# Samsonite International S.A.

(Societé Anonyme)

# Annual Accounts

## As of December 31, 2020

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

Address of the registered office:

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

R.C.S. Luxembourg: B 159.469

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

# REPORT OF THE REVISEUR D'ENTREPRISES AGREE

## *Report on the audit of the annual accounts*

### *Opinion*

We have audited the annual accounts of Samsonite International S.A. (the "Company"), which comprise the balance sheet as at 31 December 2020, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2020 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

### *Basis for opinion*

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

### *Key audit matters*

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



T.V.A. LU 27351518
R.C.S. Luxembourg B 149133

| **Disclosures pertaining to the going concern basis of accounting and related off balance sheet commitments (note 2.1, note 3 and note 16.1)** | |
|---|---|
| **The key audit matter** | **How the matter was addressed in our audit** |
| As at 31 December 2020, shares in Samsonite Sub Holdings S.à r.l. are recorded for USD 1,945 million under shares in affiliated undertakings, representing 99.8% of the total balance sheet.<br><br>As is customary for the financing of the activities of its subsidiaries, substantially all the assets of the Group's borrowers and the Group's guarantors (including the Company) serve as security for the amounts owed to the major lenders. It is therefore of major significance to our audit to obtain appropriate audit evidence on the going concern assumption.<br><br>To support the going concern basis in preparing the annual accounts, management has prepared a cash flow forecast of the Group covering the foreseeable future financial obligations including at least through 31 March 2022 and is of the opinion the Group will meet its financial obligations as and when they fall due and remain in compliance with certain of the Group's financial debt covenants.<br><br>The forecasted revenue growth rate is a key assumption in the cash flow forecast of the Group.<br><br>Based on the significant judgment required, we identified the determination of the need to disclose whether there are material uncertainties that cast significant doubt on the Company's ability to continue as a going concern basis as a key audit matter. | Our audit procedures in this area included, among others:<br><br>• testing the design of certain controls over the Group's cash flow forecast process;<br><br>• analyzing the requirements of the financial covenants under the Group's relevant debt agreements;<br><br>• evaluating the Group's ability to accurately forecast revenue by comparing previous revenue forecasts with actual outcomes;<br><br>• evaluating the appropriateness of the Group's forecasted revenue growth rates by comparing them to historical revenue growth rates;<br><br>• evaluating, with assistance from our own valuation specialists, the appropriateness of the Group's forecasted revenue growth rates by comparing them against growth rates from publicly available market data for comparable entities;<br><br>• performing a sensitivity analysis to assess the impact of possible changes to the cash flow forecasts; and<br><br>• assessing the completeness, accuracy and relevance of disclosures required by Luxembourg legal and regulatory requirements. |

***Other information***

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

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

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

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

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

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

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

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

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

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

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

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

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

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

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

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

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

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

***Report on other legal and regulatory requirements***

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

Luxembourg, 17 March 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Philippe Meyer

**SAMSONITE INTERNATIONAL S.A.**

*Société Anonyme*
Registered office: 13-15, avenue de la Liberté, L-1931 Luxembourg
R.C.S. Luxembourg: B 159.469
(the "**Company**")

**REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS OF THE COMPANY RELATING TO THE STATUTORY ANNUAL ACCOUNTS (STAND ALONE ANNUAL ACCOUNTS) OF THE COMPANY FOR THE PERIOD FROM JANUARY 1, 2020 TO DECEMBER 31, 2020**

March 17, 2021

Dear Shareholders,

We are pleased to present you the Company's statutory annual accounts (stand alone annual accounts), being the balance sheet, the profit and loss account as well as the notes for the financial year having started on January 1, 2020 and ended on December 31, 2020 (the "**Financial Year**").

At the end of the Financial Year, the share capital of the Company amounts to US$14,348,804.47 and the authorized share capital of the Company (including the issued share capital of the Company) amounts to US$ 35,000,000.-, represented by 3,500,000,000 shares having a par value of US$ 0.01 each.

At the end of the Financial Year, the Company's issued share capital is represented by 1,434,880,447 shares with a par value of US$0.01 each, all of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

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

**Issuance of €350.0 Million 3.500% Senior Notes Due 2026**

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

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

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

**Amended and Restated Senior Credit Facilities Agreement**

On May 13, 2016, an indirect, wholly-owned subsidiary of the Company entered into a credit and guaranty agreement (the "**Original Senior Credit Facilities Agreement**") with certain lenders and financial institutions. On August 1, 2016, the Company acceded to the Original Senior Credit Facilities Agreement as revolving borrower. The Original Senior Credit Facilities Agreement provided for (1) a US$1,250.0 million senior secured term loan A facility (the "**Original Term Loan A Facility**"), (2) a US$675.0 million senior secured term loan B facility (the "**Original Term Loan B Facility**" and, together with the Original Term Loan A Facility, the "**Original Term Loan Facilities**") and (3) a US$500.0 million revolving credit facility (the "**Original Revolving Credit Facility**," and, together with the Original Term Loan Facilities, the "**Original Senior Credit Facilities**").

In conjunction with the Senior Notes offering, on April 25, 2018, the Company and certain of its indirect, wholly-owned subsidiaries, as borrowers and guarantors and certain of the Company's other direct and indirect wholly-owned subsidiaries, as guarantors, entered into an amended and restated credit and guaranty agreement (the "**Credit Agreement**") with certain lenders and financial institutions. The Credit Agreement provides for (1) a new US$828.0 million senior secured term loan A facility (the "**New Term Loan A Facility**"), (2) a new US$665.0 million senior secured term loan B facility (the "**New Term Loan B Facility**" and, together with the New Term Loan A Facility, the "**New Term Loan Credit Facilities**") and (3) a new US$650.0 million revolving credit facility (the "**New Revolving Credit Facility**," and, together with the New Term Loan Credit Facilities, the "**New Senior Credit Facilities**").

