of outstanding share options and vesting of restricted share units and conversion before the record date for the Distribution. A further announcement will be made on the record date of the Distribution in the event that the final amount per share changes. The payment shall be made in US Dollars, except that payment to shareholders whose names appear on the register of members in Hong Kong shall be paid in Hong Kong Dollars. The relevant exchange rate shall be the opening buying rate of Hong Kong Dollars to US Dollars as announced by the Hong Kong Association of Banks (www.hkab.org.hk) on the day of the approval of the Distribution.

The Distribution will be subject to approval by the shareholders at the forthcoming AGM of the Company. For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from May 31, 2024, to June 6, 2024, both days inclusive, during which period no transfer of shares will be registered. The record date to determine which shareholders will be eligible to attend and vote at the forthcoming AGM will be June 6, 2024. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on May 30, 2024.

Subject to the shareholders approving the recommended Distribution at the forthcoming AGM, such Distribution will be payable on or about July 16, 2024 to shareholders whose names appear on the register of members on June 17, 2024. To determine eligibility for the Distribution, the register of members will be closed from June 13, 2024 to June 17, 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to receive the Distribution, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on June 12, 2024.

Human Resources and Remuneration

As of December 31, 2023, the Group had a full-time equivalent headcount of approximately 12,100 worldwide. The Group regularly reviews the remuneration and benefits of its employees according to the relevant market practice, employee performance and the financial performance of the Group.

The Group is committed to helping its employees develop the knowledge, skills and abilities needed for continued success, and encourages professional development throughout each employee's career.

8. Strategic Review and Future Prospects

During 2023, the Group continued to implement its strategic plan in the following areas:

Financial Highlights

- Net sales were US$3,682.4 million for the year ended December 31, 2023, compared to US$2,879.6 million for the year ended December 31, 2022, an increase of 27.9% (+30.0% constant currency). When excluding the Russia Net Sales (as defined in Review of the Financial Year 2023 – Net Sales), consolidated net sales increased by US$812.5 million, or 28.3% (+30.4% constant currency), for the year ended December 31, 2023, compared to the year ended December 31, 2022.

- The Group's consolidated net sales, as reported, increased by 1.2% (+11.5% constant currency) during the year ended December 31, 2023, compared to the year ended December 31, 2019. When excluding the Russia and Speck Net Sales (as defined in Review of the Financial Year 2023 – Net Sales), consolidated net sales increased by 6.6% (+17.5% constant currency) for the year ended December 31, 2023, compared to the year ended December 31, 2019.

- Gross profit margin was 59.3% for the year ended December 31, 2023, compared to 55.8% for the year ended December 31, 2022. The increase in gross profit margin was driven mainly by year-on-year gross profit margin improvements in all regions and because Asia, the region with the highest gross profit margin, increased its share of total net sales. This increase in gross profit margin was also driven by an increased proportion of total net sales attributable to the higher-margin *Tumi* brand, an increased proportion of total net sales attributable to direct-to-consumer net sales, and overall reduced promotional discounts. See Review of the Financial Year 2023 – Cost of Sales and Gross Profit for further discussion.

- The Group spent US$241.5 million on marketing during the year ended December 31, 2023, compared to US$156.0 million for the year ended December 31, 2022, an increase of US$85.5 million, or 54.8%. As a percentage of net sales, marketing expenses increased by 120 basis points to 6.6% for the year ended December 31, 2023, from 5.4% for the year ended December 31, 2022. The Group will continue to invest in marketing to drive further net sales growth.

- The Group reported an operating profit of US$743.7 million for the year ended December 31, 2023, compared to US$492.1 million for the previous year, an improvement of US$251.5 million, or 51.1%.

- The Group had an operating profit of US$659.1 million for the year ended December 31, 2023, when excluding the non-cash 2023 Impairment Reversals and 2023 Restructuring Reversals. In comparison, the Group had an operating profit of US$421.2 million for the year ended December 31, 2022, when excluding the non-cash 2022 Impairment Reversals and the 2022 Restructuring Charges. The improvement in operating profit year-on-year was primarily due to improved net sales and gross profit as well as disciplined expense management.

- Profit for the year ended December 31, 2023, was US$450.3 million compared to US$338.3 million for the year ended December 31, 2022, an improvement of US$112.0 million, or 33.1%.

- Profit attributable to the equity holders was US$417.0 million for the year ended December 31, 2023, compared to US$312.7 million for the previous year, an improvement of US$104.3 million, or 33.3%.

- Adjusted EBITDA, a non-IFRS measure, improved by US$237.0 million, or 50.2%, to US$709.3 million for the year ended December 31, 2023, compared to US$472.3 million for the year ended December 31, 2022.

- Adjusted EBITDA margin, a non-IFRS measure, was 19.3% for the year ended December 31, 2023, compared to 16.4% for the year ended December 31, 2022. The improvement in Adjusted EBITDA margin was primarily due to continued net sales improvement and the increase in gross profit margin, as well as disciplined expense management.

- Adjusted Net Income, a non-IFRS measure, increased by US$96.3 million, or 32.5%, to US$392.4 million for the year ended December 31, 2023, compared to US$296.0 million for the year ended December 31, 2022. The improvement in Adjusted Net Income was primarily due to improved net sales and gross profit, as well as disciplined expense management.

- On June 21, 2023, the Company refinanced its senior credit facilities. The refinancing provided for a new US$800.0 million senior secured term loan A facility, a new US$600.0 million senior secured term loan B facility and a new US$850.0 million revolving credit facility. In the refinancing, the Company reduced its outstanding debt by approximately US$65.0 million and extended the maturities of the term loan A facility and revolving credit facility by approximately three years and of the term loan B facility by approximately five years (see Review of the Financial Year 2023 – Indebtedness for further discussion).

- As of December 31, 2023, the Group had US$716.6 million in cash and cash equivalents and outstanding financial debt of US$1,824.0 million (excluding deferred financing costs of US$17.0 million), resulting in a net debt position of US$1,107.4 million compared to a net debt position of US$1,383.7 million as of December 31, 2022.

- During the year ended December 31, 2023, the Group delivered Free Cash Flow[(1)] of US$284.5 million compared to US$83.5 million for the previous year, an increase of US$201.0 million, or 240.6%.

- Total liquidity[(2)] as of December 31, 2023, was US$1,562.0 million compared to US$1,481.3 million as of December 31, 2022.

The Company has presented certain non-IFRS measures in the financial highlights above because each of these measures provides additional information that management believes is useful for securities analysts, investors and other interested parties to gain a more complete understanding of the Group's operational performance and of the trends impacting its business. These non-IFRS measures, as calculated herein, may not be comparable to similarly named measures used by other companies and should not be considered comparable to IFRS measures. Non-IFRS measures have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group's financial results as reported under IFRS Accounting Standards.

Notes

(1) Free Cash Flow is defined as net cash generated from (used in) operating activities less (i) purchases of property, plant and equipment and software ("total capital expenditures") and (ii) principal payments on lease liabilities (each as set forth on the consolidated statements of cash flows).

(2) Total liquidity is calculated as the sum of cash and cash equivalents per the consolidated statements of financial position plus available capacity under the revolving credit facility.

Investment in Advertising and Promotion

The Group spent US$241.5 million on marketing during the year ended December 31, 2023, compared to US$156.0 million for the year ended December 31, 2022, an increase of US$85.5 million, or 54.8%. As a percentage of net sales, marketing expenses increased by 120 basis points to 6.6% for the year ended December 31, 2023, from 5.4% for the year ended December 31, 2022. The Group will continue to invest in marketing to drive further net sales growth.

Introduction of New and Innovative Products to the Market

The Group continued to focus on innovation and ensuring that its products reflect local consumer tastes in each region. Innovation and a regional focus on product development are key drivers of sales growth and are the means to deliver quality and value to the Group's customers.

Future Prospects

The Group's medium to long-term growth strategy will continue as planned, with a focus on the following:

- Ensure the Company's well-diversified family of brands attracts consumers at a wide range of price points in the travel and non-travel luggage, bag and accessories categories.

- Increase the proportion of net sales from the Company's direct-to-consumer e-commerce channel.

- Increase investment in marketing to support the Company's brands and initiatives.

- Continue to leverage the Company's regional management structure, distribution expertise and marketing engine to extend its brands into new markets and penetrate deeper into existing channels.

- Continue to invest in research and development to develop lighter and stronger new materials, advanced manufacturing processes, exciting new designs, more sustainable collections and innovative functionalities that deliver tangible benefits to consumers.

- Continue to incorporate the Company's ESG philosophy into its core business practices through "Our Responsible Journey" to lead the transformation of the luggage industry with respect to sustainability and treat all stakeholders with fairness and respect.

The Company aims to increase shareholder value through sustainable revenue and earnings growth and free cash flow generation.

Near-term Focus:

- With such a strong performance in 2023, the Group is excited about its growth prospects for 2024. The Group believes it is well positioned to outpace the market, supported by its leading brands, unrivaled global sourcing and distribution infrastructure, and its ability to invest in product innovation, sustainability and marketing.

- The Group expects global travel and tourism growth to remain healthy in 2024. Asia is expected to continue to see travel growth, as outbound travel from China continues to improve. In markets that reopened earlier, including North America and Europe, travel is expected to see steady growth closer to historical trends, with relatively stronger prospects in Europe from the ongoing return of Chinese travelers.

- The Group intends to increase investment in marketing during 2024, targeting advertising spend of approximately 7.0% of its net sales to drive future net sales growth across all brands.

- The Group will maintain disciplined expense management on its fixed selling, general and administrative expenses. The Group expects to deliver fundamentally higher profitability as it benefits from its more efficient cost structure and strong growth from its higher-margin brands and regions.

- As the luggage industry's sustainability leader with the scale to transform the industry, the Group will continue its path on "Our Responsible Journey" and deliver progress towards its goals.

- With significant liquidity of US$1.6 billion at December 31, 2023, and total net leverage ratio at its lowest level since the acquisition of Tumi in 2016, the Group is confident that it has the capacity to support the growth of its business in the years to come.

- The Board recommends that a cash distribution in the aggregate amount of US$150.0 million be made to the Company's shareholders from its ad hoc distributable reserve, subject to the approval of the Company's shareholders at the Annual General Meeting to be held on June 6, 2024.

By: Kyle F. Gendreau
Capacity: Director

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Samsonite International S.A. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at 31 December 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards IFRS Accounting Standards.

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 consolidated financial statements 》section of our report. We are also independent of the Group 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 consolidated financial statements, 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 consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition (note 3(p))	
The key audit matter	**How the matter was addressed in our audit**
The Group recognizes revenue at the point in time at which its performance obligation is satisfied by transferring control of its goods to the customer. Indicators that the Group typically considers in determining transfer of control include legal title, physical possession and significant risks and rewards of ownership. Since the Group's sales occur in various countries throughout the world, there is a risk of inconsistent application of when the Group has transferred control based on these indicators. We identified wholesale revenue transactions recorded at or near year end as a key audit matter.	Our audit procedures in this area included, among others: • evaluating the design of certain internal controls within the information technology environment in which billing of the Group's goods occur, including change control procedures in place around systems that bill revenue streams; • evaluating the design of the control over the Group's process to determine transfer of control; • evaluating certain contractual arrangements such as purchase orders, enabling us to understand key terms and conditions negotiated with customers, including the provisions for transfer of control; and • examining a sample of revenue transactions occurring at or near year end to obtain evidence of transfer of control.

Other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements 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 consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements 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 consolidated financial statements.

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 consolidated financial statements, 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 Group'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 Group'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 consolidated financial statements 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements 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 Directors' report is consistent with the consolidated financial statements 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

Consolidated Statements of Income

(Expressed in millions of US Dollars, except per share data)	Note	Year ended December 31, 2023	2022
Net sales	4	**3,682.4**	2,879.6
Cost of sales		**(1,499.6)**	(1,274.2)
Gross profit		**2,182.8**	1,605.4
Distribution expenses		**(1,027.6)**	(807.3)
Marketing expenses		**(241.5)**	(156.0)
General and administrative expenses		**(250.2)**	(221.9)
Impairment Reversals	5, 6, 7, 17(a)	**84.0**	72.2
Other expense	20	**(3.8)**	(0.3)
Operating profit		**743.7**	492.1
Finance income	19	**14.3**	8.8
Finance costs	19	**(173.0)**	(138.3)
Net finance costs	19	**(158.7)**	(129.5)
Profit before income tax		**584.9**	362.6
Income tax expense	18(a)	**(134.6)**	(24.3)
Profit for the year		**450.3**	338.3
Profit attributable to the equity holders		**417.0**	312.7
Profit attributable to non-controlling interests		**33.3**	25.6
Profit for the year		**450.3**	338.3
Earnings per share:			
Basic earnings per share	12	**0.289**	0.218
Diluted earnings per share	12	**0.287**	0.217

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Comprehensive Income

(Expressed in millions of US Dollars)	Note	Year ended December 31, **2023**	2022
Profit for the year		**450.3**	338.3
Other comprehensive income (loss):			
Items that will never be reclassified to profit or loss:			
Re-measurements on defined benefit plans, net of tax	14(c), 18(c)	**(2.6)**	2.7
		(2.6)	2.7
Items that are or may be reclassified subsequently to profit or loss:			
Changes in fair value of hedges, net of tax	13(a), 18(c), 19	**(11.1)**	23.0
Settlement of cross currency swap agreement, net of tax	18(c), 19, 21(d)	**—**	(0.1)
Foreign currency translation gains (losses) for foreign operations	18(c), 19	**(7.5)**	3.8
		(18.6)	26.7
Other comprehensive income (loss)		**(21.2)**	29.4
Total comprehensive income for the year		**429.1**	367.7
Total comprehensive income attributable to the equity holders		**397.5**	345.8
Total comprehensive income attributable to non-controlling interests		**31.6**	21.9
Total comprehensive income for the year		**429.1**	367.7

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Financial Position

(Expressed in millions of US Dollars)	Note	**December 31, 2023**	December 31, 2022
Non-current Assets			
Property, plant and equipment	6	**222.7**	161.5
Lease right-of-use assets	17(a)	**435.8**	314.1
Goodwill	7(a)	**825.9**	824.2
Other intangible assets	7(b)	**1,534.4**	1,458.8
Deferred tax assets	18(d)	**190.8**	173.6
Derivative financial instruments	13(a), 21(d)	**—**	30.5
Other assets and receivables	8 (a)	**66.6**	63.8
Total non-current assets		**3,276.2**	3,026.5
Current Assets			
Inventories	9	**695.9**	687.6
Trade and other receivables	10	**319.6**	290.9
Prepaid expenses and other assets	8(b), 13(a)	**103.5**	80.2
Cash and cash equivalents	11	**716.6**	635.9
Total current assets		**1,835.6**	1,694.6
Total assets		**5,111.8**	4,721.1
Equity and Liabilities			
Equity:			
Share capital	23(a)	**14.5**	14.4
Reserves	23(a)	**1,436.5**	1,017.4
Total equity attributable to the equity holders		**1,451.0**	1,031.8
Non-controlling interests	23(b)	**66.7**	47.8
Total equity		**1,517.7**	1,079.6
Non-current Liabilities			
Loans and borrowings	13(a)	**1,730.3**	1,893.3
Lease liabilities	17(b)	**357.8**	256.7
Employee benefits	14	**28.4**	26.6
Non-controlling interest put options	21(g)	**126.9**	85.0
Deferred tax liabilities	18(d)	**186.5**	161.7
Other liabilities		**6.8**	5.0
Total non-current liabilities		**2,436.7**	2,428.3
Current Liabilities			
Loans and borrowings	13(b)	**50.7**	67.0
Current portion of long-term loans and borrowings	13(b)	**26.0**	51.6
Current portion of lease liabilities	17(b)	**131.2**	118.9
Employee benefits	14	**135.0**	120.1
Trade and other payables	15	**725.1**	778.5
Current tax liabilities		**89.4**	77.1
Total current liabilities		**1,157.4**	1,213.2
Total liabilities		**3,594.1**	3,641.5
Total equity and liabilities		**5,111.8**	4,721.1
Net current assets		**678.2**	481.4
Total assets less current liabilities		**3,954.4**	3,507.9

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Changes in Equity

(Expressed in millions of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Reserves: Retained earnings/ (accumulated deficit)	Total equity attributable to the equity holders	Non-controlling interests	Total equity
Year ended December 31, 2023										
Balance, January 1, 2023		1,438,900,432	14.4	1,071.4	(59.2)	115.0	(109.8)	1,031.8	47.8	1,079.6
Profit for the year		—	—	—	—	—	417.0	417.0	33.3	450.3
Other comprehensive income (loss):										
Remeasurements on defined benefit plans, net of tax	14(c), 18(c)	—	—	—	—	(2.6)	—	(2.6)	(0.1)	(2.6)
Changes in fair value of hedges, net of tax	13(a), 18(c)	—	—	—	—	(11.2)	—	(11.2)	0.1	(11.1)
Foreign currency translation losses for foreign operations	18(c), 19	—	—	—	(5.7)	—	—	(5.7)	(1.8)	(7.5)
Total comprehensive income (loss) for the year		—	—	—	(5.7)	(13.8)	417.0	397.5	31.6	429.1
Transactions with owners recorded directly in equity:										
Change in fair value of put options included in equity	21(g)	—	—	—	—	—	(20.1)	(20.1)	—	(20.1)
Share-based compensation expense	14(a)	—	—	—	—	14.8	—	14.8	—	14.8
Exercise of share options	14(b)	10,791,778	0.1	36.6	—	(9.8)	—	26.9	—	26.9
Dividends paid to non-controlling interests	12(c)	—	—	—	—	—	—	—	(12.6)	(12.6)
Balance, December 31, 2023		1,449,692,210	14.5	1,108.0	(65.0)	106.2	287.2	1,451.0	66.7	1,517.7

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Changes in Equity (continued)

(Expressed in millions of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Reserves: Retained earnings/ (accumulated deficit)	Total equity attributable to the equity holders	Non-controlling interests	Total equity
Year ended December 31, 2022										
Balance, January 1, 2022		1,436,905,063	14.4	1,066.3	(66.5)	78.2	(402.7)	689.7	36.9	726.6
Profit for the year		—	—	—	—	—	312.7	312.7	25.6	338.3
Other comprehensive income (loss):										
Remeasurements on defined benefit plans, net of tax	14(c), 18(c)	—	—	—	—	2.7	—	2.7	0.0	2.7
Changes in fair value of hedges, net of tax	13(a), 18(c)	—	—	—	—	23.2	—	23.2	(0.2)	23.0
Settlement of cross currency swap agreement, net of tax	18(c), 21(d)	—	—	—	—	(0.1)	—	(0.1)	—	(0.1)
Foreign currency translation gains (losses) for foreign operations	18(c), 19	—	—	—	7.3	—	—	7.3	(3.5)	3.8
Total comprehensive income for the year		—	—	—	7.3	25.8	312.7	345.8	21.9	367.7
Transactions with owners recorded directly in equity:										
Change in fair value of put options included in equity	21(g)	—	—	—	—	—	(19.8)	(19.8)	—	(19.8)
Share-based compensation expense	14(a)	—	—	—	—	13.8	—	13.8	—	13.8
Exercise of share options	14(b)	1,071,467	0.0	3.2	—	(0.9)	—	2.3	—	2.3
Vesting of time-based restricted share awards	14(b)	923,902	0.0	1.9	—	(1.9)	—	—	—	—
Dividends paid to non-controlling interests	12(c)	—	—	—	—	—	—	—	(11.0)	(11.0)
Balance, December 31, 2022		1,438,900,432	14.4	1,071.4	(59.2)	115.0	(109.8)	1,031.8	47.8	1,079.6