On April 25, 2018 (the "**Closing Date**") the gross proceeds from drawings under the New Senior Credit Facilities were used, together with the gross proceeds from the offering of the Senior Notes and existing cash on hand, to (i) repay in full the Original Senior Credit Facilities and (ii) pay certain commissions, fees and expenses in connection thereto.

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

The New Senior Credit Facilities also contain certain financial covenants that are applicable to the Company and its subsidiaries on a consolidated basis. The obligation to comply with such financial covenants was temporarily suspended pursuant to the Third Amendment to Credit Agreement (as defined below). The terms of such suspension are further described below.

On March 16, 2020, (the "**Second Amendment Closing Date**"), the Company and certain of its direct and indirect wholly-owned subsidiaries entered into a second amendment agreement to the Credit Agreement (the "**Second Amendment to Credit Agreement**") with certain lenders and financial institutions (the "**2020 Refinancing**"). Under the terms of the 2020 Refinancing, the Second Amendment to Credit Agreement provides for (1) an amended US$800.0 million senior secured term loan A facility (the "**Amended Term Loan A Facility**") and (2) an amended US$850.0 million revolving credit facility (the "**Amended Revolving Credit Facility**"). Under the Second Amendment to Credit Agreement, the maturity for both the Amended Term Loan A Facility and the Amended Revolving Credit Facility were extended by approximately two years with remaining balances on both facilities due to be paid in full on the fifth anniversary of the Second Amendment Closing Date. Interest on the borrowings under the Amended Term Loan A Facility and the Amended Revolving Credit Facility began to accrue on the Second Amendment Closing Date.

The 2020 Refinancing did not affect the terms of the Term Loan B Facility.

On March 20, 2020, certain of the Company's indirect, wholly-owned subsidiaries borrowed US$810.3 million (USD equivalent) under the Amended Revolving Credit Facility to ensure access to the Group's liquidity given the uncertainties and challenges caused by the COVID-19 pandemic. At December 31, 2020 the aggregate principal amount of outstanding borrowings by the Company's indirect, wholly-owned subsidiaries under the Amended Revolving Credit Facility was US$822.2 million.

On April 29, 2020, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into a third amendment agreement to the Credit Agreement (the "**Third Amendment to Credit Agreement**") with certain lenders and financial institutions. The terms of the Third Amended Credit Agreement further strengthened the Company's financial flexibility in order to navigate the challenges from COVID-19. Under the terms of the Third Amended Credit Agreement:

1. The Company's requirement to test the maximum total net leverage ratio and minimum interest coverage ratio under its Financial Covenants is suspended from the beginning of the second quarter of 2020 through the end of the second quarter of 2021 (the "**Suspension Period**"). Following the Suspension Period, the Company will resume testing compliance with the total net leverage ratio and interest coverage ratio covenants beginning with the end of the third quarter of 2021.

2. During the Suspension Period, the Company is required to comply with a minimum liquidity covenant of US$500.0 million and the Group is subject to additional restrictions on its ability to incur indebtedness and make restricted payments and investments.

3. During the Suspension Period, the interest rate applicable to the Amended Term Loan A Facility and the Amended Revolving Credit Facility, as defined in the Second Amended Credit Agreement, was increased to LIBOR plus 2.00% per annum with a LIBOR floor of 0.75% and the commitment fee in respect of the unutilized commitments under the Amended Revolving Credit Facility was increased to 0.35% per annum.

4. The Company may elect to reinstate the pre-amendment covenants and pricing terms prior to the end of the Suspension Period.

5. From September 30, 2021 until March 31, 2022, the Company may at its election use Consolidated Adjusted EBITDA (as defined in the Third Amended Credit Agreement) from the first two quarters of 2019 and fourth quarter of 2019 (the "**Historical EBITDA**") (instead of actual Consolidated Adjusted EBITDA from the fourth quarter of 2020 and the first two quarters of 2021) to calculate compliance with the Financial Covenants under the Third Amended Credit Agreement. So long as the Company uses Historical EBITDA to calculate compliance with the Financial Covenants, the minimum liquidity covenant and the Suspension Period pricing terms will remain in effect.

On May 7, 2020 (the "**2020 Incremental Term Loan B Facility Closing Date**"), the Company and certain of its direct and indirect wholly-owned subsidiaries entered into a fourth amendment agreement to the Credit Agreement (the "**Fourth Amendment to Credit Agreement**") with certain lenders and financial institutions. The Fourth Amended Credit Agreement provides for an additional term loan B facility in an aggregate principal amount of US$600.0 million (the "**2020 Incremental Term Loan B Facility**"), which was borrowed by certain indirect, wholly-owned subsidiaries of the Company on May 7, 2020. The 2020 Incremental Term Loan B Facility was issued with original issue discount with an issue price of 97.00%. The proceeds from the borrowing under the 2020 Incremental Term Loan B Facility were used to (i) provide the Group with additional cash resources (which may be used for general corporate purposes and for working capital needs) and (ii) pay certain fees and expenses in connection thereto.

**Cash Pooling Agreement**

On November 21, 2019, the Company entered into a Pooling Adherence Agreement (the "**Adherence Agreement**") with J.P. Morgan Bank Luxembourg S.A. ("**JPM**") pursuant to which the Company became bound as a "customer" under a Pooling Agreement (the "**Pooling Agreement**") dated November 21, 2019 between JPM and Samsonite IP Holdings S.à r.l., a wholly owned subsidiary of the Company. Pursuant to the arrangements governed by the terms of the Pooling Agreement, the amount of the balance on an interest-bearing bank account of the Company maintained with JPM, together with the balances on bank accounts maintained with JPM by certain subsidiaries of the Company that are also "customers" under the Pooling Agreement, collectively make up the amount of a "notional pool" of funds (the "**Notional Pool**"). The Pooling Agreement allows for customers, including the Company, to make short-term overdraft borrowings from JPM in an amount up to the net aggregate balance of all accounts included within the Notional Pool (taking into account any negative balances that exist by virtue of the Company or the other "customers" having drawn on the overdraft facility). The Company is jointly and severally liable for the obligations of each of its subsidiaries that participates as a "customer" under the Pooling Agreement. At December 31, 2020, there were no drawings on the overdraft facility with JPM by the Company or of its subsidiaries under the Pooling Agreement.

**Share Award Scheme**

Upon the exercise of RSUs granted by the Company on the dates referred to below, pursuant to the rules of the Company's share award scheme adopted by the shareholders of the Company on September 14, 2012 (as amended from time to time, the "**Share Award Scheme**"), 2,310,676 new ordinary shares were issued during the Financial Year, as bonus shares, paid up out of available reserves of the Company for an amount of USD0.01 per new shares in the amounts referred to below:

– upon the vesting of RSUs granted on October 11, 2018: 975,578 ordinary shares were issued during the Financial Year;

– upon the vesting of RSUs granted on December 4, 2018: 154,254 ordinary shares were issued during the Financial Year;

– upon the vesting of RSUs granted on June 17, 2019: 1,144,796 ordinary shares were issued during the Financial Year; and

– upon the vesting of RSUs granted on November 22, 2019: 36,048 ordinary shares were issued during the Financial Year.

During the year ended December 31, 2020, the Company, in light of the challenges and uncertainties caused by the COVID-19 pandemic, the resulting impacts on the Company's share price, and the difficulty of setting meaningful and reliable financial performance goals applicable to performance-related long-term incentive awards during the ongoing COVID-19 pandemic, did not grant market-priced share options or performance-based or time-based restricted share units under the Share Award Scheme. Instead the Company, pursuant to the rules of the Share Award Scheme, granted on November 18, 2020:

(i) premium-priced share options exercisable for 17,933,636 new ordinary shares with an exercise price of HK$15.18 per share which represented an approximately 30% premium over the closing price of the shares of the Company on November 18, 2020. Such share options are subject to pro rata vesting over a four-year period from the date of grant, with 25% of the options vesting on each anniversary of the date of the grant, subject to the grantee continuing to be employed by, or continuing to provide services to, the Group on the applicable vesting date (the "**Options**") to the Executive Director of the Company and to the Company's senior management team. The Options have a 10-year term; and

(ii) long-term incentive cash awards to certain employees of the Company's subsidiaries (other than the Executive Director of the Company and members of the Company's senior management team) to receive an aggregate amount of up to the US Dollar equivalent of approximately US $9,682,718.00 (based on applicable exchange rates as of the grant date – the US Dollar equivalent of the actual payments, which are denominated in and will be made in local currency, will be determined at the time of payment) to be paid by the relevant subsidiary of the Company.

In the Company's circular to shareholders dated September 3, 2018 relating to, among other things, the grant of performance-based restricted share units ("**PRSUs**"), the Company stated that the final number of shares which will vest under the PRSUs will vary depending on the level of achievement of performance conditions applicable to the PRSUs, thereby ensuring that the actual payout is linked to the Company's performance. The Remuneration Committee determined that in relation to the PRSUs which were granted in October and December 2018, the performance conditions will be based on (i) fiscal year 2018 to 2020 three-year adjusted earnings per share ("**EPS**") compound annual growth rate ("**CAGR**") (with a 50% weighting) and (ii) fiscal year 2018 to 2020 three-year relative total shareholders' return ("**TSR**") (with a 50% weighting). Relative TSR measures the Company's TSR to the TSR of a benchmark group, consisting of the Company's peer group companies.

As the actual fiscal year 2018 to 2020 three-year cumulative adjusted EPS was below the 90% threshold, and the actual fiscal year 2018 to 2020 three-year relative TSR performance was also below the threshold level, none of the outstanding PRSUs granted by the Company in October and December 2018 will vest and will therefore lapse on their respective vesting dates in 2021.

**Own Shares**

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

**Branch**

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

**Research & development**

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

**Risk management**

The Company's directors considered that the Company may potentially be impacted by the principal risks and uncertainties to which the Company's group is exposed (for more explanation on this matter, please refer to Note 22 of the Company's consolidated financial statements).

**SAMSONITE INTERNATIONAL S.A.**

*Société Anonyme*
Registered office: 13-15, avenue de la Liberté, L-1931 Luxembourg
R.C.S. Luxembourg: B 159.469
(the "**Company**")

The coronavirus (COVID-19) outbreak has caused a global health emergency and travel disruptions around the world. The impact of the COVID-19 outbreak on the Company and its consolidated subsidiaries on a consolidated basis in 2020 is described under "Management Discussion and Analysis – Impact of COVID-19" in the Consolidated Annual Report of the Company for the year ended December 31, 2020.

**Subsequent events**

There are no significant subsequent events impacting the annual accounts of the Company for the year ended December 31, 2020.

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

**Results, appropriation of the results**

The operating results indicate a loss for the Financial Year of US$2,971,101.76. The balance sheet total amounts to US$ 1,949,271,261.86 as at December 31, 2020.

By: Kyle Gendreau
Capacity: Director

## Samsonite International S.A.
## Balance Sheet
## as at December 31, 2020
## (expressed in USD)

| | Note(s) | 12/31/2020 | 12/31/2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | 3 | | |
| Shares in affiliated undertakings | | 1,944,943,754.10 | 1,944,943,754.10 |
| Other loan | | – | – |
| Total financial assets | | 1,944,943,754.10 | 1,944,943,754.10 |
| **Total fixed assets** | | **1,944,943,754.10** | **1,944,943,754.10** |
| **Current assets** | | | |
| Debtors | 4 | | |
| Amounts owed by affiliated undertakings | 4.1 | | |
| *becoming due and payable within one year* | | 1,297,385.95 | 229,543.97 |
| *becoming due and payable after more than one year* | | – | – |
| Total amounts owed by affiliated undertakings | | 1,297,385.95 | 229,543.97 |
| Other debtors | 4.2 | | |
| *becoming due and payable within one year* | | 93,167.34 | 185,692.57 |
| *becoming due and payable after more than one year* | | 12,768.80 | 12,768.80 |
| Total other debtors | | 105,936.14 | 198,461.37 |
| **Total debtors** | | 1,403,322.09 | 428,005.34 |
| Cash at bank and in hand | 5 | 2,847,127.46 | 6,429,885.00 |
| **Total current assets** | | **4,250,449.55** | **6,857,890.34** |
| **Prepayments** | | **77,058.21** | **58,798.24** |
| **TOTAL ASSETS** | | **1,949,271,261.86** | **1,951,860,442.68** |