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Cash Flows

(Expressed in millions of US Dollars)	Note	Year ended December 31, 2023	2022
Cash flows from operating activities:			
Profit for the year		**450.3**	338.3
Adjustments to reconcile profit for the year to net cash generated from operating activities:			
Depreciation	6	**39.8**	34.9
Amortization of intangible assets	7	**19.0**	22.3
Amortization of lease right-of-use assets	17(a)	**133.5**	118.2
Impairment Reversals	5, 6, 7, 17(a)	**(84.0)**	(72.2)
Change in fair value of put options included in finance costs	19, 21(g)	**21.8**	18.0
Non-cash share-based compensation expense	14(a)	**14.8**	13.8
Interest expense on borrowings and lease liabilities	13, 19	**133.0**	114.3
Non-cash charge to derecognize deferred financing costs	13, 19	**4.4**	—
Income tax expense	18(a)	**134.6**	24.3
		867.2	611.9
Changes in operating assets and liabilities:			
Trade and other receivables		**(33.0)**	(96.3)
Inventories		**(7.3)**	(349.6)
Other current assets		**0.4**	(14.1)
Trade and other payables		**(41.5)**	297.3
Other assets and liabilities		**(4.2)**	(12.6)
Cash generated from operating activities		**781.6**	436.6
Interest paid on borrowings and lease liabilities		**(128.5)**	(108.3)
Income tax paid		**(118.9)**	(50.6)
Net cash generated from operating activities		**534.2**	277.7
Cash flows from investing activities:			
Purchases of property, plant and equipment and software	6, 7	**(110.1)**	(62.8)
Net cash used in investing activities		**(110.1)**	(62.8)
Cash flows from financing activities:			
Proceeds from issuance of New Senior Credit Facilities	13(a)	**1,500.0**	—
Settlement of Prior Senior Credit Facilities	13(a)	**(1,565.1)**	—
Payments on Prior Senior Credit Facilities prior to settlement	13(a)	**(12.9)**	(751.4)
Payments on New Senior Credit Facilities	13(a)	**(113.0)**	—
(Payments on) proceeds from other loans and borrowings	13(a)	**(14.4)**	10.3
Principal payments on lease liabilities	17(d)	**(139.6)**	(131.3)
Payment of financing costs	13(a)	**(17.1)**	—
Proceeds from the exercise of share options	14	**26.8**	2.3
Dividend payments to non-controlling interests	12(c)	**(12.6)**	(11.0)
Net cash used in financing activities		**(347.8)**	(881.1)
Net increase (decrease) in cash and cash equivalents		**76.3**	(666.2)
Cash and cash equivalents, at beginning of year		**635.9**	1,324.8
Effect of exchange rate changes		**4.4**	(22.7)
Cash and cash equivalents, at end of year	11	**716.6**	635.9

The accompanying notes form part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. BACKGROUND

Samsonite International S.A. (the "Company"), together with its consolidated subsidiaries (the "Group"), is principally engaged in 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. The Group sells its products through a variety of wholesale distribution channels, through its company-operated retail stores and through e-commerce. The Group sells its products in Asia, North America, Europe and Latin America.

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.

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company was incorporated in Luxembourg on March 8, 2011, as a public limited liability company (a *société anonyme*), whose registered office is 13-15 avenue de la Liberté, L-1931 Luxembourg.

Details of the principal subsidiaries of the Group are set out in note 23 Share Capital and Reserves and Particulars of Group Entities.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") Accounting Standards, which collective term includes all International Accounting Standards ("IAS") and related interpretations, as issued by the International Accounting Standards Board (the "IASB").

Until December 31, 2012, the Company was preparing consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union ("EU"). On October 30, 2013, the Company obtained from the Luxembourg Ministry of Justice, a 3-year authorization to prepare consolidated accounts under IFRS Accounting Standards as adopted by the IASB instead of IFRS Accounting Standards as adopted by the EU provided that a reconciliation of the equity and result for the year as reported to the equity and result for the year that would have been reported under Luxembourg legal and regulatory requirements or under IFRS Accounting Standards as adopted by the EU is disclosed in the consolidated financial statements of the Company. The Company has received authorization from the Luxembourg Ministry of Justice to prepare the consolidated accounts under IFRS Accounting Standards as adopted by the IASB through the period ending December 31, 2023.

2. BASIS OF PREPARATION (Continued)

A reconciliation of the equity and result for the year as reported to the equity and result for the year that would have been reported under IFRS Accounting Standards as adopted by the EU is disclosed below.

	As of December 31,	
(Expressed in millions of US Dollars)	**2023**	2022
Equity under IFRS Accounting Standards as issued by the IASB	**1,517.7**	1,079.6
Reconciling item		
None	**—**	—
Equity under IFRS Accounting Standards as adopted by the EU	**1,517.7**	1,079.6

	For the year ended December 31,	
	2023	2022
Profit for the year under IFRS Accounting Standards as issued by the IASB	**450.3**	338.3
Reconciling item		
None	**—**	—
Profit for the year under IFRS Accounting Standards as adopted by the EU	**450.3**	338.3

The accounting policies below, where material, have been applied consistently to all periods presented in the consolidated financial statements unless otherwise noted.

The consolidated financial statements were authorized for issue by the Board of Directors (the "Board") on March 13, 2024.

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except as noted in the Summary of Material Accounting Policy Information set forth in note 3 below.

Certain amounts presented in this document have been rounded up or down to the nearest tenth of a million, unless otherwise indicated. There may therefore be discrepancies between the actual totals of the individual amounts in the tables and the totals shown, between the amounts in the tables and the amounts given in the corresponding analyses in the text of this document. All percentages and key figures were calculated using the underlying data in whole United States Dollars.

(c) Functional and Presentation Currency

The consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ("functional currency"). The functional currencies of the significant subsidiaries within the Group are the currencies of the primary economic environment and key business processes of these subsidiaries and include, but are not limited to, United States Dollars, Euros, Chinese Renminbi, South Korean Won, Japanese Yen and Indian Rupee.

Unless otherwise stated, the consolidated financial statements are presented in United States Dollars ("USD" or "US Dollar"), which is the functional and presentation currency of the Company.

2. BASIS OF PREPARATION (Continued)

(d) Use of Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies and to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. No significant changes occurred during the current reporting period of estimates reported in prior periods.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 3(p) – Revenue recognition
- Note 5 – Impairment Reversals
- Note 6 – Property, plant and equipment
- Note 7 – Goodwill and other intangible assets
- Note 9 – Inventories
- Note 14(b) – Share-based payment arrangements
- Note 17 – Leases
- Note 18 – Income taxes
- Note 21(g) – Fair value of financial instruments
- Note 23(b) – Non-controlling interests

Information about assumptions and estimation uncertainties that may have an effect on the consolidated financial statements, resulting in a material adjustment within the next financial year is included in the following notes:

- Note 5 – Impairment Reversals
- Note 6 – Property, plant and equipment
- Note 7 – Goodwill and other intangible assets
- Note 14(b) – Share-based payment arrangements
- Note 16 – Contingent liabilities
- Note 17 – Leases
- Note 18 – Income taxes
- Note 21 – Financial risk management and financial instruments

2. BASIS OF PREPARATION (Continued)

(e) Changes in Accounting Policies

The IASB has issued a number of new, revised and amended IFRS Accounting Standards. For the purpose of preparing the consolidated financial statements for the year ended December 31, 2023, the following revised accounting standards are effective.

In February 2021, the IASB issued *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* ("Amendments to IAS 1 and IFRS Practice Statement 2"). Amendments to IAS 1 and IFRS Practice Statement 2 are intended to help preparers in deciding which accounting policies to disclose in their financial statements. An entity is now required to disclose its material accounting policy information instead of its significant accounting policies. The Amendments to IAS 1 and IFRS Practice Statement 2 clarify (i) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (ii) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (iii) that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1. The Amendments to IAS 1 and IFRS Practice Statement 2 apply prospectively for annual reporting periods beginning on or after January 1, 2023. This amendment did not have a material impact on the consolidated financial statements of the Group.

In February 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)* ("Amendments to IAS 8"). Amendments to IAS 8 help entities distinguish between accounting policies and accounting estimates. The Amendments to IAS 8 also clarify how entities use measurement techniques and inputs to develop accounting estimates. The distinction between accounting policies and accounting estimates is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The Amendments to IAS 8 apply prospectively for annual reporting periods beginning on or after January 1, 2023, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. This amendment did not have a material impact on the consolidated financial statements of the Group.

In May 2021, the IASB issued *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)* ("Amendments to IAS 12"). Amendments to IAS 12 clarify how companies account for the recognition of deferred tax in relation to leases (when a lessee recognizes an asset and a liability at the lease commencement) and decommissioning obligations (when an entity recognizes a liability and includes the decommissioning costs in the cost of the item of property, plant and equipment) (the "fact pattern"). The IFRS Interpretations Committee assumed that in the fact pattern lease payments and decommissioning costs were deductible for tax purposes when paid; the IFRS Interpretations Committee identified different approaches in practice. The main change in Amendments to IAS 12 is now an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The Amendments to IAS 12 apply prospectively for annual reporting periods beginning on or after January 1, 2023. This amendment did not have a material impact on the consolidated financial statements of the Group.

2. BASIS OF PREPARATION (Continued)

In May 2023, the IASB issued *International Tax Reform – Pillar Two Model Rules* ("Tax Reform Amendments to IAS 12"). The Tax Reform Amendments to IAS 12 clarify how companies account for the recognition of deferred tax in relation to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development (the "OECD"), including tax law that implements qualified domestic minimum top-up taxes described in those rules. Such tax law, and the income taxes arising from it, are hereafter referred to as Pillar Two income taxes. As an exception to the requirements of the Tax Reform Amendments to IAS 12, an entity shall neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The Tax Reform Amendments to IAS 12 added paragraphs 4A and 88A – 88D to IAS 12. An entity shall apply paragraphs 4A and 88A immediately upon the issuance of these amendments and retrospectively in accordance with IAS 8 and apply paragraphs 88B – 88D for annual reporting periods beginning on or after January 1, 2023. See note 18 – Income Taxes for further discussion and the impacts from adoption.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

(a) Material Accounting Policy Information

Unless otherwise noted, the accounting policy information set out below have been applied consistently by the Group to all periods presented, where material, in these consolidated financial statements.

(b) Principles of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial information of subsidiaries is included in the consolidated financial statements from the date on which control commences until the date on which control ceases. All significant inter-company balances and transactions have been eliminated in consolidation.

(ii) Non-controlling Interests

Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from total equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statements of income and consolidated statements of comprehensive income as an allocation of the total profit (loss) for the year and total comprehensive income for the year between non-controlling interests and equity holders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with the resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the new cost basis on initial recognition of a financial asset or an associate.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(iii) Business Combinations

A 'business' is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is obtained by the Group. In assessing control, the Group takes into consideration substantive potential voting rights.

The Group measures goodwill at the acquisition date as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree, over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured at the acquisition date. If the net fair value is greater than the consideration transferred, then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships, if applicable. Such amounts generally are recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

When share-based payment awards ("replacement awards") are required to be exchanged for awards held by the acquiree's employees ("acquiree's awards") and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

(c) Foreign Currency Translation

(i) Foreign Currency Transactions

Foreign currency transactions are translated using foreign exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on re-translation are recognized in profit or loss, except for differences arising on the re-translation of qualifying cash flow hedges, which are recognized in other comprehensive income. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(ii) Foreign Operations

The assets and liabilities of the Group's foreign subsidiaries are translated into USD at period end exchange rates. Equity accounts denominated in foreign currencies are translated into USD at historical exchange rates. Income and expense accounts are translated at average monthly exchange rates. All foreign currency differences arising from the translation of the financial statements of foreign operations are recorded in the foreign currency translation reserve in the consolidated statements of changes in equity. The net exchange gains or losses resulting from translating at varied exchange rates are presented as a component of other comprehensive income or loss and accumulated in equity and attributed to non-controlling interests, as appropriate.

(d) Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group's segment reporting is based on geographical areas, representative of how the Group's business is managed and its operating results are evaluated. The Group's operations are organized as follows: (i) "Asia"; (ii) "North America"; (iii) "Europe"; (iv) "Latin America"; and (v) "Corporate".

Segment results that are reported to management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, income tax assets and liabilities, and licensing activities from the license of brand names owned by the Group.

Segment total capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and software.

(e) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, excluding computer software costs which are included in intangible assets. Cost includes expenditures that are directly attributable to the acquisition of the asset. Improvements which extend the life of an asset are capitalized. Maintenance and repair costs are expensed as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

Gains and losses arising from the retirement or disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in profit or loss on the date of retirement or disposal.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Depreciation and amortization are provided on the straight-line method over the estimated useful life of the asset or the lease term, if applicable, as follows:

• Buildings	20 to 30 years
• Machinery, equipment and other	3 to 10 years
• Leasehold improvements	Lesser of useful life or the lease term

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate. Land owned by the Group with freehold interest is not depreciated.

(f) Leases

At inception of a contract, the Group is required to assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group is required to assess whether, throughout the period of use, it has both (i) the right to obtain substantially all of the economic benefits from use of the identified asset throughout the contract period, and (ii) the right to direct the use of the identified asset in order to determine if the asset meets the definition of a lease in accordance with IFRS 16, *Leases* ("IFRS 16").

A lease right-of-use asset and a lease liability are recognized at the lease commencement date. The lease right-of-use asset is initially measured at cost, which comprises the present value of the corresponding lease liability plus certain direct costs incurred by the Group and any payments made before the commencement date less any lease incentives received. Subsequently, the lease right-of-use asset is measured at cost less any accumulated amortization and impairment losses, offset by impairment reversals, as applicable, and adjusted for certain re-measurements of the lease liability in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments not yet paid using an incremental borrowing rate. The incremental borrowing rate represents the cost of obtaining external financing for a corresponding asset with a financing period corresponding to the term of the lease denominated in the currency in which lease payments are settled. The Group has determined the incremental borrowing rates of each portfolio of leases on a country-by-country basis. Subsequently, lease liabilities are measured by increasing the carrying amount to reflect the effective interest on the lease liability, reducing the carrying amount to reflect the lease payments, and re-measuring to reflect any reassessment or modification or to reflect revised in-substance fixed lease payments. Consequently, the lease liability is measured on an amortized cost basis and the interest expense is allocated over the lease term.

Short-term leases (lease periods that are twelve months or less), low-value leases (leases that are US$5,000 or less) and the current and anticipated expenses relating to variable lease payments are not included in the measurement of lease liabilities. The rental cost for short-term, low-value and current expense for variable lease payments continue to be recorded as incurred as rent expense.

For lease right-of-use assets that have been recognized on the consolidated statement of financial position, an amortization charge on the lease right-of-use asset is straight-lined over the lease term. For lease liabilities that have been recognized on the consolidated statement of financial position, a charge for the interest accretion on the net present value of the lease liability is recognized and this amount declines over the individual lease term.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Over the lease term and individually, the total expense is recognized on a front-loaded basis as the interest charge is higher during the earlier stages of the lease term and the amortization charge is recognized on a straight-line basis. These expenses are presented in separate line items for amortization of the lease right-of-use asset and interest expense related to the lease liability.

In the consolidated statements of cash flows, the principal payments on lease liabilities are classified within cash flows from financing activities, while the interest paid on lease liabilities is classified within cash flows from operating activities.

(g) Goodwill and Other Intangible Assets

(i) Goodwill

Goodwill that arises upon the acquisition of a business is recognized as an intangible asset. For measurement of goodwill at initial recognition, see note 3(b)(iii) Business Combinations. Subsequent to initial recognition, goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash generating unit ("CGU"), or groups of CGUs, which are expected to benefit from the synergies of the combination and are tested annually for impairment.

(ii) Intangible Assets (Other Than Goodwill)

Intangible assets primarily consist of tradenames, customer relationships and computer software costs.

Intangible assets which are considered to have an indefinite life, such as tradenames, are measured at cost less accumulated impairment losses, offset by impairment reversals, as applicable, and are not amortized but are tested for impairment at least annually or more frequently if events or circumstances indicate that the asset may be impaired. *Samsonite®*, *Tumi®*, *American Tourister®*, *Gregory®*, *High Sierra®*, *Kamiliant®*, *ebags®*, *Lipault®* and *Hartmann®* are the primary tradenames of the Group. It is anticipated that the economic benefits associated with these tradenames will continue for an indefinite period. The conclusion that the tradenames are an indefinite life asset is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortization of intangible assets with finite lives as set out below.

Intangible assets which have a finite life are amortized and measured at cost less accumulated amortization and accumulated impairment losses, offset by impairment reversals, as applicable. Amortization expense is recognized in profit or loss on a straight-line basis over the estimated useful lives from the date that they are available for use, as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets. The range of estimated useful lives are as follows:

• Customer relationships	10 to 20 years
• Patents	1 to 10 years
• Computer software costs	3 to 5 years

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

The Group capitalizes the costs of purchased software and costs to configure, install and test software and includes these costs within other intangible assets in the consolidated statements of financial position. Software assessment and evaluation, process reengineering, training, maintenance and ongoing software support costs are expensed as incurred.

Intangible assets having a finite life are reviewed for impairment indicators at least quarterly or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Estimated useful lives of intangible assets are reviewed annually and adjusted if applicable.

(h) Impairment

(i) Financial Assets (Including Trade and Other Receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is an impairment. A financial asset is impaired if the Group expects a credit loss to occur.

The Group considers the impairment of receivables at both a specific asset and collective level. All individually significant receivables are assessed for expected credit losses. All individually significant receivables found not to be specifically impaired are then collectively assessed for any potential impairment. Loss allowances for receivables are measured at an amount equal to lifetime expected credit losses.

In assessing collective impairment, the Group uses historical trends, adjusted for management's judgment as to whether current economic and credit conditions are such that the current or future actual losses are likely to be greater or less than suggested by historical trends. Impairment losses that have been recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss may be reversed if there has been a change in the estimates used to determine the recoverable amount. The Group writes off amounts deemed uncollectable where there is no reasonable expectation of recovery.

(ii) Non-financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For those CGUs or group of CGUs to which goodwill has been allocated and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year during the fourth quarter.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Judgment is required to determine key assumptions adopted in the analysis and any changes to key assumptions may significantly affect the analysis. Actual results will be influenced by the prevailing economic conditions and potentially other unforeseen events or circumstances that could have a negative impact on future results.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs that is expected to benefit from the synergies of the combination.

The Group's corporate assets, apart from intangibles, do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset may be allocated.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss that has been recognized on goodwill is not reversed in subsequent periods if estimates used to determine the recoverable amount change. For other assets, impairment losses that have been recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

(i) Inventories

Inventories are carried at the lower of cost or net realizable value. Cost is calculated using the weighted average method. The cost of inventory includes expenditures incurred in acquiring the inventories, production costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Cost also may include transfers from other accumulated comprehensive income (loss) of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as expenses in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(j) Trade and Other Receivables

Trade accounts receivable are recorded at invoiced amounts, less estimated allowances for trade terms, sales incentive programs, discounts, markdowns, chargebacks and returns as discussed below in Revenue Recognition. Royalty receivables are recorded at amounts earned based on the licensees' sales of licensed products, subject in some cases to contractual minimum royalties due from individual licensees. The Group maintains an allowance for credit losses for estimated losses that will result from the inability of customers to make required payments. The allowance is determined based on a review of specific customer accounts where credit losses are expected to occur, as well as an assessment of the collectability of total receivables considering the aging of balances, historical and anticipated trends, and current economic conditions. All accounts are subject to ongoing review of ultimate collectability. Receivables are written off against the allowance when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash held at banks, deposits held at call with banks, and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(l) Interest-bearing Borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and the redemption value being recognized in profit or loss over the period of the borrowings, together with any interest payable and deferred financing costs, using the effective interest method.