| | Note(s) | 12/31/2020 | 12/31/2019 |
|---|---|---|---|
| **CAPITAL, RESERVES and LIABILITIES** | | | |
| **Capital and reserves** | 6 | | |
| Subscribed capital | | 14,348,804.47 | 14,325,697.71 |
| Share premium account | | 289,100,326.99 | 289,100,326.99 |
| Reserves | | | |
| Other reserves including the fair value reserve | | | |
| *Other available reserves* | | 1,680,216,689.84 | 1,680,239,796.60 |
| Total reserves | | 1,680,216,689.84 | 1,680,239,796.60 |
| Profit or loss brought forward | | (36,072,529.09) | (34,015,838.91) |
| Profit or loss for the financial year | | (2,971,101.76) | (2,056,690.18) |
| **Total capital and reserves** | | **1,944,622,190.45** | **1,947,593,292.21** |
| **Provisions** | 7 | | |
| Provisions for taxation | | – | – |
| Other provisions | | 588,858.74 | 962,735.26 |
| Total provisions | | **588,858.74** | **962,735.26** |
| **Creditors** | 8 | | |
| Amounts owed to credit institutions | | | |
| *becoming due and payable within one year* | | – | – |
| Total amounts owed to credit institutions | | – | – |
| Trade creditors | 8.1 | | |
| *becoming due and payable within one year* | | 432,205.30 | 181,289.89 |
| Total trade creditors | | 432,205.30 | 181,289.89 |
| Amounts owed to affiliated undertakings | 8.2 | | |
| *becoming due and payable within one year* | | 1,766,676.30 | 2,831,043.89 |
| Total amounts owed to affiliated undertakings | | 1,766,676.30 | 2,831,043.89 |
| Other creditors | 8.3 | | |
| Tax authorities | | 1,782,225.84 | 198,384.07 |
| Other creditors | | – | – |
| *becoming due and payable within one year* | | 79,105.23 | 93,697.36 |
| Total other creditors | | 1,861,331.07 | 292,081.43 |
| **Total creditors** | | **4,060,212.67** | **3,304,415.21** |
| **TOTAL CAPITAL, RESERVES AND LIABILITIES** | | **1,949,271,261.86** | **1,951,860,442.68** |

**Samsonite International S.A.**
**Profit and Loss Account**
**as at December 31, 2020**
**(expressed in USD)**

| | Note(s) | 12/31/2020 | 12/31/2019 |
|---|---|---|---|
| **Other operating income** | 9 | 3,976,254.91 | 3,151,458.42 |
| **Raw materials and consumables and other external expenses** | 10 | | |
| Other external expenses | | (3,772,533.40) | (2,779,942.19) |
| **Total raw materials and consumables and other external expenses** | | **(3,772,533.40)** | **(2,779,942.19)** |
| **Staff costs** | 11 | | |
| Wages and salaries | | (148,848.15) | (172,320.62) |
| Social security costs | | (4,523.30) | (4,349.38) |
| **Total staff costs** | | (153,371.45) | (176,670.00) |
| **Other operating expenses** | 12 | **(3,002,403.18)** | **(2,029,054.43)** |
| **Other interest receivable and similar income** | 13 | | |
| *derived from affiliated undertakings* | | 25,048.60 | 39,977.39 |
| *other interest and similar income* | | – | – |
| **Total other interest receivable and similar income** | | **25,048.60** | **39,977.39** |
| **Interest payable and similar expenses** | 14 | | |
| *Other interest and similar expenses* | | (29,159.61) | (267,265.56) |
| **Total interest payable and similar expenses** | | **(29,159.61)** | **(267,265.56)** |
| **Tax on profit or loss** | | – | – |
| **Profit or loss after taxation** | | **(2,956,164.13)** | **(2,061,496.37)** |
| **Other taxes not included in the previous captions** | 15 | **(14,937.63)** | **4,806.19** |
| **Profit or loss for the financial year** | | **(2,971,101.76)** | **(2,056,690.18)** |

**Samsonite International S.A.**
**Notes to the Annual Accounts**
**as of December 31, 2020**
**(expressed in USD)**

## 1. GENERAL

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

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

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

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

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

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

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

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of presentation

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

The annual accounts have been prepared in accordance with legal and regulatory requirements and generally accepted accounting principles in the Grand Duchy of Luxembourg. Accounting policies and valuation principles are, besides the ones laid down by the law of December 19, 2012, as amended, determined and applied by the Board of Directors.

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

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

The Board of Directors has reviewed the cash flow projections for the Company and its subsidiaries that were prepared by management, including the potential effects of certain downside scenarios. Based on these projections, the Board of Directors believes the Company will meet its financial obligations as and when they fall due and will comply with the Financial Covenants at least through March 31, 2022. As such, the annual accounts have been prepared on a going concern basis of accounting.

### 2.2 Basis of conversion for items originally expressed in foreign currency

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

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

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

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

### 2.3 Financial assets

Shares in affiliated undertakings are valued at purchase price.

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

**2.4 Debtors**

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

**2.5 Provisions**

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

**2.6 Creditors**

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

**3. FINANCIAL ASSETS**

The financial assets are comprised of as follows:

| **Name (registered office)** | **Ownership %** |
|---|---|
| Samsonite Sub Holdings S.à r.l.<br>13-15, avenue de la Liberté, L-1931 Luxembourg | 100.00% |

The amounts of capital, reserves, profits and losses for the financial year have been omitted in accordance with Art. 67, (3) of the Luxemburg Law of December 19, 2002.

The undertaking concerned is included in the consolidated financial statements of Samsonite International S.A., having its registered office at 13-15, avenue de la Liberté, L-1931 Luxembourg.