(m) Financial Instruments

(i) Non-derivative Financial Assets and Liabilities

The Group initially recognizes receivables and deposits on the date that they originate.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the consolidated statements of financial position when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, receivables are measured at cost, less any impairment losses. Receivables comprise trade and other receivables.

The Group initially recognizes debt instruments issued on the date that they originate. The Group derecognizes a financial liability when its contractual obligations are discharged, canceled or expire.

The Group has the following non-derivative financial liabilities recognized in the consolidated statements of financial position: loans and borrowings and trade and other payables. Both loans and borrowings and trade and other payables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to their initial recognition, loans and borrowings are accounted for at amortized cost using the effective interest method.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(ii) Derivative Financial Instruments

The Group holds derivative financial instruments to hedge certain of its foreign currency risk and interest rate risk exposures. For financial liabilities, embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. For derivatives designated in hedging relationships, changes in the fair value are either offset through profit or loss against the change in fair value of the hedged item attributable to the risk being hedged or recognized in hedging reserves that are reported directly in equity (deficit) until the hedged item is recognized in profit or loss and, at that time, the related hedging gain or loss is removed from equity (deficit) and is used to offset the change in value of the hedged item.

Other than agreements with holders of non-controlling interests, there were no derivatives embedded in host contracts during the periods presented. The Group has certain put option agreements that are classified as financial liabilities in accordance with IAS 32, *Financial Instruments: Presentation* ("IAS 32"), in the consolidated statements of financial position, as the Group has a potential obligation to settle the option in cash in the future. The amount recognized initially is the fair value of the redeemable non-controlling interests and subsequently remeasured at each reporting date based on a price-to-earnings multiple. For agreements entered into prior to the adoption of IFRS 3, *Business Combinations* ("IFRS 3"), on January 1, 2008, subsequent changes in liabilities are recognized in profit or loss. For agreements entered into after January 1, 2008, subsequent changes in liabilities are recognized through equity.

Derivatives are recognized initially at fair value and any attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

The Group periodically enters into derivative contracts that it designates as a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). For all hedging relationships, in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"), the Group formally documents the hedging relationship and its risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio). For a cash flow hedge of a forecasted transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of other accumulated comprehensive income (loss) and presented in other reserves in equity with the offset included in trade and other payables, and reclassified into profit or loss in the same period or periods during which the hedged transaction affects profit or loss. Gains and losses on the derivative representing hedge ineffectiveness are excluded from the assessment of effectiveness and are recognized immediately in profit or loss.

The Group discontinues hedge accounting prospectively when it determines that the derivative is no longer effective in offsetting cash flows of the hedged item, the derivative expires or is sold, terminated, or exercised, the derivative is de-designated as a hedging instrument because it is unlikely that a forecasted transaction will occur, or management determines that designation of the derivative as a hedging instrument is no longer appropriate.

When a derivative financial instrument is not held for trading, and is not designated in a qualified hedging relationship, all changes in fair value are recognized immediately through profit or loss. If the forecasted transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

(iii) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

(n) Employee Benefits

(i) Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is based on a high-grade bond yield curve in the same currency under which the benefits were projected and discounted at spot rates along the curve. The discount rate is then determined as a single rate yielding the same present value. IAS 19, *Employee Benefits* ("IAS 19") limits the measurement of the defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling, which is defined as the present value of any economic benefits available in the form of refunds from the plan or redirections in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

Certain subsidiaries of the Group have pension plans or post-retirement health benefit plans which provide retirement benefits for eligible employees, generally measured by length of service, compensation and other factors. The Group follows the recognition, measurement, presentation and disclosure provisions of IAS 19. Under IAS 19, remeasurements, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognized immediately in other comprehensive income or loss and are not subsequently reclassified into profit or loss. The measurement date for all pension and other employee benefit plans is the Group's fiscal year end.

Under IAS 19, the Group determines the net interest expense (income) for the period on the net defined benefit liability (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) at the beginning of the annual period. Consequently, the net interest cost on the net defined benefit liability (asset) comprises:

- Interest cost on the defined benefit obligation;
- Interest income on plan assets; and
- Interest on the effect of asset ceiling.

(iii) Other Long-term Employee Benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is based on a high-grade bond yield curve in the same currency under which the benefits are projected and discounted at spot rates along the curve. The discount rate is then determined as a single rate yielding the same present value. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise. Actuarial valuations are obtained annually at the end of the fiscal year.

(iv) Termination Benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

(v) Short-term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(vi) Share-based Compensation

The grant-date fair value of equity-settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity when such awards represent equity-settled awards, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For equity-settled share-based payment awards with market performance conditions or non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Holders of vested share options are entitled to buy newly issued ordinary shares of the Company at a purchase price per share equal to the exercise price of the options. The fair value of services received in return for share options granted is based on the fair value of share options granted measured using the Black-Scholes valuation model. The fair value calculated for share options is inherently subjective due to the assumptions made and the limitations of the model utilized. Shares underlying an award of share options that forfeit ("lapse") without the issuance of such shares upon the exercise of such options may be available for future grant under the Share Award Scheme (as defined in note 14(b) Share-based Payment Arrangements).

The Company may, from time to time, grant restricted share units ("RSUs"), including time-based RSUs ("TRSUs") and performance-based RSUs ("PRSUs"), to certain key management personnel and other employees of the Group. The vesting of the RSUs is subject to the continuing employment of the grantee and, in the case of PRSUs, to the Company's achievement of pre-established performance goals. The closing market price of the Company's shares on the date of grant is used to determine the grant date fair value. The Company has historically granted PRSUs with either (a) market-based performance conditions or (b) non-market-based performance conditions. Where the performance-based award incorporates a market-based performance condition, the grant-date fair value of such award is determined using a Monte Carlo simulation. These fair values are recognized as expense over the requisite service period, net of estimated forfeitures, based on expected attainment of pre-established performance goals for PRSUs with market-based performance conditions, or the passage of time for TRSUs. For awards with market-based performance conditions, the expense is recognized over the requisite service period with no adjustment to the expense recognized for actual achievement. For awards with non-market-based performance conditions, the expense is recognized over the requisite service period with an adjustment to the total expense recognized for actual shares vested. Actual distributed shares are calculated upon the conclusion of the service and performance periods.

(o) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, items recognized directly in equity or in other comprehensive income or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years.

The Group recognizes a tax reserve for uncertain tax treatment which is evaluated by determining whether it is probable that the tax treatments will be accepted by the tax authorities and, if not probable, whether a tax reserve relating to specific uncertain tax treatments is required. The Group records tax reserves based on the expected value and most likely amount of uncertainty. The Group records interest and penalties related to these uncertain tax treatments based on the specific facts and circumstances, including the substance of the tax legislation and the process of negotiation with the tax authorities in a specific jurisdiction.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, if they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(p) Revenue Recognition

Revenues from wholesale product sales are recognized when control of a good is transferred to a customer. Provisions are made for estimates of markdown allowances, warranties, returns and discounts at the time product sales are recognized. Shipping terms are predominately FOB shipping point (title transfers to the customer at the Group's shipping location) except in certain Asian countries where title transfers upon delivery to the customer. In all cases, sales are recognized upon transfer of control to customers. Revenues from retail sales are recognized at the point of sale to consumers.

Revenue is measured at the fair value of the consideration received or receivable. Provided that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss.

The Group licenses its brand names to certain third parties. Net sales in the accompanying consolidated statements of income include royalties earned on licensing agreements with third parties, for which revenue is earned and recognized when the third party makes a sale of a branded product of the Group.

(q) Cost of Sales, Distribution, Marketing and General and Administrative Expenses

The Group includes the following types of costs in cost of sales: direct product purchase and manufacturing costs, duties, freight, receiving, inspection, internal transfer costs, depreciation, procurement and manufacturing overhead, impairment charges related to property, plant and equipment and restructuring charges. The impairment of inventories and the reversals of such impairments are included in cost of sales during the period in which they occur.

Distribution expenses primarily comprise employee benefits, customer freight, depreciation, amortization of intangible assets, amortization of lease right-of-use assets, rent associated with short-term, low-value and expense for variable leases, warehousing costs and other selling expenses.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Marketing expenses consist of advertising and promotional activities. Costs for producing media advertising are deferred until the related advertising first appears in print or television media, at which time such costs are expensed. All other advertising costs are expensed as incurred. Cooperative advertising costs associated with customer support programs giving the Group an identifiable advertising benefit equal to at least the amount of the advertising allowance are deferred and charged to marketing expenses when the related revenues are recognized.

General and administrative expenses consist of management salaries and benefits, information technology costs, amortization of lease right-of-use assets and other costs related to administrative functions and are expensed as incurred.

(r) Finance Income and Costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings (including the amortization or derecognition of deferred financing costs), interest expense on lease liabilities, unwinding of the discount on provisions, changes in the fair value of put options associated with the Group's majority-owned subsidiaries, net gains (losses) on hedging instruments that are recognized in profit or loss and reclassifications of net gains (losses) previously recognized in other comprehensive income or loss. Foreign currency gains and losses are reported as finance costs on a net basis.

Costs incurred in connection with the issuance of debt instruments are included in the initial measurement of the related financial liabilities in the consolidated statements of financial position. As a consequence, these deferred financing costs are amortized using the effective interest method over the term of the related debt obligation.

(s) Earnings (Loss) Per Share

The Group presents basic and diluted earnings (loss) per share data for its ordinary shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares outstanding for the period, adjusted for any shares held by the Group. Diluted earnings (loss) per share is determined by dividing the profit or loss attributable to ordinary equity shareholders by the weighted average number of ordinary shares outstanding, adjusted for any shares held by the Group, for the effects of all potentially dilutive ordinary shares, which comprise share options and RSUs granted to employees, as applicable.

(t) Provisions and Contingent Liabilities

Provisions are recognized for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(u) New Standards and Interpretations

Certain new standards, amendments to standards and interpretations that may be applicable to the Group are not yet effective for the year ended December 31, 2023, and have not been applied in preparing these consolidated financial statements.

In January 2020, the IASB amended IAS 1, *Presentation of Financial Statements* ("IAS 1"), to promote consistency in application and clarify the requirements on determining if a liability is current or non-current. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of a reporting period. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must have substance and exist at the end of a reporting period.

This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. The IASB confirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within twelve months after the reporting date.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The Group is in the process of assessing the impact these amendments to IAS 1 will have on its consolidated financial statements.

In September 2022, the IASB issued *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)* ("Amendments to IFRS 16") relating to sale and leaseback transactions. Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. IFRS 16 includes requirements regarding the accounting treatment of a sale and leaseback at the date the transaction takes place. However, IFRS 16 did not specify the way the transaction is measured after that date. The Amendments to IFRS 16 are intended to improve the requirements for sale and leaseback transactions in IFRS 16, thus supporting the consistent application of the accounting standard. The Amendments to IFRS 16 will not change the accounting treatment for leases other than those arising from a sale and leaseback transaction. The Amendments to IFRS 16 apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The Group does not anticipate that the Amendments to IFRS 16 will have any impact on its consolidated financial statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

In May 2023, the IASB amended IAS 7, *Statements of Cash Flows* and IFRS 7, *Financial Instruments: Disclosures* ("Amendments to IAS 7 and IFRS 7"). The Amendments to IAS 7 and IFRS 7 introduce two new disclosure objectives for companies to provide information about their supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the Amendments to IAS 7 and IFRS 7, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The Amendments to IAS 7 and IFRS 7 also add supplier finance arrangements as an example to the existing financial instruments' disclosure requirements on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The Amendments to IAS 7 and IFRS 7 are effective for periods beginning on or after January 1, 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available. The Group is in the process of assessing the impact these amendments to IAS 7 and IFRS 7 may have on its consolidated financial statements.

In August 2023, the IASB amended IAS 21, *The Effects of Changes in Foreign Exchange Rates* ("Amendments to IAS 21"). The Amendments to IAS 21 require companies to provide more useful information in their financial statements when a currency cannot be exchanged into another currency. The Amendments to IAS 21 introduce a definition of currency exchangeability and the process by which a company should assess this exchangeability. In addition, the Amendments to IAS 21 provide guidance on how a company should estimate a spot exchange rate in cases where a currency is not exchangeable and require additional disclosures in cases where a company has estimated a spot exchange rate due to a lack of exchangeability. The Amendments to IAS 21 are effective for accounting periods beginning on or after January 1, 2025. The Group is in the process of assessing the impact these amendments to IAS 21 may have on its consolidated financial statements.

4. SEGMENT REPORTING

(a) Operating Segments

Management of the business and evaluation of operating results is organized primarily along geographic lines dividing responsibility for the Group's operations, besides the Corporate segment, as follows:

- Asia – includes operations in South Asia (India and the Middle East), China, Singapore, South Korea, Taiwan, Malaysia, Japan, Hong Kong, Thailand, Indonesia, Philippines, Australia and certain other Asian markets;
- North America – includes operations in the United States of America and Canada;
- Europe – includes operations in European countries as well as South Africa;
- Latin America – includes operations in Chile, Mexico, Argentina, Brazil, Colombia, Panama, Peru and Uruguay; and
- Corporate – primarily includes certain licensing activities from brand names owned by the Group and the Corporate headquarters function with related overhead.

Information regarding the results of each reportable segment is included below. Performance is generally measured based on segment operating profit or loss, as included in the internal management reports that are reviewed by the Chief Operating Decision Maker. Segment operating profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the operating results of the Group's segments.

4. SEGMENT REPORTING (Continued)

Segment information as of and for the years ended December 31, 2023, and December 31, 2022, is as follows:

(Expressed in millions of US Dollars)	Year ended December 31, 2023 Asia	North America	Europe	Latin America	Corporate[3]	Consolidated
External revenues	**1,427.8**	**1,267.2**	**776.9**	**209.5**	**1.1**	**3,682.4**
Operating profit	**326.9**	**249.0**	**134.4**	**27.1**	**6.2**	**743.7**
Depreciation and amortization[1]	**59.7**	**69.9**	**45.2**	**14.7**	**2.8**	**192.3**
Total capital expenditures	**47.1**	**27.7**	**25.6**	**7.2**	**2.5**	**110.1**
Impairment reversals	**—**	**—**	**—**	**—**	**(84.0)**	**(84.0)**
Finance income	**3.5**	**1.0**	**1.4**	**4.2**	**4.3**	**14.3**
Finance costs[2]	**(10.8)**	**(13.0)**	**(8.8)**	**(10.1)**	**(130.3)**	**(173.0)**
Income tax (expense) benefit	**(53.0)**	**(45.9)**	**(33.9)**	**18.3**	**(20.1)**	**(134.6)**
Total assets	**1,409.1**	**1,555.1**	**779.3**	**197.6**	**1,170.8**	**5,111.8**
Total liabilities	**678.5**	**1,015.1**	**383.8**	**100.1**	**1,416.6**	**3,594.1**

(Expressed in millions of US Dollars)	Year ended December 31, 2022 Asia	North America	Europe	Latin America	Corporate[3]	Consolidated
External revenues	916.4	1,117.3	675.7	168.8	1.5	2,879.6
Operating profit	148.9	209.2	103.2	20.6	10.2	492.1
Depreciation and amortization[1]	54.7	66.3	38.9	12.5	2.9	175.4
Total capital expenditures	21.4	14.4	20.2	2.4	4.3	62.8
Impairment (reversals) charges	—	(2.3)	10.7	—	(80.7)	(72.2)
Finance income	2.2	0.2	0.5	1.7	4.2	8.8
Finance costs[2]	(6.9)	(10.0)	(11.1)	(3.6)	(106.7)	(138.3)
Income tax (expense) benefit	(11.6)	(41.0)	12.2	(1.5)	17.6	(24.3)
Total assets	1,259.3	1,419.7	685.9	146.0	1,210.1	4,721.1
Total liabilities	618.3	969.5	411.7	91.8	1,550.1	3,641.5

Notes

(1) Depreciation and amortization expense for the years ended December 31, 2023, and December 31, 2022, included amortization expense associated with lease right-of-use assets recorded in accordance with IFRS 16.

(2) Finance costs for the years ended December 31, 2023, and December 31, 2022, included interest expense on financial liabilities, which included the amortization and derecognition of deferred financing costs, interest expense on lease liabilities in accordance with IFRS 16, change in the fair value of put options and unrealized (gains) losses on foreign exchange that are presented on a net basis.

(3) The Corporate segment's total assets and total liabilities included inter-company elimination entries that occur across all segments of the Company.

4. SEGMENT REPORTING (Continued)

The following table sets forth a disaggregation of net sales by brand for the years ended December 31, 2023, and December 31, 2022:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2023**	2022
Net sales by brand:		
Samsonite	**1,849.0**	1,444.3
Tumi	**878.6**	654.2
American Tourister	**654.5**	519.4
Other[(1)]	**300.3**	261.7
Net sales	**3,682.4**	2,879.6

Note

(1) "Other" includes certain other non-core brands owned by the Group, such as *Gregory, High Sierra, Kamiliant, ebags, Xtrem, Lipault, Hartmann, Saxoline* and *Secret*, as well as third-party brands sold through the Group's Rolling Luggage and Chic Accent retail stores.

The following table sets forth a disaggregation of net sales by product category for the years ended December 31, 2023, and December 31, 2022:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2023**	2022
Net sales by product category:		
Travel	**2,435.9**	1,891.8
Non-travel[(1)]	**1,246.5**	987.8
Net sales	**3,682.4**	2,879.6

Note

(1) The non-travel product category comprises business, casual, accessories and other products.

The following table sets forth a disaggregation of net sales by distribution channel for the years ended December 31, 2023, and December 31, 2022:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2023**	2022
Net sales by distribution channel:		
Wholesale	**2,247.2**	1,794.1
Direct-to-consumer ("DTC")[(1)]	**1,433.9**	1,083.8
Other[(2)]	**1.3**	1.6
Net sales	**3,682.4**	2,879.6

Notes

(1) DTC, or direct-to-consumer, includes bricks-and-mortar retail and e-commerce sites operated by the Group.

(2) "Other" primarily consists of licensing revenue.

(b) Geographical Information

The following tables set out enterprise-wide information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's specified non-current assets as defined further below. The geographical location of customers is generally based on the selling location of the goods. The geographical location of the specified non-current assets is based on the physical location of the assets.

4. SEGMENT REPORTING (Continued)

(i) Revenue from External Customers

The following table presents the revenues earned in major geographical locations where the Group has operations. The geographic location of the Group's net sales generally reflects the country/territory from which its products were sold and does not necessarily indicate the country/territory in which its end customers were actually located.

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2023**	2022
Asia:		
China	**297.6**	166.5
India	**260.3**	218.1
Japan	**189.4**	121.2
South Korea	**161.8**	108.4
Hong Kong(1), (2)	**115.3**	58.8
Singapore(1)	**86.2**	42.1
Australia	**78.2**	57.0
Indonesia	**64.6**	47.0
Thailand	**49.5**	26.8
United Arab Emirates	**45.2**	35.1
Other	**79.7**	35.5
Total Asia	**1,427.8**	916.4
North America:		
United States	**1,191.6**	1,058.6
Canada	**75.6**	58.7
Total North America	**1,267.2**	1,117.3
Europe:		
Belgium(3)	**182.2**	158.5
Germany	**109.4**	85.1
Italy	**82.3**	67.1
France	**75.1**	65.8
United Kingdom(4)	**74.2**	68.9
Spain	**67.4**	56.5
Netherlands	**40.5**	33.4
Turkey	**36.9**	32.9
Switzerland	**21.1**	18.6
Austria	**20.5**	16.2
Russia	—	9.8
Other	**67.2**	62.9
Total Europe	**776.9**	675.7
Latin America:		
Mexico	**71.5**	48.7
Chile	**63.2**	55.5
Brazil(5)	**27.9**	24.3
Other	**46.7**	40.2
Total Latin America	**209.5**	168.8
Corporate and other (royalty revenue):		
Luxembourg	**1.1**	1.5
Total Corporate and other	**1.1**	1.5
Total	**3,682.4**	2,879.6

Notes

(1) Includes net sales made domestically as well as net sales to distributors in certain other Asian markets.

(2) Net sales reported for Hong Kong include net sales made in Macau.

(3) Net sales in Belgium were US$25.2 million and US$21.2 million for the years ended December 31, 2023, and December 31, 2022, respectively. Remaining sales consisted of direct shipments to distributors, customers and agents in other European countries, including e-commerce.

(4) Net sales reported for the United Kingdom include net sales made in Ireland.

(5) Excludes sales made to distributors in Brazil from outside the country.

4. SEGMENT REPORTING (Continued)

(ii) Specified Non-current Assets

The following table presents the Group's specific material non-current assets by location at December 31, 2023, and December 31, 2022. Specific material non-current assets are disclosed based on the subsidiary's country of domicile. For the years ended December 31, 2023, and December 31, 2022, non-current assets mainly comprise tradenames, customer relationships, property, plant and equipment, lease right-of-use assets and deposits.

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2023**	2022
United States	**1,421.8**	1,270.4
Singapore	**516.6**	510.1
Luxembourg	**113.2**	143.7
Belgium	**75.4**	69.9
India	**59.9**	38.7
China	**44.9**	40.5
Japan	**43.4**	46.3
Chile	**27.5**	20.9
Italy	**26.5**	19.2
France	**23.3**	16.3
United Kingdom	**23.2**	15.9
Hong Kong	**22.6**	16.6
Hungary	**22.4**	21.3
Mexico	**21.6**	13.6
Germany	**21.0**	16.5
South Korea	**17.5**	15.9
Spain	**13.6**	9.2
Canada	**9.2**	10.0

5. IMPAIRMENT REVERSALS

In accordance with IAS 36, *Impairment of Assets* ("IAS 36"), the Group is required to evaluate its intangible assets with indefinite lives at least annually. The Group reviews the carrying amounts of its intangible assets with indefinite lives to determine whether there is any indication of impairment below its carrying value (resulting in an impairment charge), or when an event has occurred or circumstances change that would result in the recoverable amount of intangible assets, excluding goodwill, exceeding its net impaired carrying value (resulting in an impairment reversal). The Group is also required to perform a review for impairment indicators at the end of each reporting period on its tangible and intangible assets with finite useful lives. If there is any indication that an asset may be impaired or there may be an impairment reversal, the Group must estimate the recoverable amount of the asset or CGU.

2023 Impairment Reversals

Based on valuations performed by a third-party specialist engaged by the Company in conjunction with its annual assessment during the fourth quarter of 2023, management determined that the recoverable amounts of certain intangible assets exceeded their net impaired carrying values during the year ended December 31, 2023, resulting in the reversal of certain non-cash impairment charges that had been recorded during the year ended December 31, 2020. The Group recognized non-cash impairment reversals totaling US$84.0 million during the year ended December 31, 2023, for certain tradenames. The increase in recoverable value for these tradenames is attributable to the continued improvement in net sales and profitability.

5. IMPAIRMENT REVERSALS (Continued)

2022 Impairment (Reversals) Charges

Based on valuations performed by a third-party specialist engaged by the Company in conjunction with its annual assessment during the fourth quarter of 2022, management determined that the recoverable amounts of certain intangible assets exceeded their net impaired carrying values during the year ended December 31, 2022, resulting in the reversal of certain non-cash impairment charges that had been recorded during the year ended December 31, 2020. The Group recognized non-cash impairment reversals totaling US$81.7 million during the year ended December 31, 2022, for certain tradenames. The increase in recoverable value for these tradenames is attributable to the continued improvement in net sales and profitability.

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. During the year ended December 31, 2022, the Group recognized non-cash impairment charges related to the disposition of its Russian operations totaling US$11.9 million, of which US$4.0 million related to lease right-of-use assets and US$0.1 million for property, plant and equipment associated with the retail stores in Russia, and the remaining US$7.8 million related to the disposition of the Group's Russian operations.

Based on an evaluation of company-operated retail stores during the year ended December 31, 2022, the Group determined that the recoverable amounts of certain retail stores, which represent individual CGUs, exceeded their corresponding net impaired carrying amounts, resulting in impairment reversals being recorded during the year ended December 31, 2022. During the year ended December 31, 2022, the Group recognized non-cash impairment reversals totaling US$2.4 million, which were comprised of US$2.2 million for lease right-of-use assets and US$0.2 million for property, plant and equipment, including leasehold improvements related to such stores.

The following table sets forth a breakdown of the impairment reversals for the year ended December 31, 2023 (the "2023 Impairment Reversals"), and for the year ended December 31, 2022 (the "2022 Impairment Reversals").

(Expressed in millions of US Dollars)		**Year ended December 31,**	
Impairment (reversals) charges recognized on:	Line item in consolidated statements of income where impairment reversals are recorded:	**2023**	2022
Tradenames	Impairment Reversals	**(84.0)**	(81.7)
Lease right-of-use assets	Impairment Reversals	—	1.8
Property, plant and equipment	Impairment Reversals	—	(0.1)
Other[(1)]	Impairment Reversals	—	7.8
Total impairment reversals		**(84.0)**	(72.2)

Note

(1) Other impairment charges for the year ended December 31, 2022, were attributable to the disposition of the Group's Russian operations that was completed on July 1, 2022.

5. IMPAIRMENT REVERSALS (Continued)

Expenses related to lease right-of-use assets and property, plant and equipment, including leasehold improvements, related to stores, have historically been classified as distribution expenses on the consolidated statements of income using the function of expense presentation method.

The 2023 Impairment Reversals of US$84.0 million and the 2022 Impairment Reversals of US$72.2 million were recorded in the Group's consolidated statements of income in the line item "Impairment Reversals" (see also note 6 Property, Plant and Equipment, note 7 Goodwill and Other Intangible Assets and note 17 Leases, for further discussion).

6. PROPERTY, PLANT AND EQUIPMENT

The historical cost and accumulated depreciation for property, plant and equipment as of December 31, 2023, and December 31, 2022, was as follows:

(Expressed in millions of US Dollars)	Land	Buildings	Machinery, equipment, leasehold improvements and other	Total
2023				
Historical cost	**11.3**	**86.5**	**713.4**	**811.2**
Accumulated depreciation and impairment	**(1.3)**	**(44.4)**	**(542.9)**	**(588.6)**
Net carrying amount as of December 31, 2023	**10.0**	**42.2**	**170.6**	**222.7**
2022				
Historical cost	11.1	84.4	631.7	727.2
Accumulated depreciation and impairment	(1.3)	(40.8)	(523.5)	(565.6)
Net carrying amount as of December 31, 2022	9.8	43.5	108.2	161.5

The changes in the carrying amount for property, plant and equipment for the years ended December 31, 2023, and December 31, 2022, were as follows:

(Expressed in millions of US Dollars)	Land	Buildings	Machinery, equipment, leasehold improvements and other	Total
Net carrying amount as of January 1, 2023	**9.8**	**43.5**	**108.2**	**161.5**
Additions	—	**0.8**	**98.5**	**99.3**
Depreciation	—	**(2.5)**	**(37.3)**	**(39.8)**
Disposals	—	**(0.0)**	**(0.8)**	**(0.8)**
Exchange differences and other movements	**0.1**	**0.3**	**2.0**	**2.4**
Net carrying amount as of December 31, 2023	**10.0**	**42.2**	**170.6**	**222.7**

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(Expressed in millions of US Dollars)	Land	Buildings	Machinery, equipment, leasehold improvements and other	Total
Net carrying amount as of January 1, 2022	10.3	50.7	94.1	155.1
Additions	—	0.1	51.5	51.6
Depreciation	—	(2.4)	(32.5)	(34.9)
Disposals	(0.2)	(1.3)	(0.6)	(2.1)
Impairment Reversals	—	—	0.1	0.1
Exchange differences and other movements	(0.3)	(3.5)	(4.5)	(8.4)
Net carrying amount as of December 31,2022	9.8	43.5	108.2	161.5

Depreciation expense for the years ended December 31, 2023, and December 31, 2022, amounted to US$39.8 million and US$34.9 million, respectively. Of this amount, US$8.5 million and US$6.4 million was included in cost of sales during the years ended December 31, 2023, and December 31, 2022, respectively. The remaining amounts were presented in distribution expenses and general and administrative expenses. All land owned by the Group is freehold.

In accordance with IAS 36, the Group is required to evaluate its CGUs for potential impairment whenever events or changes in circumstance indicate that their carrying amount might not be recoverable. If there are changes in circumstance that indicate that the recoverable amount of an asset or CGU exceeds the net impaired carrying value, an impairment reversal would be recognized, where applicable.

During the year ended December 31, 2023, the Group determined there were no triggering events that indicated that its property, plant and equipment, including leasehold improvements, were impaired.

Based on an evaluation of company-operated retail stores during the year ended December 31, 2022, the Group determined that the recoverable amounts of certain retail stores, which represent individual CGUs, exceeded their corresponding net impaired carrying amounts, resulting in impairment reversals. During the year ended December 31, 2022, the Group recorded impairment reversals totaling US$0.2 million.

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. During the year ended December 31, 2022, the Group recognized impairment charges totaling US$0.1 million for property, plant and equipment associated with the retail stores in Russia.

Expenses related to property, plant and equipment, including leasehold improvements related to stores, have historically been classified as distribution expenses on the consolidated statements of income using the function of expense presentation method.

The US$0.1 million in impairment reversals recognized for the year ended December 31, 2022, were recorded in the Group's consolidated statements of income in the line item "Impairment Reversals" (see also note 5 Impairment Reversals, note 7 Goodwill and Other Intangible Assets and note 17 Leases).

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Capital Commitments

Capital commitments outstanding as of December 31, 2023, and December 31, 2022, were US$10.5 million and US$13.6 million, respectively, which were not recognized as liabilities in the consolidated statements of financial position as they have not met the recognition criteria.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

(a) Goodwill

The Group's goodwill balance amounted to US$825.9 million as of December 31, 2023, of which approximately US$52.3 million is expected to be deductible for income tax purposes. As of December 31, 2022, the Group's goodwill balance amounted to US$824.2 million, of which approximately US$52.0 million is expected to be deductible for income tax purposes.

The carrying amount of goodwill was as follows:

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
Cost:		
As of January 1	**2,290.1**	2,294.3
Exchange differences and other movements	**1.6**	(4.3)
As of December 31	**2,291.7**	2,290.1
Accumulated impairment losses:		
As of January 1	**(1,465.8)**	(1,465.8)
Exchange difference and other movements	**0.0**	(0.1)
As of December 31	**(1,465.8)**	(1,465.9)
Carrying amount	**825.9**	824.2

The aggregate carrying amounts of goodwill allocated to each operating segment were as follows:

(Expressed in millions of US Dollars)	Asia	North America	Europe	Latin America	Consolidated
As of December 31, 2023	**487.2**	**282.7**	**55.9**	**—**	**825.9**
As of December 31, 2022	487.6	282.7	53.9	—	824.2

(b) Other Intangible Assets

The historical cost and accumulated amortization for other intangible assets as of December 31, 2023, and December 31, 2022, was as follows:

(Expressed in millions of US Dollars)	Tradenames	Customer Relationships	Other	Total
2023				
Historical cost	**1,550.9**	**165.7**	**70.2**	**1,786.7**
Accumulated amortization and impairments	**(88.6)**	**(117.3)**	**(46.4)**	**(252.4)**
Net carrying amount as of December 31, 2023	**1,462.3**	**48.4**	**23.8**	**1,534.4**
2022				
Historical cost	1,551.0	165.7	59.8	1,776.4
Accumulated amortization and impairments	(172.6)	(105.1)	(40.0)	(317.7)
Net carrying amount as of December 31, 2022	1,378.4	60.6	19.8	1,458.8

7. GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

The changes in the carrying amount for other intangible assets for the years ended December 31, 2023, and December 31, 2022, were as follows:

(Expressed in millions of US Dollars)	**Tradenames**	**Customer Relationships**	**Other**	**Total**
Net carrying amount as of January 1, 2023	**1,378.4**	**60.6**	**19.8**	**1,458.8**
Additions	**—**	**—**	**10.8**	**10.8**
Amortization	**—**	**(12.3)**	**(6.7)**	**(19.0)**
Derecognition of fully amortized assets	**—**	**—**	**(0.3)**	**(0.3)**
Impairment reversals	**84.0**	**—**	**—**	**84.0**
Exchange differences and other movements	**(0.1)**	**0.0**	**0.1**	**0.1**
Net carrying amount as of December 31, 2023	**1,462.3**	**48.4**	**23.8**	**1,534.4**

(Expressed in millions of US Dollars)	Tradenames	Customer Relationships	Other	Total
Net carrying amount as of January 1, 2022	1,296.7	78.2	17.5	1,392.3
Additions	—	—	11.2	11.2
Amortization	—	(15.9)	(6.4)	(22.3)
Impairment reversals	81.7	—	—	81.7
Exchange differences and other movements	0.0	(1.7)	(2.5)	(4.2)
Net carrying amount as of December 31, 2022	1,378.4	60.6	19.8	1,458.8

The aggregate carrying amounts of each significant tradename were as follows:

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
Tumi	**845.0**	756.6
Samsonite	**462.5**	462.5
American Tourister	**70.0**	70.0
Gregory	**38.6**	38.6
Other[1]	**46.3**	50.8
Total tradenames	**1,462.3**	1,378.4

Note

(1) "Other" includes certain other tradenames owned by the Group, including *High Sierra, Hartmann, Lipault, ebags, Saxoline* and *Xtrem* as of December 31, 2023 and December 31, 2022.

Amortization expense for intangible assets for the years ended December 31, 2023, and December 31, 2022, was US$19.0 million and US$22.3 million, respectively, and is presented primarily in distribution expenses in the consolidated statements of income. Future amortization expense related to finite life intangible assets as of December 31, 2023, for the next five years is estimated to be US$18.7 million, US$16.3 million, US$14.4 million, US$10.7 million, US$5.0 million and a total of US$7.1 million thereafter.

The impairment reversals for the years ended December 31, 2023, and December 31, 2022, were recorded in the Group's consolidated statements of income in the line item "Impairment Reversals" (see also note 5 Impairment Reversals, note 6 Property, Plant and Equipment and note 17 Leases).

7. GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

(c) Goodwill and Other Intangible Assets Valuations

(i) Goodwill Valuation

In accordance with IAS 36, the Group is required to evaluate its intangible assets with indefinite lives at least annually. The Group reviews the carrying amounts of its intangible assets with indefinite lives to determine whether there is any indication of impairment below its carrying value (resulting in an impairment charge). An impairment loss that has been recognized on goodwill is not reversed in subsequent periods if estimates used to determine the recoverable amount change.

For the purpose of impairment testing, goodwill is allocated to the Group's operating segments, comprised of groups of CGUs, as these represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose.

As part of the annual evaluation process, separate calculations are prepared for each of the groups of CGUs that make up the consolidated Group. These calculations used discounted cash flow projections based on financial estimates reviewed by management covering a five-year period, or longer when justified, in order to achieve the estimated steady growth rates for the market in which the unit operates prior to terminal value considerations. The values assigned to the key assumptions represent management's assessment of future trends and are based on both external sources and internal sources (historical data) and are summarized below.

- Pre-tax discount rates of 11.0%-12.5% (2022: 11.0%-12.0%) were used in discounting the projected cash flows. The pre-tax discount rates were calculated for each CGU.
- Pre-tax cash flows were projected based on the historical operating results and forecasts.
- The terminal values were extrapolated using constant long-term growth rate of approximately 3.0% (2022: 3.0%), which is consistent with the average growth rate for the industry.

Judgment is required to determine key assumptions adopted in the cash flow projections and the changes to key assumptions can significantly affect these cash flow projections. Management has considered the above assumptions and valuation and has also taken into account the business plans going forward. Actual results will be influenced by the prevailing economic conditions and potentially other unforeseen events or circumstances that could have a negative impact on future results. Changes in key assumptions could impact calculated recoverable values and may result in further impairment.

There were no impairment charges recognized on goodwill during the years ended December 31, 2023 and December 31, 2022.

(ii) Other Intangible Assets Valuation

In accordance with IAS 36, the Group is required to perform a review for impairment indicators at the end of each reporting period on its tangible and intangible assets with finite useful lives. If there is any indication that an asset may be impaired, the Group must estimate the recoverable amount of the asset or CGU; if there is any indication that the recoverable amount of an asset or CGU exceeds the net impaired carrying value, an impairment reversal would be recognized, where applicable.

7. GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

For other intangible assets, impairment losses that have been recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

As part of the annual evaluation process, the calculations used discounted projections based on financial estimates reviewed by management covering a five-year period, or longer when justified, in order to achieve the estimated steady growth rates for the market prior to terminal value considerations. The values assigned to the key assumptions represent management's assessment of future trends and are based on both external sources and internal sources (historical data) and are summarized below.

- Pre-tax discount rates of 11.0%-12.5% (2022: 11.0%-12.0%) were used. The pre-tax discount rates were calculated separately for each tradename.
- Revenues were based on anticipated selling prices and projected based on the historical operating results, forecasts and royalty rates based on recent transfer pricing studies in the jurisdictions the Group operates in.
- The terminal values were extrapolated using constant long-term growth rates of approximately 3.0% (2022: 3.0%), which is consistent with the average growth rate for the industry.

The recoverable value of certain intangible assets has been determined based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used.

Judgment is required to determine key assumptions adopted in the cash flow projections and the changes to key assumptions can significantly affect these cash flow projections. Management has considered the above assumptions and valuation and has also taken into account the business plans going forward. Actual results will be influenced by the prevailing economic conditions and potentially other unforeseen events or circumstances that could have a material negative impact on future results. Following the impairment losses recognized on certain tradenames as part of the annual assessment, the recoverable amount of such tradenames was equal to the carrying amount. Changes in key assumptions could impact calculated recoverable values and may result in further impairment or potential reversal of previous impairments.

Based on valuations performed by a third-party specialist engaged by the Company in conjunction with its annual assessment during the fourth quarter of 2023, management determined that the recoverable amounts of certain intangible assets exceeded their net impaired carrying values during the year ended December 31, 2023, resulting in the reversal of certain non-cash impairment charges that had been recorded during the year ended December 31, 2020. The Group recognized non-cash impairment reversals totaling US$84.0 million during the year ended December 31, 2023, for certain tradenames. The increase in recoverable value for these tradenames is attributable to the continued improvement in net sales and profitability.