The movements of the year are as follows:

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

## 4. DEBTORS

### 4.1 Amounts owed by affiliated undertakings

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

| | Dec 31, 2020<br>*USD* | Dec 31, 2019<br>*USD* |
|---|---|---|
| *Becoming due and payable within one year:* | | |
| Samsonite LLC | 117,847.39 | 20,371.44 |
| Samsonite Importaciones SA de CV | 43,627.10 | 92,286.09 |
| Samsonite UK | 98,778.22 | 56,331.52 |
| Samsonite Asia Limited | 285,546.12 | 4,671.86 |
| Samsonite Hong Kong | 96,208.67 | 18,384.43 |
| Tumi Hong Kong | 69,420.16 | 37,498.63 |
| Direct Marketing Ventures LLC | 10,649.07 | – |
| Samsonite Company Stores LLC | 20,513.20 | – |
| Tumi Inc. | 466,460.57 | – |
| Tumi Asia | 12,682.59 | – |
| Speck Product Design LLC | 75,652.86 | – |
| | **1,297,385.95** | **229,543.97** |

All these balances do not bear interest.

### 4.2 Other debtors

| The other debtors are comprised of as follows: | Dec 31, 2020<br>*USD* | Dec 31, 2019<br>*USD* |
|---|---|---|
| *Becoming due and payable within one year:* | | |
| Net wealth tax advances | 74,034.02 | 20,915.53 |
| VAT Receivable | 19,133.32 | 161,746.27 |
| Miscellaneous Receivable | – | 3,030.77 |
| | **93,167.34** | **185,692.57** |

Other debtors becoming due and payable after more than one year consist of rent deposits amounting to USD12,768.80 (2019: USD12,768.80).

## 5. CASH AT BANK AND IN HAND

| The cash at bank is comprised of as follows: | Dec 31, 2020 *USD* | Dec 31, 2019 *USD* |
|---|---|---|
| HSBC Luxembourg current account USD | 900,186.43 | 4,856,676.04 |
| HSBC Hong Kong current account USD | 206,956.84 | 244,516.00 |
| JP Morgan current account USD (Cash pooling account) | 97,136.44 | 100,000.00 |
| HSBC Hong Kong current account HKD1,366,738.38 | 176,295.58 | 53,589.89 |
| HSBC Hong Kong current account HKD578,781.02 | 74,252.40 | 93,694.55 |
| HSBC Hong Kong share options HKD10,793,858.21 | 1,392,299.77 | 1,081,408.52 |
| | **2,847,127.46** | **6,429,885.00** |

## 6. CAPITAL AND RESERVES

During 2020, the share capital of the Company has been increased by an amount of $23,106.76 by the issuance of 2,310,676 shares with a nominal value of $0.01 each.

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

As at December 31, 2020, the share capital amounts to $14,348,804.47 represented by 1,434,880,447 shares with a nominal value of $0.01 each.

The movements of the year are as follows:

| | Subscribed capital *USD* | Share premiums and similar premiums *USD* | Other Reserves *USD* | Profit or (loss) brought forward *USD* | Profit or (loss) for the financial year *USD* | Total *USD* |
|---|---|---|---|---|---|---|
| **Balance as at January 1, 2020** | 14,325,697.71 | 289,100,326.99 | 1,680,239,796.60 | (34,015,838.91) | (2,056,690.18) | 1,947,593,292.21 |
| Allocation of the result | – | – | – | (2,056,690.18) | 2,056,690.18 | – |
| Contribution of reserve | 23,106.76 | – | (23,106.76) | – | – | – |
| Result of the year ended | – | – | – | – | (2,971,101.76) | (2,971,101.76) |
| **Balance as at December 31, 2020** | **14,348,804.47** | **289,100,326.99** | **1,680,216,689.84** | **(36,072,529.09)** | **(2,971,101.76)** | **1,944,622,190.45** |

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

The total increase in the Subscribed Capital of $23,106.76 were subscribed as RSU – Bonus Shares, as they are defined in note 16 on off balance sheet financial commitments.

## 7. PROVISIONS

| The provisions are comprised of as follows: | Dec 31, 2020 *USD* | Dec 31, 2019 *USD* |
|---|---:|---:|
| Audit fees | 229,129.00 | 251,366.46 |
| Director fees | – | 225,332.36 |
| Legal fees | 7,897.49 | 21,000.00 |
| Miscellaneous fees | 351,832.25 | 465,036.44 |
| | **588,858.74** | **962,735.26** |

## 8. CREDITORS

### 8.1 Trade creditors

| The trade creditors are comprised of as follows: | Dec 31, 2020 *USD* | Dec 31, 2019 *USD* |
|---|---:|---:|
| *Becoming due and payable within one year:* | | |
| Trade creditors | 432,205.30 | 181,289.89 |
| | **432,205.30** | **181,289.89** |

### 8.2 Amounts owed to affiliated undertakings

| The amounts owed to affiliated undertakings are comprised of as follows: | Dec 31, 2020 *USD* | Dec 31, 2019 *USD* |
|---|---:|---:|
| *Becoming due and payable within one year:* | | |
| Samsonite LLC | 509,066.15 | 1,578,938.93 |
| Samsonite Malaysia | – | 601.89 |
| Samsonite Middle East | – | 6,473.45 |
| Samsonite IP Holdings S.à r.l. | 1,257,610.15 | 1,240,297.50 |
| Samsonite South Asia | – | 4,732.12 |
| | **1,766,676.30** | **2,831,043.89** |

All these balances do not bear interest.

As of December 31, 2020 there was no intercompany interest payable.