Based on valuations performed by a third-party specialist engaged by the Company in conjunction with its annual assessment during the fourth quarter of 2022, management determined that the recoverable amounts of certain intangible assets exceeded their net impaired carrying values during the year ended December 31, 2022, resulting in the reversal of certain non-cash impairment charges that had been recorded during the year ended December 31, 2020. The Group recognized non-cash impairment reversals totaling US$81.7 million during the year ended December 31, 2022, for certain tradenames. The increase in recoverable value for these tradenames is attributable to the continued improvement in net sales and profitability.

8. PREPAID EXPENSES, OTHER ASSETS AND RECEIVABLES

(a) Non-current

Other assets and receivables consisted of the following:

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
Deposits	**31.9**	29.0
Other	**34.7**	34.8
Total other assets and receivables	**66.6**	63.8

(b) Current

Prepaid expenses and other current assets consisted of the following:

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
Prepaid value-added tax	**34.0**	31.5
Prepaid income taxes	**28.8**	18.4
Derivative financial instruments – interest rate swaps(1)	**14.1**	—
Prepaid advertising	**3.6**	3.8
Prepaid insurance	**2.8**	2.6
Prepaid other	**20.3**	23.9
Total prepaid expenses and other assets	**103.5**	80.2

Note

(1) See note 13(a) Non-current Obligations for further details on interest rate swaps in effect during the year. The mark-to-market was classified as non-current on the consolidated statements of financial position as of December 31, 2022.

9. INVENTORIES

Inventories consisted of the following:

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
Raw materials	**33.7**	25.8
Work in process	**2.8**	2.7
Finished goods	**659.4**	659.1
Total inventories	**695.9**	687.6

The amounts above as of December 31, 2023, and December 31, 2022, include inventories carried at net realizable value (estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to perform the sale) of US$84.7 million and US$70.9 million, respectively. During the years ended December 31, 2023, and December 31, 2022, the write-down of inventories to net realizable value amounted to US$51.2 million and US$36.6 million, respectively. During the years ended December 31, 2023, and December 31, 2022, the reversal of previously recognized write-downs amounted to US$8.8 million and US$19.4 million, respectively.

10. TRADE AND OTHER RECEIVABLES

Trade and other receivables are presented net of related allowances for credit losses of US$24.6 million and US$25.9 million as of December 31, 2023, and December 31, 2022, respectively.

(a) Aging Analysis

Included in trade and other receivables are trade receivables (net of allowance for credit losses) of US$304.1 million and US$281.7 million as of December 31, 2023, and December 31, 2022, respectively, with the following aging analysis by the due date of the respective invoice:

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
Current	**255.7**	231.2
0 – 30 days past due	**37.2**	42.8
Greater than 30 days past due	**11.2**	7.7
Total trade receivables, net of allowance	**304.1**	281.7

Credit terms are granted based on the credit worthiness of individual customers.

(b) Impairment of Trade Receivables

Impairment losses in respect of trade receivables are recorded when credit losses are expected to occur. The Group does not hold any collateral over these balances.

The movements in the allowance for credit losses during the periods were as follows:

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
As of January 1	**25.9**	31.8
Impairment loss recognized	**2.0**	2.5
Impairment loss written back or off	**(3.2)**	(8.4)
As of December 31	**24.6**	25.9

11. CASH AND CASH EQUIVALENTS

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
Bank balances	**690.0**	612.6
Overnight sweep accounts and deposits	**26.6**	23.3
Total cash and cash equivalents	**716.6**	635.9

Cash and cash equivalents are comprised of bank balances and deposits and are generally denominated in the functional currency of the respective Group entities. There were no restrictions on the use of any of the Group's cash or cash equivalents as of December 31, 2023, and December 31, 2022.

12. EARNINGS PER SHARE

(a) Basic Earnings per Share

The calculation of basic earnings per share is based on the profit attributable to the equity holders of the Company for the years ended December 31, 2023, and December 31, 2022.

(Expressed in millions of US Dollars, except share and per share data)	Year ended December 31,	
	2023	2022
Issued ordinary shares at January 1	**1,438,900,432**	1,436,905,063
Weighted-average impact of share options exercised and restricted share units vested during the year	**5,591,254**	669,999
Weighted-average number of ordinary shares at December 31	**1,444,491,686**	1,437,575,062
Profit attributable to the equity holders	**417.0**	312.7
Basic earnings per share *(Expressed in US Dollars per share)*	**0.289**	0.218

(b) Diluted Earnings per Share

Diluted earnings per share is calculated by adjusting the weighted-average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

(Expressed in millions of US Dollars, except share and per share data)	Year ended December 31,	
	2023	2022
Weighted-average number of ordinary shares (basic) at the end of the year	**1,444,491,686**	1,437,575,062
Effect of dilutive potential ordinary shares related to share options and RSUs	**8,768,763**	2,165,580
Weighted-average number of shares for the year	**1,453,260,449**	1,439,740,642
Profit attributable to the equity holders	**417.0**	312.7
Diluted earnings per share *(Expressed in US Dollars per share)*	**0.287**	0.217

At December 31, 2023, and December 31, 2022, 42,643,402 and 78,736,589 unvested share awards, respectively, were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive.

(c) Dividends and Distributions

No cash distribution has been paid to the Company's shareholders in 2023 or 2022.

Dividend payments to non-controlling interests amounted to US$12.6 million and US$11.0 million during the years ended December 31, 2023, and December 31, 2022, respectively.

13. LOANS AND BORROWINGS

(a) Non-current Obligations

Non-current obligations represent non-current debt and were as follows:

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
New Term Loan A Facility	**790.0**	—
New Term Loan B Facility	**597.0**	—
New Senior Credit Facilities	**1,387.0**	—
Prior Term Loan A Facility	—	580.0
Prior Term Loan B Facility	—	534.9
2021 Incremental Term Loan B Facility	—	463.1
Prior Senior Credit Facilities	—	1,578.0
Total Senior Credit Facilities	**1,387.0**	1,578.0
Senior Notes[1]	**386.3**	374.6
Other borrowings and obligations	**50.7**	67.0
Total loans and borrowings	**1,824.0**	2,019.6
Less deferred financing costs	**(17.0)**	(7.8)
Total loans and borrowings less deferred financing costs	**1,807.0**	2,011.8
Less current portion of long-term borrowings and obligations	**(76.7)**	(118.6)
Non-current loans and borrowings	**1,730.3**	1,893.3

Note

(1) The value of the Senior Notes, when translated from Euros into US Dollars, will change relative to the fluctuation in the exchange rate between the Euro and US Dollar at stated points in time.

The contractual maturities of non-current loans and borrowings are included in note 21(c) Exposure to Liquidity Risk.

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."

13. LOANS AND BORROWINGS (Continued)

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).

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.

13. LOANS AND BORROWINGS (Continued)

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.

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)).

13. LOANS AND BORROWINGS (Continued)

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.

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).

Other Information

The Group incurred US$17.1 million of new financing costs in conjunction with the Refinancing. Financing costs incurred in conjunction with borrowings and amendments have been deferred and are being offset against loans and borrowings. The deferred financing costs are being amortized using the effective interest method over the life of the Total Senior Credit Facilities and Senior Notes. Total deferred financing costs included within total loans and borrowings amounted to US$17.0 million and US$7.8 million as of December 31, 2023, and December 31, 2022, respectively.

The amortization of deferred financing costs, which is included in interest expense, amounted to US$3.4 million and US$4.8 million for the years ended December 31, 2023, and December 31, 2022, respectively.

During the year ended December 31, 2023, the Group recorded a non-cash charge in interest expense in the amount of US$4.4 million related to unamortized deferred financing costs which were part of the net carrying value of the Prior Senior Credit Facilities which were settled.

Interest Rate Swaps

The Group maintains interest rate swaps to hedge a portion of its interest rate exposure under the floating-rate New Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. On September 4, 2019, the Group entered into interest rate swap agreements that became effective on September 6, 2019, and will terminate on August 31, 2024. The notional amounts of the interest rate swap agreements decrease over time.

13. LOANS AND BORROWINGS (Continued)

On June 21, 2023, the Group amended the interest rate swap agreements by replacing references to the London Interbank Offered Rate ("LIBOR") with references to SOFR. As a result, the Group's interest rate swaps have effectively fixed SOFR at approximately 1.1305% with respect to an amount equal to approximately 40% of the principal amount of the New Senior Credit Facilities as of December 31, 2023, which reduces a portion of the Company's exposure to interest rate increases. The interest rate swap agreements have fixed payments due monthly. The interest rate swap transactions qualify as cash flow hedges. As of December 31, 2023, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$14.1 million which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income.

Prior to the amendments to the interest rate swap agreements on June 21, 2023, the Group's interest rate swaps had LIBOR fixed at approximately 1.208% with respect to an amount equal to approximately 35% of the principal amount of the Prior Senior Credit Facilities. As of December 31, 2022, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$30.5 million which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income.

€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.

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.

13. LOANS AND BORROWINGS (Continued)

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.

(b) Current Obligations and Credit Facilities

Current obligations represent current debt obligations and were as follows:

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
Current portion of long-term borrowings and obligations	**26.0**	51.6
Other loans and borrowings	**50.7**	67.0
Total current obligations	**76.7**	118.6

Other Loans and Borrowings

Certain consolidated subsidiaries of the Company maintain credit lines and other loans with various third-party lenders in the regions in which they operate. Other loans and borrowings are generally variable-rate instruments denominated in the functional currency of the borrowing Group entity. These credit lines provide short-term financing and working capital for the day-to-day business operations of certain Group entities, including overdraft, bank guarantees, and trade finance facilities. The majority of such credit lines are uncommitted facilities. The total aggregate amount of other loans and borrowings was US$50.7 million and US$67.0 million as of December 31, 2023, and December 31, 2022, respectively. The uncommitted available facilities amounted to US$93.7 million and US$82.1 million as of December 31, 2023, and December 31, 2022, respectively.

13. LOANS AND BORROWINGS (Continued)

(c) Reconciliation of Movements of Liabilities and Equity to Cash Flows Arising from Financing Activities

	Liabilities		Equity			
(Expressed in millions of US Dollars)	Loans and borrowings[2]	Lease liabilities	Share capital	Reserves	Non-controlling interests	Total
Balance at January 1, 2023	2,014.2	375.6	14.4	1,017.4	47.8	3,469.4
Changes from financing cash flows:						
Proceeds from issuance of New Senior Credit Facilities	1,500.0	—	—	—	—	1,500.0
Settlement of Prior Senior Credit Facilities	(1,565.1)	—	—	—	—	(1,565.1)
Payments on Prior Senior Credit Facilities prior to settlement	(12.9)	—	—	—	—	(12.9)
Payments on New Senior Credit Facilities	(113.0)	—	—	—	—	(113.0)
Payments on other loans and borrowings	(14.4)	—	—	—	—	(14.4)
Principal payments on lease liabilities	—	(139.6)	—	—	—	(139.6)
Payment of financing costs	(17.1)	—	—	—	—	(17.1)
Proceeds from the exercise of share options	—	—	0.1	26.7	—	26.8
Dividend payments to non-controlling interests	—	—	—	—	(12.6)	(12.6)
Total changes from financing cash flows	(222.5)	(139.6)	0.1	26.7	(12.6)	(347.8)
The effect of changes in foreign exchange rates/other	10.1	253.0	—	—	—	263.1
Other changes:						
Liability-related						
Interest expense on borrowings and lease liabilities	101.8	27.7	—	—	—	129.5
Interest paid on borrowings and lease liabilities	(100.8)	(27.7)	—	—	—	(128.5)
Amortization of deferred financing costs	3.4	—	—	—	—	3.4
Non-cash charge to derecognize deferred financing costs	4.4	—	—	—	—	4.4
Net changes in defined benefit pension plan	—	—	—	(3.4)	(0.1)	(3.4)
Total other changes	8.9	—	—	(3.4)	(0.1)	5.4
Other movements in equity[1]	—	—	—	395.7	31.6	427.3
Balance at December 31, 2023	1,810.7	489.0	14.5	1,436.5	66.7	3,817.5

Notes

(1) See consolidated statements of changes in equity for further details on movements during the year.

(2) Includes accrued interest which is included in trade and other payables in the consolidated statements of financial position.

13. LOANS AND BORROWINGS (Continued)

(Expressed in millions of US Dollars)	Liabilities: Loans and borrowings[2]	Liabilities: Lease liabilities	Equity: Share capital	Equity: Reserves	Equity: Non-controlling interests	Total
Balance at January 1, 2022	2,791.6	434.0	14.4	675.3	36.9	3,952.1
Changes from financing cash flows:						
Payments on Prior Senior Credit Facilities prior to settlement	(751.4)	–	–	–	–	(751.4)
Proceeds from other loans and borrowings	10.3	–	–	–	–	10.3
Principal payments on lease liabilities	–	(131.3)	–	–	–	(131.3)
Proceeds from the exercise of share options	–	–	0.0	2.3	–	2.3
Dividend payments to non-controlling interests	–	–	–	–	(11.0)	(11.0)
Total changes from financing cash flows	(741.1)	(131.3)	0.0	2.3	(11.0)	(881.1)
The effect of changes in foreign exchange rates/other	(42.3)	72.9	–	–	–	30.7
Other changes:						
Liability-related						
Interest expense on borrowings and lease liabilities	90.6	18.9	–	–	–	109.5
Interest paid on borrowings and lease liabilities	(89.4)	(18.9)	–	–	–	(108.3)
Amortization of deferred financing costs	4.8	–	–	–	–	4.8
Net changes in defined benefit pension plan	–	–	–	2.7	0.0	2.7
Total other changes	6.0	–	–	2.7	0.0	8.7
Other movements in equity[1]	–	–	0.0	337.1	21.8	358.9
Balance at December 31, 2022	2,014.2	375.6	14.4	1,017.4	47.8	3,469.4

Notes

(1) See consolidated statements of changes in equity for further details on movements during the year.

(2) Includes accrued interest which is included in trade and other payables in the consolidated statements of financial position.

14. EMPLOYEE BENEFITS

(a) Employee Benefits Expense

Employee benefits expense, which consists of payroll, bonuses, pension plan expenses, share-based payments and other benefits, amounted to US$512.3 million and US$433.6 million for the years ended December 31, 2023, and December 31, 2022, respectively. Of these amounts, US$35.7 million and US$30.5 million were included in cost of sales during the years ended December 31, 2023, and December 31, 2022, respectively. The remaining amounts were presented in distribution expenses and general and administrative expenses.

Share-based compensation cost of US$14.8 million and US$13.8 million was recognized in the consolidated statements of income, with a corresponding increase in equity reserves, for the years ended December 31, 2023, and December 31, 2022, respectively.

The average worldwide full-time equivalent headcount was approximately 11,111 and 9,607, respectively, for the years ended December 31, 2023, and December 31, 2022, respectively.

The Group is committed to helping its employees develop the knowledge, skills and abilities needed for continued success, and encourages professional development throughout each employee's career.

14. EMPLOYEE BENEFITS (Continued)

(b) Share-based Payment Arrangements

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.

14. EMPLOYEE BENEFITS (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.

14. EMPLOYEE BENEFITS (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.

14. EMPLOYEE BENEFITS (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 of intangible assets, 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;
- 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 IASB 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.

14. EMPLOYEE BENEFITS (Continued)

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.

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.

Information about the fair value calculation for share options is set out in note 3(n)(vi) Share-based Compensation to the consolidated financial statements.

14. EMPLOYEE BENEFITS (Continued)

(c) Defined Benefit Plans and Schemes

Plan Descriptions

The Group sponsors various pension and other post-retirement plans in certain jurisdictions. As of December 31, 2023, and December 31, 2022, the total unfunded liability recognized for such plans amounted to US$28.4 million and US$26.6 million, respectively. Details of certain defined benefit plans are presented below.

A Belgian subsidiary of the Group sponsors a pre-pension defined benefit retirement plan, which covers certain employees who meet certain age and years of service eligibility requirements. Benefits are calculated based on a final pay formula and are contributed until the employee reaches the legal retirement age. The Belgian subsidiary also provides long-service benefits (jubilee awards) to employees who meet certain years of service eligibility requirements. The expense is recorded as incurred and the outstanding liability is calculated annually by an independent actuary. Together, these defined benefit plans make up the Belgian Plans. The latest independent actuarial valuations of the Belgian Plans were provided as of December 31, 2023, and were prepared by independent qualified actuaries, Mercer (Belgium), who are members of the Institute of Actuaries in Belgium, using the projected unit credit method.

The actuarial valuations indicate that the Group's obligations under the Belgian Plans as of December 31, 2023, and December 31, 2022, were US$12.5 million and US$11.4 million, respectively, neither of which was funded by plan assets.

Remeasurements to the Group's defined benefit plans can include the effect of changes in demographic assumptions, the effect of changes in financial assumptions and the effect of experience adjustments, all of which are recognized in other comprehensive income or loss ("OCI"). For the years ended December 31, 2023, and December 31, 2022, remeasurements recognized in OCI to the Belgian Plans were US$(1.4) million and US$(1.2) million, respectively.

The total net periodic benefit cost (gain), including service cost (gain) and interest expense on defined benefit obligation, is recognized in the consolidated statements of income. For the years ended December 31, 2023, and December 31, 2022, total net periodic benefit cost (gain) amounted to US$1.0 million and US$0.9 million, respectively.

14. EMPLOYEE BENEFITS (Continued)

The actuarial assumptions used for the Group's Belgian Plans were as follows:

	Belgian Plans
2023	
Weighted average assumptions used to determine benefit obligations as of December 31:	
Discount rate	**3.10%**
Price inflation rate	**2.30%**
Weighted average assumptions used to determine net periodic benefit cost for the year ended December 31:	
Discount rate	**3.50%**
2022	
Weighted average assumptions used to determine benefit obligations as of December 31:	
Discount rate	3.50%
Price inflation rate	2.50%
Weighted average assumptions used to determine net periodic benefit cost for the year ended December 31:	
Discount rate	0.90%

(d) Defined Contribution Plan

A U.S. subsidiary of the Group provides a defined contribution 401(k) retirement plan. The plan covers substantially all employees of the subsidiary for the sole purpose of encouraging participants to save for retirement. Plan participants may contribute up to 75% of their compensation to the plan, a percentage of which is matched by the Group. The Group may also make non-elective contributions to participants' accounts. Participant contributions and the earnings thereon are fully vested upon contribution. Participants become vested in the matching and non-elective contributions upon completion of two and three years of service, respectively. Forfeited contributions made by the Group are not used to reduce the existing level of contributions; forfeited contributions are used to reduce future matching contributions and/or administrative expenses.

In connection with this plan, the Group recognized an expense of US$4.5 million and US$3.2 million for the years ended December 31, 2023, and December 31, 2022, respectively. Forfeited contributions were inconsequential for the periods presented.

15. TRADE AND OTHER PAYABLES

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
Accounts payable	**500.4**	583.3
Accrued restructuring	**5.7**	7.2
Other payables and accruals	**198.9**	173.4
Other tax payables	**20.1**	14.5
Total trade and other payables	**725.1**	778.5

Included in accounts payable are trade payables with the following aging analysis by due date of the respective invoice:

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
Current	**351.8**	456.7
0 – 30 days past due	**20.8**	18.3
Greater than 30 days past due	**7.8**	2.7
Total trade payables	**380.4**	477.8

16. CONTINGENT LIABILITIES

In the ordinary course of business, the Group is subject to various forms of litigation and legal proceedings. The facts and circumstances relating to particular cases are evaluated in determining whether it is more likely than not that there will be a future outflow of funds and, once established, whether a provision relating to specific litigation is sufficient. The Group records provisions based on its past experience and on facts and circumstances known at each reporting date. The provision charge is typically recognized within general and administrative expenses in the condensed consolidated statements of income. When the date of the settlement of an obligation is not reliably measurable, the provisions are not discounted and are classified in current liabilities.

The Group did not settle any material litigation during the years ended December 31, 2023, and December 31, 2022.

17. LEASES

(a) Lease Right-of-use Assets

The following table sets forth a breakdown of IFRS 16 lease right-of-use asset additions and amortization expenses for the year ended December 31, 2023, IFRS 16 lease right-of-use asset additions, amortization expenses and impairment charges for the year ended December 31, 2022, and the carrying amount of lease right-of-use assets by class of underlying asset as of December 31, 2023, and December 31, 2022.

(Expressed in millions of US Dollars)	**Real Estate**	**Other**	**Total**
For the twelve months ended December 31, 2023:			
Additions of lease right-of-use assets	**247.9**	**3.5**	**251.4**
Amortization expense of lease right-of-use assets	**130.4**	**3.1**	**133.5**
Balance at December 31, 2023:			
Carrying value of lease right-of-use assets	**429.8**	**6.0**	**435.8**

17. LEASES (Continued)
(a) Lease Right-of-use Assets (Continued)

(Expressed in millions of US Dollars)	Real Estate	Other	Total
For the twelve months ended December 31, 2022:			
Additions of lease right-of-use assets	97.9	2.9	100.8
Amortization expense of lease right-of-use assets	115.3	2.8	118.2
Impairment charges on lease right-of-use assets	1.7	0.1	1.8
Balance at December 31, 2022:			
Carrying value of lease right-of-use assets	308.7	5.4	314.1

In accordance with IAS 36, the Group is required to evaluate its CGUs for potential impairment whenever events or changes in circumstance indicate that their carrying amount might not be recoverable. If there are changes in circumstance that indicate that the recoverable amount of an asset or CGU exceeds the net impaired carrying value, an impairment reversal would be recognized, where applicable.

During the year ended December 31, 2023, the Group determined there were no impairments of its lease right-of-use assets.

2022 Impairment Charges
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. During the year ended December 31, 2022, the Group recognized impairment charges totaling US$4.0 million on the lease right-of use assets related to such stores.

Based on an evaluation of company-operated retail stores during the year ended December 31, 2022, the Group determined that the recoverable amounts of certain retail stores, which represent individual CGUs, exceeded their corresponding net impaired carrying amounts, resulting in impairment reversals being recorded during the year ended December 31, 2022. During the year ended December 31, 2022, the Group recognized impairment reversals totaling US$2.2 million for lease right-of-use assets of such stores.

Expenses related to lease right-of-use assets have historically been classified as distribution expenses on the consolidated statements of income using the function of expense presentation method. The impairment charges for the year ended December 31, 2022, were recorded in the Group's consolidated statements of income in the line item "Impairment Reversals" (see also note 5 Impairment Reversals, note 6 Property, Plant and Equipment and note 7 Goodwill and Other Intangible Assets for further discussion).

17. LEASES (Continued)

(b) Lease Liabilities

The Group's IFRS 16 lease liabilities primarily consist of leases of retail stores, distribution centers, warehouses, office facilities, equipment and automobiles. As of December 31, 2023, and December 31, 2022, future minimum contractual payments under lease liabilities were as follows:

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
Within one year	**159.9**	134.8
After one year but within two years	**131.7**	97.7
After two years but within five years	**212.7**	142.5
More than five years	**75.1**	49.3
Total future minimum payments under lease liabilities[1]	**579.3**	424.3

Note

(1) Future minimum payments under lease liabilities represent contractual future cash payments consisting of principal and interest. The future minimum payments under lease liabilities will not equal the lease liabilities presented on the consolidated statements of financial position due to the interest component of the liability.

(c) Short-term, Low-value and Variable Lease Payments

Under IFRS 16, most of the Group's leases are recognized on the consolidated statements of financial position. The only exceptions are short-term leases (lease periods that are twelve months or less), low-value leases (leases that are US$5,000 or less) and the current and anticipated expenses relating to variable lease payments not included in the measurement of lease liabilities.

The rental cost for short-term, low-value and current expense for variable lease payments are recorded as incurred to rent expense and amounted to US$61.2 million for the year ended December 31, 2023. For the year ended December 31, 2022, the rental cost for short-term, low-value and current expense for variable lease payments amounted to US$42.6 million, net of rent concessions of US$4.1 million. Certain of the retail store leases provide for additional rent payments based on a percentage of sales. These additional variable rent payments amounted to US$43.7 million and US$32.0 million for the years ended December 31, 2023, and December 31, 2022, respectively.

As of December 31, 2023, and December 31, 2022, future minimum contractual payments under short-term and low-value lease payments were as follows:

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
Within one year	**2.8**	3.1
Total future minimum payments under short-term and low-value leases	**2.8**	3.1

17. LEASES (Continued)

(d) Total Cash Outflows for Leases

The following table sets forth a breakdown of total cash outflows for the years ended December 31, 2023, and December 31, 2022, related to IFRS 16 lease liabilities and those leases exempt from capitalization under IFRS 16.

	Year ended December 31, 2023		
(Expressed in millions of US Dollars)	**Lease liabilities**	**Short-term, low-value and variable leases**	**Total cash outflow for leases**
Principal payments on lease liabilities	**139.6**	**—**	**139.6**
Interest paid on lease liabilities	**27.7**	**—**	**27.7**
Rent expense – short-term, variable and low value leases[(1)]	**—**	**61.2**	**61.2**
Contingent rent	**—**	**43.7**	**43.7**
Total cash outflow	**167.3**	**104.9**	**272.1**

	Year ended December 31, 2022		
(Expressed in millions of US Dollars)	Lease liabilities	Short-term, low-value and variable leases	Total cash outflow for leases
Principal payments on lease liabilities	131.3	—	131.3
Interest paid on lease liabilities	18.9	—	18.9
Rent expense – short-term, variable and low value leases[(1)]	—	42.6	42.6
Contingent rent	—	32.0	32.0
Total cash outflow	150.2	74.6	224.8

Note

(1) Reflects costs for leases that did not qualify for capitalization under IFRS 16.

18. INCOME TAXES

(a) Taxation in the Consolidated Statements of Income

Taxation in the consolidated statements of income for the years ended December 31, 2023, and December 31, 2022, consisted of the following:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2023**	2022
Current tax expense – Hong Kong Profits Tax:		
Current period	**(0.9)**	(0.4)
Current tax expense – foreign:		
Current period	**(118.8)**	(61.2)
Changes in estimates related to prior years	**(4.5)**	(1.2)
Total current tax expense – foreign	**(123.3)**	(62.4)
Total current tax expense	**(124.2)**	(62.8)
Deferred tax benefit (expense):		
Origination and reversal of temporary differences	**(24.9)**	(45.3)
Current year losses for which no deferred tax assets are recognized	**(0.1)**	(5.4)
Recognition of previously unrecognized losses	**21.2**	50.9
Change in recognized temporary differences and tax credits	**1.6**	46.8
Change in tax rate	**(8.2)**	(8.5)
Total deferred tax (expense) benefit	**(10.4)**	38.5
Total income tax expense	**(134.6)**	(24.3)

The Group recorded income tax expense of US$134.6 million for the year ended December 31, 2023, compared to income tax expense of US$24.3 million for the year ended December 31, 2022. The income tax expense recorded during the year ended December 31, 2023, was due mainly to the US$584.9 million reported profit before income tax, combined with tax impacts from changes in unrecognized deferred tax assets, and the profit mix between high and low tax jurisdictions. The income tax expense recorded during the year ended December 31, 2022, was due mainly to the US$362.6 million reported profit before income tax, combined with tax impacts from changes in unrecognized deferred tax assets and the profit mix between high and low tax jurisdictions.

Deferred tax assets in each jurisdiction are analyzed for recoverability at each reporting date and derecognized to the extent that it is no longer probable that the assets will be utilized in future taxable periods. The analysis considers both positive and negative evidence. In 2023, the Group's results showed an increase in profit before income tax reported during the year. As a result, the Group began to recognize certain deferred tax assets that were previously unrecognized in the amount of US$22.7 million. In 2022, the Group's results showed an increase in profit before income tax reported during the year. As a result, the Group began to recognize certain deferred tax assets that were previously unrecognized in the amount of US$104.2 million.

18. INCOME TAXES (Continued)

Excluding taxes related to changes in unrecognized deferred tax assets, the consolidated effective tax rate for operations would have been 26.9% for the year ended December 31, 2023. Excluding the effect of the changes in unrecognized deferred tax assets, the consolidated effective tax rate for operations would have been 32.1% for the year ended December 31, 2022. The decrease in the Group's effective tax rate as adjusted for changes in unrecognized deferred tax assets was mainly the result of changes in the profit mix between high and low tax jurisdictions.

The provision for Hong Kong Profits Tax for the years ended December 31, 2023, and December 31, 2022, was calculated at an effective tax rate of 16.5% of the estimated assessable profits for the year. Taxation for overseas subsidiaries was charged at the appropriate current rates of taxation in the relevant countries.

(b) Reconciliation Between Tax Expense and Profit Before Taxation at Applicable Tax Rates

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2023**	2022
Profit for the year	**450.3**	338.3
Total income tax expense	**(134.6)**	(24.3)
Profit before income tax	**584.9**	362.6
Income tax (expense) benefit using the Group's applicable tax rate	**(128.5)**	(88.8)
Tax incentives	**2.4**	0.4
Change in tax rates – other	**(8.2)**	(8.5)
Change in tax reserves	**(1.8)**	(1.4)
Permanent differences	**(11.6)**	(10.0)
Change in tax effect of undistributed earnings	**(2.2)**	1.7
Current year losses for which no deferred tax assets are recognized	**(0.1)**	(5.4)
Recognition of previously unrecognized tax losses	**21.2**	50.9
Change in recognized temporary differences	**1.6**	46.8
Share-based compensation	**1.7**	(1.3)
Withholding taxes – net of credits	**(4.8)**	(1.2)
Unrealized foreign exchange	**1.8**	(3.5)
Other	**(1.6)**	(2.8)
Over (under) provided in prior periods	**(4.5)**	(1.2)
	(134.6)	(24.3)

The Group's consolidated effective tax rate for operations was 23.0% and 6.7% for the years ended December 31, 2023, and December 31, 2022, respectively. The effective tax rate is calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets. The increase in the Group's effective tax rate year-on-year was mainly the result of (i) tax impacts from changes in unrecognized deferred tax assets and (ii) changes in the profit mix between high and low tax jurisdictions.

18. INCOME TAXES (Continued)

The provision for taxation for the years ended December 31, 2023, and December 31, 2022, was calculated using the Group's applicable tax rate of 22.0% and 24.5%, respectively. The applicable rate was based on the Group's weighted average worldwide tax rate.

Uncertain Tax Treatments

In the ordinary course of business, the Group is subject to various forms of tax examination and audits. The facts and circumstances relating to particular examinations are evaluated in determining whether it is probable that the tax treatments will be accepted by the tax authorities and, if not probable, whether a tax reserve relating to specific uncertain tax treatments is required. The Group records tax reserves based on the expected value or most likely amount of the uncertainty. The Group relies on its past experience and on facts and circumstances known at each reporting date. The provision charge and applicable interest and penalties are recognized within current income tax expense in the consolidated statements of income.

(c) Income Tax Benefit (Expense) Recognized in Other Comprehensive Income

	Year ended December 31, 2023			Year ended December 31, 2022		
(Expressed in millions of US Dollars)	**Before tax**	**Income tax benefit (expense)**	**Net of tax**	Before tax	Income tax benefit (expense)	Net of tax
Remeasurements on defined benefit plans	**(3.4)**	**0.8**	**(2.6)**	2.7	(0.0)	2.7
Changes in fair value of hedges	**(14.9)**	**3.8**	**(11.1)**	31.3	(8.2)	23.0
Settlement of cross currency swap agreement	**—**	**—**	**—**	(0.1)	0.0	(0.1)
Foreign currency translation gains for foreign operations	**(7.5)**	**—**	**(7.5)**	3.7	0.0	3.8
	(25.8)	**4.6**	**(21.2)**	37.6	(8.2)	29.4

18. INCOME TAXES (Continued)

(d) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities were attributable to the following:

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
Deferred tax assets:		
Allowance for credit losses	**5.4**	4.3
Inventories	**21.2**	13.6
Lease liabilities	**117.8**	74.4
Property, plant and equipment	**10.5**	12.0
Intangible assets	**36.2**	56.6
Pension and post-retirement benefits	**13.6**	8.0
Share-based compensation	**10.9**	3.1
Tax losses	**66.8**	63.6
Reserves	**44.3**	26.8
Financing charges[1]	**15.4**	10.7
Tax credits	**2.7**	17.1
Other	**6.0**	2.2
Set off of tax[2]	**(160.0)**	(118.8)
Total gross deferred tax assets	**190.8**	173.6
Deferred tax liabilities:		
Lease right-of-use assets	**(99.6)**	(57.5)
Property, plant and equipment	**(3.4)**	(4.6)
Intangible assets	**(202.1)**	(188.5)
Deferred gain on legal entity reorganization	**(20.4)**	(22.3)
Other	**(21.0)**	(7.6)
Set off of tax[2]	**160.0**	118.8
Total gross deferred tax liabilities	**(186.5)**	(161.7)
Net deferred tax liability	**4.3**	11.9

Notes

(1) Relates to deferred financing charges and interest expense limitation.

(2) Relates to jurisdictional netting of deferred tax assets and liabilities.

18. INCOME TAXES (Continued)

The movement in temporary differences for the years ended December 31, 2023, and December 31, 2022, was:

(Expressed in millions of US Dollars)	**Balance, January 1, 2023**	**Recognized in profit or loss**	**Recognized in equity[(3)]**	**Other[(4)]**	**Balance, December 31, 2023**
Allowance for credit losses	**4.3**	**1.1**	**—**	**0.0**	**5.4**
Inventories	**13.6**	**7.2**	**—**	**0.4**	**21.2**
Lease liabilities[(1)]	**74.5**	**44.6**	**—**	**(1.3)**	**117.8**
Lease right-of-use assets[(1)]	**(57.5)**	**(42.9)**	**—**	**0.8**	**(99.6)**
Property, plant and equipment[(1)]	**7.4**	**(0.5)**	**—**	**0.2**	**7.1**
Intangible assets[(1)]	**(131.9)**	**(34.8)**	**—**	**0.9**	**(165.8)**
Pension and post-retirement benefits	**7.9**	**4.7**	**0.8**	**0.2**	**13.6**
Share-based compensation	**3.1**	**7.8**	**—**	**0.0**	**10.9**
Tax losses	**63.6**	**2.3**	**—**	**0.9**	**66.8**
Reserves	**26.9**	**19.1**	**—**	**(1.7)**	**44.3**
Financing charges[(2)]	**10.7**	**2.9**	**—**	**0.2**	**13.8**
Deferred gain on legal entity reorganization	**(22.3)**	**1.9**	**—**	**0.0**	**(20.4)**
Tax credits	**17.2**	**(14.5)**	**—**	**0.0**	**2.7**
Other	**(5.6)**	**(9.3)**	**3.8**	**(2.4)**	**(13.5)**
Net deferred tax asset (liability)	**11.9**	**(10.4)**	**4.6**	**(1.8)**	**4.3**

Notes
(1) Includes 2023 impairment adjustments, excluding goodwill.
(2) Relates to deferred financing charges and interest expense limitation.
(3) Income tax benefit of US$4.6 million recognized in other comprehensive income.
(4) Other comprises primarily foreign exchange rate effects.

(Expressed in millions of US Dollars)	Balance, January 1, 2022	Recognized in profit or loss	Recognized in equity[(3)]	Other[(4)]	Balance, December 31, 2022
Allowance for credit losses	4.9	(0.2)	—	(0.4)	4.3
Inventories	8.9	5.0	—	(0.3)	13.6
Lease liabilities[(1)]	76.0	3.3	—	(4.8)	74.5
Lease right-of-use assets[(1)]	(63.0)	1.8	—	3.7	(57.5)
Property, plant and equipment[(1)]	8.9	(1.5)	—	—	7.4
Intangible assets[(1)]	(119.8)	(12.0)	—	(0.1)	(131.9)
Pension and post-retirement benefits	3.3	5.2	(0.0)	(0.6)	7.9
Share-based compensation	0.8	2.3	—	—	3.1
Tax losses	24.8	38.9	—	(0.1)	63.6
Reserves	26.7	1.0	—	(0.8)	26.9
Financing charges[(2)]	10.7	0.2	—	(0.2)	10.7
Deferred gain on legal entity reorganization	(24.3)	2.0	—	—	(22.3)
Tax credits	28.2	(11.0)	—	—	17.2
Other	(2.3)	3.5	(8.2)	1.4	(5.6)
Net deferred tax asset (liability)	(16.2)	38.5	(8.2)	(2.2)	11.9

Notes
(1) Includes 2022 impairment adjustments, excluding goodwill.
(2) Relates to deferred financing charges and interest expense limitation.
(3) Income tax expense of US$8.2 million recognized in other comprehensive income.
(4) Other comprises primarily foreign exchange rate effects.

18. INCOME TAXES (Continued)

Unrecognized Deferred Tax Assets

Deferred tax assets have not been recognized in respect of the following items:

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
Tax losses	**125.5**	195.7
Other deferred tax assets	**45.4**	94.8
Balance at end of year	**170.9**	290.5

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits from them.

Available tax losses (recognized and unrecognized):

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022	**Life of tax losses**	**Expires if not used by(1)**
North America	**1.7**	4.1	Definite	2024 – 2043
North America	**0.8**	1.5	Indefinite	n/a
Asia	**27.4**	40.3	Definite	2024 – 2033
Asia	**235.4**	230.7	Indefinite	n/a
Europe	**60.7**	64.1	Definite	2024 – 2040
Europe	**74.6**	111.4	Indefinite	n/a
Latin America	**30.3**	40.2	Definite	2024 – 2035
Latin America	**31.0**	30.3	Indefinite	n/a
Total	**461.9**	522.6		

Notes

(1) Applies to December 31, 2023, balances.

n/a Not applicable.

Unrecognized Deferred Tax Liabilities

As of December 31, 2023, and December 31, 2022, a deferred tax liability of US$61.8 million and US$55.4 million, respectively, related to investments in subsidiaries is not recognized because the Group controls whether the liability will be incurred and it is satisfied that the temporary difference will not be reversed in the foreseeable future.