### 8.3 Other creditors

| The other creditors payable less than one year are comprised of as follows: | Dec 31, 2020 *USD* | Dec 31, 2019 *USD* |
|---|---|---|
| Tax authorities | 1,782,225.84 | 198,384.07 |
| Accrued current long-term incentive plan retention payment | 2,756.00 | – |
| Payable to the shareholders (dividends) | 74,255.23 | 93,697.36 |
| | **1,859,237.07** | **292,081.43** |

| The other creditors payable more than one year are comprised of as follows: | Dec 31, 2020 *USD* | Dec 31, 2019 *USD* |
|---|---|---|
| Accrued long term incentive plan retention payment | 2,094.00 | – |
| | **2,094.00** | **–** |

## 9. OTHER OPERATING INCOME

| The other operating income are comprised of as follows: | 2020 *USD* | 2019 *USD* |
|---|---|---|
| Recharge of share options fees | 3,976,254.91 | 3,151,458.42 |
| | **3,976,254.91** | **3,151,458.42** |

## 10. OTHER EXTERNAL EXPENSES

| The other external expenses are comprised of as follows: | 2020 *USD* | 2019 *USD* |
|---|---|---|
| Rental fees | 61,443.22 | 60,273.32 |
| Legal fees | 512,069.28 | 663,498.75 |
| Accounting and administration fees | 22,863.04 | 36,069.63 |
| Bank fees | 11,156.30 | 7,589.38 |
| Audit fees (Statutory audit fees – KPMG) | 228,071.20 | 90,497.60 |
| Tax advisory/consulting fees | 446,534.64 | 226,704.10 |
| Travel and representation fees | 81,629.64 | 80,121.60 |
| Cross-charge finance and management fees | 1,423,044.00 | – |
| General expenses | 868,054.52 | 1,490,745.57 |
| Insurances premiums | 117,667.56 | 124,419.30 |
| | **3,772,533.40** | **2,779,942.19** |

As from 2020 the management fees for the staff costs were cross charged to Samsonite International and this is driving the year over year increase in other external expenses.

## 11. STAFF COSTS

| | 2020 | 2019 |
|---|---|---|
| The Company employed 2 persons during the financial period (2019: 2) | | |
| The staff costs are composed as follows: | ***USD*** | ***USD*** |
| Salaries and wages Hong-Kong Branch | 148,848.15 | 172,320.62 |
| Social security on salary and wages Hong-Kong Branch | 4,523.30 | 4,349.38 |
| | **153,371.45** | **176,670.00** |

## 12. OTHER OPERATING EXPENSES

| | 2020 | 2019 |
|---|---|---|
| The other operating expenses are comprised of as follows: | ***USD*** | ***USD*** |
| Director fees | 1,048,180.64 | 1,746,962.82 |
| Non-deductible VAT – other | 1,740,114.17 | – |
| Non-deductible VAT on director fees | 214,108.37 | 282,091.61 |
| | **3,002,403.18** | **2,029,054.43** |

## 13. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2020 | 2019 |
|---|---|---|
| The other interest receivable and similar income are comprised of as follows: | ***USD*** | ***USD*** |
| *Other interest receivable and similar income* | | |
| Other Interest income | 12,580.99 | 28,124.55 |
| Realized exchange gains | 12,467.61 | 11,852.84 |
| | **25,048.60** | **39,977.39** |

## 14. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2020 | 2019 |
|---|---|---|
| The interest payable and similar expenses are comprised of as follows: | ***USD*** | ***USD*** |
| *Other interest payable and similar expenses* | | |
| Unrealized exchange losses | 768.67 | 236,622.71 |
| Realized exchange losses | 28,390.94 | 30,642.85 |
| | **29,159.61** | **267,265.56** |

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

| | 2020 | 2019 |
|---|---|---|
| | ***USD*** | ***USD*** |
| Net wealth tax | 14,937.63 | (4,806.19) |
| | **14,937.63** | **(4,806.19)** |

## 16. OFF BALANCE SHEET FINANCIAL COMMITMENTS

### 16.1 Borrowings

**Issuance of €350.0 Million 3.500% Senior Notes Due 2026**

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

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

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

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

The New Senior Credit Facilities also contain certain financial covenants that are applicable to the Company and its subsidiaries on a consolidated basis. The obligation to comply with such financial covenants was temporarily suspended pursuant to the Third Amended Credit Agreement (as defined below). The terms of such suspension are further described below.

**Amended and Restated Senior Credit Facilities Agreement**

On May 13, 2016, an indirect wholly – owned subsidiary of the Company entered into a credit and guaranty agreement (the "**Original Senior Credit Facilities Agreement**") with certain lenders and financial institutions. On August 1, 2016, the Company acceded to the Original Senior Credit Facilities Agreement as revolving borrower. The Original Senior Credit Facilities Agreement provided for (1) a US$1,250.0 million senior secured term loan A facility (the "**Original Term Loan A Facility**"), (2) a US$675.0 million senior secured term loan B facility (the "**Original Term Loan B Facility**" and, together with the Original Term Loan A Facility, the "**Original Term Loan Facilities**") and (3) a US$500.0 million revolving credit facility (the "**Original Revolving Credit Facility**," and, together with the Original Term Loan Facilities, the "**Original Senior Credit Facilities**").

In conjunction with the Senior Notes offering, on April 25, 2018, the Company and certain of its indirect, wholly-owned subsidiaries, as borrowers and guarantors and certain of the Company's other direct and indirect wholly-owned subsidiaries, as guarantors, entered into an amended and restated credit and guaranty agreement (the "**Credit Agreement**") with certain lenders and financial institutions. The Credit Agreement provided for (1) a new US$828.0 million senior secured term loan A facility (the "**New Term Loan A Facility**"), (2) a new US$665.0 million senior secured term loan B facility (the "**New Term Loan B Facility**" and, together with the New Term Loan A Facility, the "**New Term Loan Credit Facilities**") and (3) a new US$650.0 million revolving credit facility (the "**New Revolving Credit Facility**," and, together with the New Term Loan Credit Facilities, the "**New Senior Credit Facilities**").

On April 25, 2018 (the "**Closing Date**") the gross proceeds from drawings under the New Senior Credit Facilities were used, together with the gross proceeds from the offering of the Senior Notes and existing cash on hand, to (i) repay in full the Original Senior Credit Facilities and (ii) pay certain commissions, fees and expenses in connection thereto.