International Tax Reform – Pillar Two Model Rules

In May 2023, the IASB issued International Tax Reform – Pillar Two Model Rules (“Pillar Two”). Pillar Two clarifies how companies account for the recognition of deferred tax in relation to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development (the “OECD”), including tax law that implements qualified domestic minimum top-up taxes described in those rules. Such tax law, and the income taxes arising from it, are hereafter referred to as Pillar Two income taxes. As an exception to the requirements of Pillar Two, an entity shall neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

18. INCOME TAXES (Continued)

The Group operates in various jurisdictions around the world that are in the implementation process of Pillar Two. In several jurisdictions, the regulations are considered enacted or substantively enacted but are not yet effective until 2024. As a result, the Group has no current tax impact for the year ended December 31, 2023. The Group has applied for a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and will account for it as a current tax when incurred. Had the top-up tax taken effect in 2023, the Group 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 0.0% to 14.5%. The top-up tax is primarily driven by the United Arab Emirates where it accounts for approximately 70.0% of the total top-up tax. The Group's potential minimum top-up tax exposure is approximately US$3.3 million. The potential minimum top-up tax impact on the Group's 2023 effective tax rate would be approximately 0.6%.

19. FINANCE INCOME AND FINANCE COSTS

The following table presents a summary of finance income and finance costs recognized in the consolidated statements of income and consolidated statements of comprehensive income:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2023**	2022
Recognized in income or loss:		
Interest income	**14.3**	8.8
Total finance income	**14.3**	8.8
Interest expense on loans and borrowings	**(101.8)**	(90.6)
Derecognition of deferred financing costs associated with the Refinancing	**(4.4)**	—
Amortization of deferred financing costs	**(3.4)**	(4.8)
Interest expense on lease liabilities	**(27.7)**	(18.9)
Change in fair value of put options	**(21.8)**	(18.0)
Net foreign exchange loss	**(10.2)**	(7.6)
Other finance costs	**(3.6)**	1.6
Total finance costs	**(173.0)**	(138.3)
Net finance costs recognized in profit or loss	**(158.7)**	(129.5)
Recognized in other comprehensive income (loss):		
Foreign currency translation (losses) gains for foreign operations	**(7.5)**	3.8
Changes in fair value of hedges	**(14.9)**	31.4
Settlement of cross currency swap agreement	**—**	(0.1)
Income tax benefit (expense) on finance income and finance costs recognized in other comprehensive income	**3.8**	(8.2)
Net finance costs recognized in total other comprehensive income, net of tax	**(18.6)**	26.9
Attributable to:		
Equity holders of the Company	**(16.9)**	30.6
Non-controlling interests	**(1.7)**	(3.7)

20. ADDITIONAL DISCLOSURE OF CERTAIN EXPENSES

Profit before income tax was arrived at after recognizing the following expenses for the years ended December 31, 2023, and December 31, 2022:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2023**	2022
Depreciation of fixed assets	**39.8**	34.9
Amortization of intangible assets	**19.0**	22.3
Amortization of lease right-of-use assets	**133.5**	118.2
Impairment Reversals	**(84.0)**	(72.2)
Employee benefits expense	**512.3**	433.6
Other expense[(1)]	**3.8**	0.3
Auditors' remuneration	**7.2**	7.7
Research and development	**19.8**	17.2
Rent expense[(2)]	**75.5**	54.3

Notes

(1) The Group recorded other expense of US$3.8 million and US$0.3 million for the years ended December 31, 2023, and December 31, 2022, respectively. Other expense for the year ended December 31, 2023, included losses on the disposal of property, plant and equipment along with certain other miscellaneous expense items. Other expense for the year ended December 31, 2023, also included restructuring reversals of US$0.6 million as the Group determined that a portion of its restructuring accrual was no longer needed. Other expense for the year ended December 31, 2022, included restructuring charges of US$1.3 million, primarily attributable to the disposition of the Group's operations in Russia, as well as certain other miscellaneous income and expense items. These other expenses were partially offset by gains from the disposal of assets and gains on lease exits/remeasurements.

(2) Rent expense for the years ended December 31, 2023, and December 31, 2022, represents those contracts/agreements which are not recognized on the consolidated statements of financial position in accordance with IFRS 16, including month-to-month contracts, certain shop-in-shop arrangements and variable rent agreements.

The fees in relation to the audit and related services for the years ended December 31, 2023, and December 31, 2022, provided by KPMG Audit S.à r.l. and its foreign member firms, the external auditors of the Group, were as follows:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2023**	2022
Legal annual audit fees and interim services	**5.9**	5.7
Fees for tax services	**1.0**	1.3
Other non-audit fees[(1)]	**0.3**	0.8
Total	**7.2**	7.7

Note

(1) Primarily comprised of fees associated with certain diligence and process assessment projects, as well as various global statutory certification and other projects.

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(a) Risk Management

The Company's Board of Directors is responsible for ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board of Directors has delegated to the Audit Committee the responsibility for reviewing the Group's risk management and internal control systems. The Company's management, under the oversight of the Board of Directors, is responsible for the design, implementation and monitoring of the Company's risk management and internal control systems.

(b) Exposure to Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. Maximum exposure is limited to the carrying amounts of the financial assets presented in the consolidated financial statements.

Trade and Other Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and the country in which customers operate, as these factors may have an influence on credit risk. The percentage of the Company's net sales that were attributable to the Group's five largest customers was less than 30% for the years ended December 31, 2023, and December 31, 2022. The percentage of the Company's net sales that were attributable to the Group's largest customer was less than 10% during the years ended December 31, 2023, and December 31, 2022. There were no concentrations of credit risk associated with any single customer on the Group's sales for the periods presented or trade and other receivables as of December 31, 2023, and December 31, 2022. Geographically, there is no concentration of credit risk.

The Group has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including aging profile, and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's wholesale customers. Customers that are graded as "high risk" are placed on credit hold and monitored by the Group, and future sales are made on an approval basis.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
Trade and other receivables	**319.6**	290.9

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
Asia	**129.6**	96.3
North America	**95.7**	115.9
Europe	**51.1**	51.2
Latin America	**27.7**	18.3
Total trade receivables	**304.1**	281.7

(c) Exposure to Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities.

The Group's primary sources of liquidity are its cash flows from operating activities, invested cash, available lines of credit (see note 13 Loans and Borrowings) and, subject to shareholder approval, its ability to issue additional shares. The Group believes that its existing cash and estimated cash flows, along with current working capital, will be adequate to meet the foreseeable future operating and capital requirements of the Group at least through March 31, 2025.

The following tables summarize the scheduled maturities of the Group's contractual obligations for which cash flows are fixed and determinable as of December 31, 2023, and December 31, 2022. The tables also indicate the periods in which the cash flows associated with derivatives, that are cash flow hedges, are expected to occur and impact profit or loss.

	December 31, 2023					
(Expressed in millions of US Dollars)	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities:						
New Senior Credit Facilities[1]	1,371.3	1,834.2	124.1	119.3	966.1	624.7
Senior Notes[1], [2]	385.0	418.8	13.7	13.7	391.4	—
Other borrowings and obligations	50.7	50.7	50.7	—	—	—
Trade and other payables	725.1	725.1	725.1	—	—	—
Derivative financial instruments[3]:						
Interest rate swap agreements – assets[4]	14.1	4.2	4.2	—	—	—
Foreign exchange forward contracts – liabilities	1.4	104.2	104.2	—	—	—
Other:						
Open inventory purchase orders	—	466.6	463.9	2.6	—	—
Lease liabilities	489.0	579.3	159.9	131.7	212.7	75.1
Short-term and low-value leases	—	2.8	2.8	—	—	—

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

	December 31, 2022					
(Expressed in millions of US Dollars)	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities:						
Prior Senior Credit Facilities[(1)]	1,572.1	1,578.0	51.6	66.6	1,459.8	—
Senior Notes[(1), (2)]	372.8	374.6	—	—	374.6	—
Other borrowings and obligations	67.0	67.0	67.0	0.0	0.0	—
Trade and other payables	778.5	778.5	778.5	—	—	—
Derivative financial instruments[(3)]:						
Interest rate swap agreements – assets[(4)]	30.5	11.2	6.7	4.5	—	—
Foreign exchange forward contracts – assets	4.3	113.1	113.1	—	—	—
Other:						
Open inventory purchase orders	—	590.6	588.8	1.6	0.2	—
Lease liabilities	375.6	424.3	134.8	97.7	142.5	49.3
Short-term and low-value leases	—	3.1	3.1	—	—	—

Notes

(1) The carrying amounts for the Senior Credit Facilities and the Senior Notes as of December 31, 2023, and December 31, 2022, represent the principal balance less remaining deferred financing costs.

(2) The value of the Senior Notes, when translated from Euros into US Dollars, will change relative to the fluctuation in the exchange rate between the Euro and US Dollar at stated points in time.

(3) The future cash flows on derivative instruments may be different from the amount in the tables above as interest rates and foreign exchange rates change.

(4) See note 13(a) Non-current Obligations for further details on interest rate swaps in effect during the year.

(d) Exposure to Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Group periodically buys and sells financial derivatives, such as forward purchase contracts for hedging purposes, in order to manage market risks.

(i) Currency Risk

The Group is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's subsidiaries.

The Group periodically uses forward exchange contracts to hedge its exposure to currency risk on product purchases denominated in a currency other than the respective functional currency of the Group's subsidiaries. The forward exchange contracts typically have maturities of less than one year.

Interest on borrowings is typically denominated in the local currency of the borrowing. Borrowings are generally denominated in currencies that match the cash flows generated by the underlying operations of the borrowing entity.

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

The Group's exposure to currency risk arising from the currencies that more significantly affect the Group's financial performance was as follows based on notional amounts of items with the largest exposure:

	December 31, 2023				
	Euro (Euro millions)	**Renminbi (RMB millions)**	**Indian Rupee (INR millions)**	**Won (KRW millions)**	**Yen (JPY millions)**
Cash	**164.8**	**126.0**	**2,399.4**	**21,530.6**	**1,796.0**
Trade and other receivables, net	**41.8**	**200.3**	**1,399.3**	**23,504.7**	**2,364.7**
Inter-company receivables (payables)	**(2.5)**	**43.0**	**41.9**	**(5,349.0)**	**(2,109.3)**
Trade and other payables	**(73.3)**	**(200.2)**	**(1,819.1)**	**(76.7)**	**(49.7)**
Statement of financial position exposure	**130.7**	**169.1**	**2,021.6**	**39,609.6**	**2,001.8**

	December 31, 2022				
	Euro (Euro millions)	Renminbi (RMB millions)	Indian Rupee (INR millions)	Won (KRW millions)	Yen (JPY millions)
Cash	92.5	107.6	3,073.2	16,663.2	1,009.4
Trade and other receivables, net	44.9	121.0	725.3	20,262.7	1,920.6
Inter-company receivables (payables)	(7.1)	10.0	92.8	(4,411.2)	(1,645.3)
Trade and other payables	(110.4)	(108.8)	(2,345.1)	(5,046.3)	(283.5)
Statement of financial position exposure	20.0	129.8	1,546.2	27,468.4	1,001.1

The following exchange rates applied to the currencies noted above during the year:

	Average rate		**Reporting date spot rate**	
	2023	2022	**2023**	2022
Euro	**1.0809**	1.0595	**1.1037**	1.0704
Renminbi	**0.1414**	0.1491	**0.1409**	0.1450
Indian Rupee	**0.0121**	0.0128	**0.0120**	0.0121
Korean Won	**0.0008**	0.0008	**0.0008**	0.0008
Japanese Yen	**0.0071**	0.0077	**0.0071**	0.0076

Foreign Currency Sensitivity Analysis

If each of the above currencies that more significantly affects the Group's financial performance had strengthened by 10% against the US Dollar, profit (loss) for the years ended December 31, 2023, and December 31, 2022, and equity as of December 31, 2023, and December 31, 2022, would have increased (decreased) by:

	Profit for the year ended December 31,		**Equity as of December 31,**	
(Expressed in millions of US Dollars)	**2023**	2022	**2023**	2022
Euro	**9.3**	9.9	**61.4**	48.3
Renminbi	**3.7**	0.2	**7.6**	6.3
Indian Rupee	**2.6**	2.2	**7.5**	4.9
Korean Won	**1.9**	1.5	**7.5**	6.6
Japanese Yen	**2.0**	0.9	**1.5**	(0.6)

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

The analysis assumes that all other variables, in particular interest rates, remain constant. A 10% weakening against the US Dollar in each of the above currencies that more significantly affects the Group's financial performance would have an equal but opposite impact on profit for the year and equity as of these reporting dates.

Cross-currency Swaps

The Group previously maintained a cross-currency swap used to hedge currency risk associated with currency fluctuations between the Euro and US Dollar. In April 2019, the Group entered into a cross-currency swap which was designated as a net investment hedge. The hedge consisted of a US$50.0 million notional loan amount between the Euro and US Dollar. In August 2022 the Group terminated such swap. At the time of termination, the cross-currency swap had a fair market value of US$4.2 million. The gain was recorded as a hedging gain in finance costs in the consolidated statements of income for the year ended December 31, 2022.

(ii) Interest Rate Risk

The Group monitors its exposure to changes in interest rates on borrowings on variable-rate debt instruments. From time to time, the Group enters into interest rate swap agreements to manage interest rate risk. See note 13(a) Non-current Obligations for further details on interest rate swaps in effect during the year.

The interest rate profile of the Group's interest-bearing financial instruments was:

(Expressed in millions of US Dollars)	**December 31, 2023**	December 31, 2022
Variable-rate instruments:		
Financial assets	**26.6**	23.3
Financial liabilities[1]	**(1,437.7)**	(1,644.9)
Total variable-rate instruments	**(1,411.2)**	(1,621.7)
Fixed-rate instruments:		
Interest rate swap agreements – assets	**14.1**	30.5
Financial liabilities[2]	**(386.3)**	(374.6)
Total fixed-rate instruments	**(372.2)**	(344.1)

Notes

(1) Primarily comprised the New Senior Credit Facilities as of December 31, 2023, and the Prior Senior Credit Facilities as of December 31, 2022.

(2) Primarily comprised the Senior Notes.

Sensitivity Analysis for Variable-rate Instruments

If the benchmark interest rates on each of the New Term Loan A Facility, New Term Loan B Facility and New Revolving Credit Facility increased by 100 basis points, with all other variables held constant, and in the absence of any interest rate swaps, the profit for the year would have decreased by US$10.1 million for the year ended December 31, 2023, and equity would have decreased by US$10.1 million as of December 31, 2023. A 100 basis point decrease in interest rates under each of the New Term Loan A Facility, New Term Loan B Facility and New Revolving Credit Facility would have an equal but opposite impact on profit for the year and equity as of December 31, 2023.

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

If the benchmark interest rates on each of the Prior Term Loan A Facility, Prior Term Loan B Facility, 2021 Incremental Term Loan B Facility and Prior Revolving Credit Facility increased by 100 basis points, with all other variables held constant, and in the absence of any interest rate swaps, the profit for the year would have decreased by US$11.7 million for the year ended December 31, 2022, and equity would have decreased by US$11.7 million as of December 31, 2022. A 100 basis point decrease in interest rates under each of the Prior Term Loan A Facility, Prior Term Loan B Facility, 2021 Incremental Term Loan B Facility and Prior Revolving Credit Facility would have an equal but opposite impact on profit for the year and equity as of December 31, 2022.

Fair Value Sensitivity Analysis for Fixed-rate Instruments

The Group does not designate interest rate swap agreements as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the end of the reporting period would not affect profit or loss for fixed-rate instruments.

(e) Capital Management

The primary objective of the Group's capital management policies is to safeguard its ability to continue as a going concern, to provide returns for shareholders, to fund total capital expenditures, normal operating expenses and working capital needs, and to pay obligations. The primary source of cash is revenue from sales of the Group's products. The Group anticipates generating sufficient cash flow from operations in the majority of countries where it operates and will have sufficient available cash and ability to draw on credit facilities for funding to satisfy the working capital and financing needs.

The Group's capital needs are primarily managed through cash and cash equivalents (note 11), trade and other receivables (note 10), inventories (note 9), property, plant and equipment (note 6), trade and other payables (note 15) and loans and borrowings (note 13).

(f) Fair Value Versus Carrying Amounts

All financial assets and liabilities have fair values that approximate carrying amounts.

(g) Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS Accounting Standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The carrying amount of cash and cash equivalents, trade receivables, accounts payable, short-term debt, and accrued expenses approximates fair value because of the short maturity or duration of these instruments.

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Loans and Borrowings

As of December 31, 2023, the fair value of the New Term Loan A Facility, New Term Loan B Facility and Senior Notes (see note 13 Loans and Borrowings for further discussion), including their respective current portions, was US$1,749.0 million. The difference between the fair value and carrying value of the New Term Loan A Facility, New Term Loan B Facility and Senior Notes is due to the Group's fixed and variable-rate debt obligations carrying interest rates that are above or below market rates at the measurement date. The fair value of these facilities was calculated based on estimated rates for the same or similar instruments with similar terms and remaining maturities, which represent Level 2 inputs in the fair value hierarchy.

The following table presents the estimated fair value of the New Term Loan A Facility, New Term Loan B Facility and Senior Notes as of December 31, 2023, and the Prior Term Loan A Facility, Prior Term Loan B Facility, 2021 Incremental Term Loan B Facility and Senior Notes as of December 31, 2022:

			Fair value measurements at reporting date using		
(Expressed in millions of US Dollars)	Carrying Amount	Fair Value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2023					
New Term Loan A Facility	**790.0**	**772.2**	**–**	**772.2**	**–**
New Term Loan B Facility	**597.0**	**597.2**	**–**	**597.2**	**–**
Senior Notes[1]	**386.3**	**379.5**	**–**	**379.5**	**–**
Total	**1,773.3**	**1,749.0**	**–**	**1,749.0**	**–**
December 31, 2022					
Prior Term Loan A Facility	580.0	569.4	–	569.4	–
Prior Term Loan B Facility	534.9	521.8	–	521.8	–
2021 Incremental Term Loan B Facility	463.1	457.9	–	457.9	–
Senior Notes[1]	374.6	348.4	–	348.4	–
Total	1,952.6	1,897.4	–	1,897.4	–

Note

(1) The value of the Senior Notes, when translated from Euros into US Dollars, will change relative to the fluctuation in the exchange rate between the Euro and US Dollar at stated points in time.

Derivatives

The fair value of forward exchange contracts is based on their listed market price. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). Call options are considered derivative financial assets and are recorded at fair value. The fair values of interest rate swap agreements and cross-currency swap agreements are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair value estimates reflect the credit risk of the Group and counterparty.

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Redeemable Non-controlling Interests

The Group has entered into agreements that include put and call option arrangements to sell and to acquire non-controlling interests in certain majority-owned subsidiaries exercisable at fair value at certain predetermined dates. Pursuant to these agreements, the Group has call options to acquire the remaining shares owned by the non-controlling interest holders and these non-controlling interest holders have put options to sell their ownership in these subsidiaries to the Group. In addition, the Group has the right to buy out these non-controlling interests in the event of termination of the underlying agreements. The table of contractual maturities (note 21(c) Exposure to Liquidity Risk) above does not include amounts for the repurchase of non-controlling interests as they do not represent contractual maturities.

The following table presents assets and liabilities that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) as of December 31, 2023, and December 31, 2022:

		Fair value measurements at reporting date using		
(Expressed in millions of US Dollars)	**December 31, 2023**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets:				
Interest rate swap agreements[1]	**14.1**	**—**	**14.1**	**—**
Total assets	**14.1**	**—**	**14.1**	**—**
Liabilities:				
Non-controlling interest put options	**126.9**	**—**	**—**	**126.9**
Foreign currency forward contracts	**1.4**	**1.4**	**—**	**—**
Total liabilities	**128.3**	**1.4**	**—**	**126.9**

		Fair value measurements at reporting date using		
(Expressed in millions of US Dollars)	December 31, 2022	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Interest rate swap agreements[1]	30.5	—	30.5	—
Total assets	30.5	—	30.5	—
Liabilities:				
Non-controlling interest put options	85.0	—	—	85.0
Foreign currency forward contracts	4.3	4.3	—	—
Total liabilities	89.3	4.3	—	85.0

Note

(1) The change in value of the interest rate swap agreements from December 31, 2022, to December 31, 2023, was due to changes in the LIBOR/SOFR curves.