**Second Amended Credit Agreement**

On March 16, 2020 (the "**Second Amendment Closing Date**"), the Company and certain of its direct and indirect wholly-owned subsidiaries entered into the Second Amended Credit Agreement. The Second Amended Credit Agreement provides for (1) an amended US$800.0 million senior secured term loan A facility (the "**Amended Term Loan A Facility**") and (2) an amended US$850.0 million revolving credit facility (the "**Amended Revolving Credit Facility**"). Under the Second Amended Credit Agreement, the maturity for both the Amended Term Loan A Facility and the Amended Revolving Credit Facility were extended by approximately two years with remaining balances on both facilities due to be paid in full on the fifth anniversary of the Second Amendment Closing Date. Interest on the borrowings under the Amended Term Loan A Facility and the Amended Revolving Credit Facility began to accrue on the Second Amendment Closing Date.

The Amended Term Loan A Facility requires scheduled quarterly payments commencing on the first full fiscal quarter ended after the Second Amendment Closing Date, with an annual amortization of 2.5% of the original principal amount of the loans under the Amended Term Loan A Facility made 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 fifth anniversary of the Second Amendment Closing Date. Any principal amount outstanding under the Amended Revolving Credit Facility is due and payable on the fifth anniversary of the Second Amendment Closing Date. If, on the date that is 91 days prior to the maturity date of the Term Loan B Facility, more than US$50.0 million of the Term Loan B Facility has not been repaid or refinanced pursuant to the terms provided for in the Credit Agreement, then the Amended Term Loan A Facility and the Amended Revolving Credit Facility shall mature on the date that is 90 days prior to the maturity date of the Term Loan B Facility.

Under the terms of the Second Amended Credit Agreement, the interest rate payable on the Amended Term Loan A Facility and the Amended Revolving Credit Facility was reduced with effect from the Second Amendment Closing Date until the delivery of the financial statements for the first full fiscal quarter commencing on or after the Second Amendment Closing Date from an adjusted rate based on LIBOR plus 1.50% per annum (or a base rate plus 0.50% per annum) to LIBOR 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. The interest rate payable on the Amended Term Loan A Facility and the Amended Revolving Credit Facility was subsequently increased on a temporary basis pursuant to the Third Amended Credit Agreement (see below for further discussion).

The Second Amended Credit Agreement did not affect the terms of the Term Loan B Facility.

The borrowers pay customary agency fees and a commitment fee equal to 0.20% per annum in respect of the unutilized commitments under the Amended Revolving Credit Facility, which commitment fee may step up based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings, as applicable commencing with the first full fiscal quarter ended after the Second Amendment Closing Date. Such commitment fee was temporarily increased pursuant to the Third Amended Credit Agreement (see below for further discussion).

The Second Amended Credit Agreement was accounted for as a modification to the Credit Agreement. The previously existing deferred financing costs will continue to be amortized over the life of the Credit Agreement.

**Third Amended Credit Agreement**
On April 29, 2020, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into the Third Amended Credit Agreement with certain lenders and financial institutions. The terms of the Third Amended Credit Agreement further strengthened the Company's financial flexibility in order to navigate the challenges from COVID-19.

The Third Amended Credit Agreement was accounted for as a modification to the Credit Agreement. The previously existing deferred financing costs will continue to be amortized over the life of the Credit Agreement.

Under the terms of the Third Amended Credit Agreement:
1. The Company's requirement to test the maximum total net leverage ratio and minimum interest coverage ratio under its Financial Covenants is suspended from the beginning of the second quarter of 2020 through the end of the second quarter of 2021 (the "**Suspension Period**"). Following the Suspension Period, the Company will resume testing compliance with the total net leverage ratio and interest coverage ratio covenants beginning with the end of the third quarter of 2021.

2. During the Suspension Period, the Company is required to comply with a minimum liquidity covenant of US$500.0 million and the Group is subject to additional restrictions on its ability to incur indebtedness and make restricted payments and investments.

3. During the Suspension Period, the interest rate applicable to the Amended Term Loan A Facility and the Amended Revolving Credit Facility, as defined in the Second Amended Credit Agreement, was increased to LIBOR plus 2.00% per annum with a LIBOR floor of 0.75% and the commitment fee in respect of the unutilized commitments under the Amended Revolving Credit Facility was increased to 0.35% per annum.

4. The Company may elect to reinstate the pre-amendment covenants and pricing terms prior to the end of the Suspension Period.

5. From September 30, 2021 until March 31, 2022, the Company may at its election use Consolidated Adjusted EBITDA (as defined in the Third Amended Credit Agreement) from the first two quarters of 2019 and fourth quarter of 2019 (the "Historical EBITDA") (instead of actual Consolidated Adjusted EBITDA from the fourth quarter of 2020 and the first two quarters of 2021) to calculate compliance with the Financial Covenants under the Third Amended Credit Agreement. So long as the Company uses Historical EBITDA to calculate compliance with the Financial Covenants, the minimum liquidity covenant and the Suspension Period pricing terms will remain in effect.

**Fourth Amended Credit Agreement – Incremental US$600.0 Million Term Loan B Facility**
On May 7, 2020 (the "**2020 Incremental Term Loan B Facility Closing Date**"), the Company and certain of its direct and indirect wholly-owned subsidiaries entered into the Fourth Amended Credit Agreement with certain lenders and financial institutions. The Fourth Amended Credit Agreement provides for an additional term loan B facility in an aggregate principal amount of US$600.0 million (the "**2020 Incremental Term Loan B Facility**"), which was borrowed by certain indirect, wholly-owned subsidiaries of the Company on May 7, 2020. The 2020 Incremental Term Loan B Facility was issued with original issue discount with an issue price of 97.00%. The proceeds from the borrowing under

the 2020 Incremental Term Loan B Facility were used to (i) provide the Group with additional cash resources (which may be used for general corporate purposes and for working capital needs) and (ii) pay certain fees and expenses in connection thereto.