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

The fair value of foreign currency forward contracts and interest rate swaps are estimated by reference to market quotations received from banks.

The Group maintains interest rate swaps which are used to hedge interest rate risk associated with the Senior Credit Facilities. See note 13(a) Non-current Obligations for further discussion. Since the interest rate swap fair values are based predominantly on observable inputs, such as the interest yield curve, that are corroborated by market data, they are categorized as Level 2 in the fair value hierarchy.

Certain non-U.S. subsidiaries of the Group periodically enter into forward contracts related to the purchase of inventory denominated primarily in US Dollars which are designated as cash flow hedges. The hedging effectiveness was evaluated in accordance with IFRS 9, Financial Instruments. The fair value of these instruments was a liability of US$1.4 million and US$4.3 million as of December 31, 2023, and December 31, 2022, respectively.

The following table shows the valuation technique used in measuring the Level 3 fair value, as well as the significant unobservable inputs used:

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Put options	*Income approach* – The valuation model converts future amounts based on an EBITDA multiple to a single current discounted amount reflecting current market expectations about those future amounts.	EBITDA Multiple	The estimated value would increase (decrease) if the EBITDA multiple was higher (lower).

The following table shows the reconciliation from the opening balance to the closing balance for Level 3 fair values:

(Expressed in millions of US Dollars)	
Balance at January 1, 2022	47.2
Change in fair value included in equity	19.8
Change in fair value included in finance costs	18.0
Balance at December 31, 2022, and January 1, 2023	85.0
Change in fair value included in equity	**20.1**
Change in fair value included in finance costs	**21.8**
Balance at December 31, 2023	**126.9**

For the fair value of put options, reasonably possible changes to one of the significant unobservable inputs, holding other inputs constant, would have the following effects at December 31, 2023:

	Profit or Loss		Shareholders' Equity	
(Expressed in millions of US Dollars)	Increase	Decrease	Increase	Decrease
EBITDA multiple (movement of 0.1x)	**1.8**	**(1.8)**	**1.7**	**(1.7)**

Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

22. RELATED PARTY TRANSACTIONS

(a) Transactions with Key Management Personnel

In addition to their cash compensation, the Group also provides non-cash benefits to certain directors and other key management personnel and may contribute to post-employment plans on their behalf.

Key management personnel are comprised of the Group's directors and senior management team. Compensation paid to key management personnel during the years ended December 31, 2023, and December 31, 2022, comprised:

(Expressed in millions of US Dollars)	Year ended December 31, **2023**	2022
Director's fees	**1.4**	1.4
Salaries, allowances and other benefits in kind	**7.0**	6.5
Bonus(1)	**9.6**	7.3
Share-based compensation(2)	**14.8**	13.3
Contributions to post-employment plans	**0.7**	0.6
Total compensation	**33.6**	29.1

Notes

(1) Bonus or other approved compensation arrangements reflect amounts paid during the period and are generally based on the performance of the Group for the previous year.

(2) Share-based compensation amounts reported represent the expense taken during the period of awards granted previously.

(b) Directors' Remuneration

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation:

	Year ended December 31, 2023					
(Expressed in millions of US Dollars)	Directors' fees	Salaries, allowances and other benefits in kind	Bonus(1)	Share-based compensation expense(2)	Contributions to post-employment plans	Total
Executive Director						
Kyle Gendreau	–	1.4	3.0	6.3	0.0	10.7
Non-Executive Director						
Timothy Parker	0.5	–	–	–	–	0.5
Independent Non-Executive Directors						
Claire Marie Bennett	0.1	–	–	–	–	0.1
Angela Iris Brav	0.1	–	–	–	–	0.1
Paul Etchells	0.2	–	–	–	–	0.2
Jerome Griffith	0.2	–	–	–	–	0.2
Tom Korbas	0.1	–	–	–	–	0.1
Ying Yeh	0.1	–	–	–	–	0.1
Total	1.4	1.4	3.0	6.3	0.0	12.1

Notes

(1) Bonus or other approved compensation arrangements reflect amounts paid during the period and are generally based on the performance of the Group for the previous year.

(2) Share-based compensation amounts reported represent the expense taken during the period of awards granted previously.

22. RELATED PARTY TRANSACTIONS (Continued)

	Year ended December 31, 2022					
(Expressed in millions of US Dollars)	Directors' fees	Salaries, allowances and other benefits in kind	Bonus[3]	Share-based compensation expense[4]	Contributions to post-employment plans	Total
Executive Director						
Kyle Gendreau	–	1.3	2.7	5.6	0.0	9.7
Non-Executive Director						
Timothy Parker	0.5	–	–	–	–	0.5
Independent Non-Executive Directors						
Claire Marie Bennett[1]	0.1	–	–	–	–	0.1
Angela Iris Brav[1]	0.1	–	–	–	–	0.1
Paul Etchells	0.2	–	–	–	–	0.2
Jerome Griffith	0.1	–	–	–	–	0.1
Keith Hamill[2]	0.1	–	–	–	–	0.1
Tom Korbas	0.1	–	–	–	–	0.1
Bruce Hardy McLain[2]	0.1	–	–	–	–	0.1
Ying Yeh	0.1	–	–	–	–	0.1
Total	1.4	1.3	2.7	5.6	0.0	11.1

Notes
(1) Mses. Bennett and Brav were appointed as directors on June 2, 2022.
(2) Messrs. Hamill and McLain retired from the Company's Board of Directors effective June 2, 2022.
(3) Bonus or other approved compensation arrangements reflect amounts paid during the period and are generally based on the performance of the Group for the previous year.
(4) Share-based compensation amounts reported represent the expense taken during the period of awards granted previously.

No director received any emoluments from the Group as an inducement to join or upon joining the Group during the years ended December 31, 2023, and December 31, 2022. No director received any compensation during the years ended December 31, 2023, and December 31, 2022, for the loss of office as a director of the Company or of any other office in connection with the management of the affairs of the Group. No director waived or agreed to waive any emoluments during the periods presented. No director received any loans from the Group during the years ended December 31, 2023, and December 31, 2022.

(c) Individuals with the Highest Emoluments

The five highest paid individuals of the Group included one director during the years ended December 31, 2023, and December 31, 2022, whose emoluments are disclosed above. Details of remuneration paid to the remaining highest paid individuals of the Group are as follows:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2023**	2022
Salaries, allowances and other benefits in kind	**2.4**	2.3
Bonus[1]	**3.7**	2.8
Share-based compensation expense[2]	**4.5**	4.3
Contributions to post-employment plans	**0.1**	0.1
Total	**10.7**	9.5

Notes
(1) Bonus or other approved compensation arrangements reflect amounts paid during the period and are generally based on the performance of the Group for the previous year.
(2) Share-based compensation amounts reported represent the expense taken during the period of awards granted previously.

22. RELATED PARTY TRANSACTIONS (Continued)

The emoluments of each individual for 2023 and 2022 fall within these ranges:

	Year ended December 31,	
	2023	2022
HK$15,500,000 – HK$16,000,000 (US$1,979,767 – US$2,043,630):	**0**	1
HK$17,500,000 – HK$18,000,000 (US$2,235,221 – US$2,299,084):	**0**	2
HK$18,000,000 – HK$18,500,000 (US$2,299,084 – US$2,362,948):	**1**	0
HK$18,500,000 – HK$19,000,000 (US$2,362,948 – US$2,426,811):	**2**	0
HK$22,000,000 – HK$22,500,000 (US$2,809,992 – US$2,873,855):	**0**	1
HK$28,000,000 – HK$28,500,000 (US$3,576,353 – US$3,640,217):	**1**	0

No amounts have been paid to these individuals as compensation for loss of office or as an inducement to join or upon joining the Group during the years ended December 31, 2023, and December 31, 2022.

23. SHARE CAPITAL AND RESERVES AND PARTICULARS OF GROUP ENTITIES

(a) Share Capital and Reserves

(i) Ordinary Shares

There were no changes to the authorized share capital of the Company during 2023 or 2022.

As of December 31, 2023, and December 31, 2022, the Company had 2,050,307,790 and 2,061,099,568, respectively, shares authorized but unissued and 1,449,692,210 and 1,438,900,432, respectively, ordinary shares with a par value of US$0.01 per share issued and outstanding.

The holders of ordinary shares are entitled to one vote per share at shareholder meetings of the Company. All ordinary shares in issue rank equally and in full for all dividends or other distributions declared, made or paid on the shares in respect of a record date.

During the year ended December 31, 2023, the Company issued 10,791,778 ordinary shares at a weighted-average exercise price of HK$19.47 per share in connection with the exercise of vested share options that were granted under the Company's share award schemes (see note 14(b) Share-based Payment Arrangements for further discussion). There were no other movements in the share capital of the Company during the year ended December 31, 2023.

During the year ended December 31, 2022, the Company issued 1,071,467 ordinary shares at a weighted-average exercise price of HK$17.12 per share in connection with the exercise of vested share options that were granted under the Company's share award schemes. During the year ended December 31, 2022, the Company issued 923,902 ordinary shares in connection with the vesting of time-based restricted share awards that were awarded under the Company's 2012 Share Award Scheme. There were no other movements in the share capital of the Company during the year ended December 31, 2022.

23. SHARE CAPITAL AND RESERVES AND PARTICULARS OF GROUP ENTITIES (Continued)

(ii) Treasury Shares

There are no treasury shares held by the Group.

(iii) Distributable Reserves

As of December 31, 2023, reserves available for distribution to shareholders amounted to approximately US$1.7 billion, as shown in the statutory financial statements of Samsonite International S.A. and calculated in accordance with the Company's Articles of Incorporation.

(iv) Foreign Currency Translation Reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(v) Other Reserves

Other reserves comprise amounts related to defined benefit pension plans, the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions pending subsequent recognition of the hedged cash flows and the share option reserve for share-based payments made by the Company.

(b) Non-controlling Interests

The Group currently operates in certain markets by means of majority-owned subsidiaries that are operated in conjunction with a non-controlling partner in each country. Under these arrangements, the Group contributes brands through trademark licensing agreements and international marketing expertise and the partner contributes local market expertise. All interests acquired were paid in full at the time of the acquisition and each of these subsidiaries is operated on a self-financing basis. There are no current or future requirements for the Group to contribute any further investment amount to any of these entities.

The agreements governing certain majority-owned subsidiaries include put and call options whereby the Group may be required to acquire the respective non-controlling interest at amounts intended to represent current fair value. As of December 31, 2023, and December 31, 2022, the financial liabilities recognized related to these put options were US$126.9 million and US$85.0 million, respectively.

The call options were deemed to have a fair value of nil as of each reporting date as the agreements call for redemption at fair value upon the option being exercised.

23. SHARE CAPITAL AND RESERVES AND PARTICULARS OF GROUP ENTITIES (Continued)

The following tables summarize the information relating to certain of the Group's subsidiaries that have non-controlling interests ("NCI"), before any intra-group eliminations:

For the year ended December 31, 2023:

(Expressed in millions of US Dollars)	**PT Samsonite Indonesia**	**Samsonite Chile S.A.**	**Samsonite South Asia Private Limited**
NCI percentage	**40%**	**15%**	**40%**
Non-current assets	**14.0**	**56.6**	**57.7**
Current assets	**75.9**	**33.3**	**145.9**
Non-current liabilities	**4.0**	**12.5**	**41.4**
Current liabilities	**47.6**	**30.0**	**87.3**
Net assets	**38.3**	**47.4**	**74.9**
Carrying amount of NCI	**15.3**	**7.1**	**30.0**
Net outside revenue	**64.6**	**63.2**	**260.3**
Profit for the year	**17.1**	**7.0**	**26.0**
Other comprehensive income (loss)	**0.2**	**(0.9)**	**(0.6)**
Total comprehensive income	**17.3**	**6.1**	**25.5**
Profit allocated to NCI	**6.9**	**1.1**	**10.4**
Other comprehensive income (loss) allocated to NCI	**0.1**	**(0.1)**	**(0.2)**
Dividends paid to NCI	**3.0**	**—**	**—**
Net decrease in cash and cash equivalents	**16.5**	**(1.3)**	**(8.3)**

For the year ended December 31, 2022:

(Expressed in millions of US Dollars)	PT Samsonite Indonesia	Samsonite Chile S.A.	Samsonite South Asia Private Limited
NCI percentage	40%	15%	40%
Non-current assets	12.1	47.0	35.6
Current assets	50.5	32.5	118.5
Non-current liabilities	4.2	9.2	29.0
Current liabilities	29.8	29.0	75.6
Net assets	28.6	41.3	49.5
Carrying amount of NCI	11.4	6.2	19.8
Net outside revenue	47.0	55.5	218.1
Profit for the year	14.5	2.9	22.0
Other comprehensive loss	(2.2)	(1.1)	(5.0)
Total comprehensive income	12.3	1.8	17.0
Profit allocated to NCI	5.8	0.4	8.8
Other comprehensive loss allocated to NCI	(0.9)	(0.2)	(2.0)
Dividends paid to NCI	1.2	—	3.5
Net increase (decrease) in cash and cash equivalents	2.2	(1.9)	12.5

23. SHARE CAPITAL AND RESERVES AND PARTICULARS OF GROUP ENTITIES (Continued)

(c) Particulars of Group Entities

Entity name	Principal country of operation and country of incorporation	Ownership % December 31, 2023	December 31, 2022
Samsonite International S.A.	Luxembourg	**Parent**	Parent
AboutBags NV	Belgium	**100**	100
Astrum R.E. LLC	United States	**100**	100
Borwer S.A.	Uruguay	**100**	—
Bypersonal S.A. de C.V.	Mexico	**100**	100
Delilah Europe Investments S.à r.l.	Luxembourg	**100**	100
Delilah US Investments S.à r.l.	Luxembourg	**100**	100
Direct Marketing Ventures, LLC	United States	**100**	100
Equipaje en Movimiento, S.A. de C.V.	Mexico	**100**	100
Global Licensing Company, LLC	United States	**100**	100
HL Operating, LLC	United States	**100**	100
Jody Apparel II, LLC	United States	**100**	100
Lonberg Express S.A.	Uruguay	**100**	100
McGregor II, LLC	United States	**100**	100
PT Samsonite Indonesia	Indonesia	**60**	60
PT Samsonite Ritel Indonesia	Indonesia	**100**	—
PTL Holdings, Inc.	United States	**100**	100
Samsonite (Malaysia) Sdn Bhd	Malaysia	**100**	100
Samsonite (Thailand) Co., Ltd.	Thailand	**60**	60
Samsonite A/S	Denmark	**100**	100
Samsonite AB (Aktiebolag)	Sweden	**100**	100
Samsonite AG	Switzerland	**100**	100
Samsonite Argentina S.A.	Argentina	**95**	95
Samsonite Asia Limited	Hong Kong	**100**	100
Samsonite Australia Pty Limited	Australia	**100**	100
Samsonite Belgium Holdings BV	Belgium	**100**	100
Samsonite Brands Private Limited	Singapore	**100**	100
Samsonite Brasil Ltda.	Brazil	**100**	100
Samsonite BV	Netherlands	**100**	100
Samsonite Canada Inc.	Canada	**100**	100
Samsonite Chile S.A.	Chile	**85**	85
Samsonite China Holdings Limited	Hong Kong	**100**	100
Samsonite (China) Co., Ltd.	China	**100**	100
Samsonite Colombia S.A.S.	Colombia	**100**	100
Samsonite Company Stores, LLC	United States	**100**	100
Samsonite Espana S.A.	Spain	**100**	100
Samsonite Europe Holdings S.à r.l.	Luxembourg	**100**	100
Samsonite Europe NV	Belgium	**100**	100
Samsonite Finco S.à r.l.	Luxembourg	**100**	100
Samsonite Finland Oy	Finland	**100**	100
Samsonite Franquias do Brasil Eireli	Brazil	**100**	100
Samsonite Gesm.b.H.	Austria	**100**	100
Samsonite GmbH	Germany	**100**	100
Samsonite Hungaria Borond KFT	Hungary	**100**	100
Samsonite Importaciones, S.A. de C.V.	Mexico	**100**	100
Samsonite IP Holdings S.à r.l.	Luxembourg	**100**	100
Samsonite Japan Co. Ltd.	Japan	**100**	100
Samsonite Korea Limited	South Korea	**100**	100
Samsonite Latinoamerica S.A. de C.V.	Mexico	**100**	100
Samsonite Limited	United Kingdom	**100**	100
Samsonite LLC	United States	**100**	100
Samsonite Macau Limitada	Macau	**100**	100

23. SHARE CAPITAL AND RESERVES AND PARTICULARS OF GROUP ENTITIES (Continued)

Entity name	Principal country of operation and country of incorporation	Ownership % December 31, 2023	Ownership % December 31, 2022
Samsonite Mauritius Limited	Mauritius	**100**	100
Samsonite Mercosur Limited	Bahamas	**100**	100
Samsonite Mexico, S.A. de C.V.	Mexico	**100**	100
Samsonite Middle East FZCO	United Arab Emirates	**60**	60
Samsonite Norway AS	Norway	**100**	100
Samsonite Pacific LLC	United States	**100**	100
Samsonite Panama S.A.	Panama	**100**	100
Samsonite Peru S.A.C.	Peru	**100**	100
Samsonite Philippines Inc.	Philippines	**60**	60
Samsonite S.A.S.	France	**100**	100
Samsonite S.p.A.	Italy	**100**	100
Samsonite Seyahat Ürünleri Sanayi ve Ticaret Anonim Sirketi	Turkey	**60**	60
Samsonite Singapore Pte Ltd	Singapore	**100**	100
Samsonite South Asia Private Limited	India	**60**	60
Samsonite Southern Africa (Pty) Ltd.	South Africa	**60**	60
Samsonite Sp.zo.o	Poland	**100**	100
Samsonite Sub Holdings S.à r.l.	Luxembourg	**100**	100
Samsonite US Holdco, LLC	United States	**100**	100
SC Chile Uno S.A.	Chile	**100**	100
SC Inversiones Chile Ltda	Chile	**100**	100
The Tumi Haft Company, LLC	United States	**100**	100
Tumi Asia, Limited	Hong Kong	**100**	100
Tumi Asia Brand Holdings LLC	United States	**100**	—
Tumi Asia (Macau) Co., Ltd.	Macau	**100**	100
Tumi Canada Holdings, LLC	United States	**100**	100
Tumi Canada ULC	Canada	**100**	100
Tumi Charlotte Airport LLC	United States	**74**	90
Tumi Dulles Airport LLC	United States	**90**	90
Tumi Houston Airport LLC	United States	**70**	70
Tumi Inc.	United States	**100**	100
Tumi International LLC	United States	**100**	100
Tumi Ireland Limited	Ireland	**100**	100
Tumi Japan Inc.	Japan	**100**	100
Tumi Newark Airport LLC	United States	**70**	—
Tumi Services GmbH	Germany	**100**	100
Tumi Stores, Inc.	United States	**100**	100
Tumi (UK) Limited	United Kingdom	**100**	100

24. SUBSEQUENT EVENTS

The Group 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.