**Amended Revolving Credit Facility**
On March 20, 2020, certain of the Company's indirect, wholly-owned subsidiaries borrowed US$810.3 million (USD equivalent) under the Amended Revolving Credit Facility to ensure access to the Group's liquidity given the uncertainties and challenges caused by the COVID-19 pandemic. As of December 31, 2020, US$23.4 million was available to be borrowed on the Amended Revolving Credit Facility as a result of US$822.2 million of outstanding borrowings and the utilization of US$4.5 million of the facility for outstanding letters of credit extended to certain creditors.

As of December 31, 2019, US$647.0 million was available to be borrowed under the US$650.0 million Revolving Credit Facility because there were no outstanding borrowings under such facility and US$3.0 million of such facility had been utilized for outstanding letters of credit extended to certain creditors.

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

**16.2 Share base payments**

**Share Award Scheme**
On September 14, 2012, the Company's shareholders adopted the Company's Share Award Scheme (as amended from time to time), which will remain in effect until September 13, 2022.

**Share Options**
On November 18, 2020, the Company granted premium-priced share options exercisable for 17,933,636 ordinary shares to the executive director of the Company and members of the senior management team with an exercise price of HK$15.18 per share, which represented an approximately 30% premium over the closing price of the Company's shares on the date of grant. Such options are subject to graded ("***pro rata***") vesting over a four-year period from the date of grant, with 25% of the options vesting on each anniversary of the date of the grant, subject to the grantee continuing to be employed by, or continuing to provide services to, the Group on the applicable vesting date. Such options have a 10-year term.

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the share options exercisable for 17,933,636 shares that were granted on November 18, 2020:

| | |
|---|---|
| Fair value at grant date | HK$4.92 |
| Share price at grant date | HK$11.68 |
| Exercise price | HK$15.18 |
| Expected volatility (weighted average volatility) | 51.9% |
| Option life (expected weighted average life) | 6.25 years |
| Expected cash distributions | 0.0% |
| Risk-free interest rate (based on government bonds) | 0.4% |

Particulars and movements of share options during the years ended December 31, 2020 and December 31, 2019 were as follows:

| | **Number of options** | **Weighted-average exercise price** |
|---|---|---|
| Outstanding at January 1, 2020 | 76,449,883 | HK$24.35 |
| Granted during the year | 17,933,636 | HK$15.18 |
| Canceled/forfeited (“**lapsed**”) during the year | (13,372,983) | HK$25.80 |
| Outstanding at December 31, 2020 | **81,010,536** | **HK$22.08** |
| Exercisable at December 31, 2020 | **48,749,638** | **HK$24.49** |

| | **Number of options** | **Weighted-average exercise price** |
|---|---|---|
| Outstanding at January 1, 2019 | 76,733,623 | HK$25.83 |
| Granted during the year | 10,633,212 | HK$16.05 |
| Exercised during the year | (222,676) | HK$17.36 |
| Canceled/lapsed during the year | (10,694,276) | HK$26.86 |
| Outstanding at December 31, 2019 | **76,449,883** | **HK$24.35** |
| Exercisable at December 31, 2019 | **43,450,021** | **HK$24.61** |

At December 31, 2020, the range of exercise prices for outstanding share options was HK$15.18 to HK$31.10 with a weighted average contractual life of 6.5 years. At December 31, 2019, the range of exercise prices for outstanding share options was HK$16.04 to HK$31.10 with a weighted average contractual life of 6.7 years.

**Restricted Share Units (“RSUs”)**

No RSUs were granted during the year ended December 31, 2020. Prior to 2020, two types of RSU awards have been granted by the Company: time-based RSUs (“**TRSUs**”) and performance-based RSUs (“**PRSUs**”).

**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.

Particulars and movements of TRSU activity during the years ended December 31, 2020 and December 31, 2019 were as follows:

| | Number of TRSUs | Weighted-average Fair Value per TRSU |
|---|---|---|
| Outstanding at January 1, 2020 | 6,724,551 | HK$17.60 |
| Vested and converted to ordinary shares during the year | (2,310,676) | HK$18.79 |
| Canceled/lapsed during the year | (1,154,764) | HK$17.57 |
| Outstanding at December 31, 2020 | **3,259,111** | **HK$16.76** |

| | Number of TRSUs | Weighted-average Fair Value per TRSU |
|---|---|---|
| Outstanding at January 1, 2019 | 4,884,072 | HK$22.50 |
| Granted during the year | 4,182,558 | HK$14.54 |
| Vested and converted to ordinary shares during the year | (1,406,715) | HK$23.40 |
| Canceled/lapsed during the year | (935,364) | HK$20.80 |
| Outstanding at December 31, 2019 | **6,724,551** | **HK$17.60** |

**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 cumulative performance targets are met. Expense related to PRSUs with non-market performance criteria 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 PRSUs subject to market 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.

Particulars and movements of PRSU activity (at target level vesting) during the years ended December 31, 2020 and December 31, 2019 were as follows:

| | Number of PRSUs | Weighted-average Fair Value per PRSU |
|---|---|---|
| Outstanding at January 1, 2020 | 2,910,131 | HK$15.24 |
| Canceled/lapsed during the year (at target level vesting) | (422,411) | HK$15.23 |
| Outstanding at December 31, 2020 (at target level vesting) | **2,487,720** | **HK$15.26** |

| | Number of PRSUs | Weighted-average Fair Value per PRSU |
|---|---|---|
| Outstanding at January 1, 2019 | 1,564,366 | HK$17.91 |
| Granted during the year (at target level vesting) | 1,455,327 | HK$12.56 |
| Canceled/lapsed during the year (at target level vesting) | (109,562) | HK$17.78 |
| Outstanding at December 31, 2019 (at target level vesting) | **2,910,131** | **HK$15.24** |

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 Share Award Scheme.

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

## 17. SUBSEQUENT EVENTS

The Company has evaluated events occurring subsequent to December 31, 2020, the reporting date, through March 17, 2021, the date this financial information was authorized for issuance by the Board.

There are no significant subsequent events to be reported.