



Samsonite International S.A.
(Société Anonyme)

Annual Accounts
As of December 31, 2021

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

Address of the registered office:

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

R.C.S. Luxembourg: B 159.469

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

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of Samsonite International S.A. (the "Company"), which comprise the balance sheet as at 31 December 2021, 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 2021 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

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

Key audit matters

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



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
<p>As at 31 December 2021, 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.</p> <p>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.</p> <p>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 2023 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.</p> <p>The forecasted revenue growth rate is a key assumption in the cash flow forecast of the Group.</p> <p>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.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • testing the design of certain controls over the Group's cash flow forecast process; • analyzing the requirements of the financial covenants under the Group's relevant debt agreements; • evaluating the Group's ability to accurately forecast revenue by comparing previous revenue forecasts with actual results; • evaluating the appropriateness of the Group's forecasted revenue growth rates by comparing them to historical revenue growth rates; • performing a sensitivity analysis to assess the impact of possible changes to the cash flow forecasts; and • 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 management report but does not include the annual accounts and our report of the “réviseur d'entreprises agréé” thereon.

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

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

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

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

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

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

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

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



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

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



Report on other legal and regulatory requirements

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

Luxembourg, 16 March 2022

KPMG Luxembourg
Société anonyme
Cabinet de révision agréé

A handwritten signature in blue ink, consisting of a long horizontal line with a loop at the end and a vertical stroke crossing it.

Philippe Meyer

SAMSONITE INTERNATIONAL S.A.

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(the “**Company**”)

**REPORT OF THE BOARD OF DIRECTORS
TO THE SHAREHOLDERS OF THE COMPANY
RELATING TO THE STATUTORY ANNUAL ACCOUNTS
(STAND ALONE ANNUAL ACCOUNTS)
OF THE COMPANY FOR THE PERIOD
FROM JANUARY 1, 2021 TO DECEMBER 31, 2021**

March 16, 2022

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, 2021 and ended on December 31, 2021 (the “**Financial Year**”).

At the end of the Financial Year, the share capital of the Company amounts to US\$ 14,369,050.63 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 1,436,905,063 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 (the Company and its subsidiaries, collectively, the “**Group**”) is the design, manufacture, sourcing and distribution of luggage, business and computer bags, outdoor and casual bags and travel accessories throughout the world, primarily under the *Samsonite*®, *Tumi*®, *American Tourister*®, *Gregory*®, *High Sierra*®, *Kamiliant*®, *ebags*®, *Lipault*®, and *Hartmann*® brand names as well as other owned and licensed brand names.

€350.0 Million 3.500% Senior Notes Due 2026

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

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

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

Senior Credit Facilities Agreement

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 a credit and guaranty agreement (as amended from time to time, the “**Credit Agreement**”) with certain lenders and financial institutions. The Credit Agreement provides for (1) a US\$ 828.0 million senior secured term loan A facility (the “**Term Loan A Facility**”), (2) a US\$ 665.0 million senior secured term loan B facility (the “**Term Loan B Facility**”) and, together with the Term Loan A Facility, the “**Term Loan Credit Facilities**”) and (3) a US\$ 650.0 million revolving credit facility (the “**Revolving Credit Facility**,” and, together with the Term Loan Credit Facilities, the “**Senior Credit Facilities**”).

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

The 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.

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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 an amendment to the Credit Agreement (the “**Second Amended Credit Agreement**”) with certain lenders and financial institutions. 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 the 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 Second Amended Credit Agreement 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 (US Dollar equivalent at the applicable exchange rate on the Borrowing Date) 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. During the year ended December 31, 2021 certain of the Company’s indirect wholly-owned subsidiaries repaid US\$ 145.0 million principal amount of its outstanding borrowings under the Amended Revolving Credit Facility. At December 31, 2021 and 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\$ 668.7 million and US\$ 822.2 million, respectively.

Third Amended Credit Agreement

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 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. 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 (as defined therein) was suspended from the beginning of the second quarter of 2020 through the date on which the compliance certificate with respect to the test period ended on September 30, 2021 was delivered to the lenders under the Amended Term Loan A Facility and the Amended Revolving Credit Facility (the “**Suspension Period**”). Following the Suspension Period, the Company resumed testing compliance with the total net leverage ratio and interest coverage ratio covenants following the end of the third quarter of 2021.

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- (2) During the Suspension Period, the Company was 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 was equal 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 0.35% per annum.
- (4) 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 elects to use Historical EBITDA to calculate compliance with the Financial Covenants, the minimum liquidity covenant and the Suspension Period pricing terms will remain in effect. The applicable amounts of the Historical EBITDA were further amended by the Fifth Amended Credit Agreement (as described below).

The Company elected to use Historical EBITDA to calculate compliance with the Financial Covenants for the periods ended September 30, 2021 and December 31, 2021 and for the period ending March 31, 2022.

Fourth Amended Credit Agreement – 2020 Incremental Term Loan B Facility

On May 7, 2020, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into a fourth amendment agreement to the Credit Agreement (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 could be used for general corporate purposes and for working capital needs) and (ii) pay certain fees and expenses in connection thereto.

Fifth Amended Credit Agreement

On June 7, 2021, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into a fifth amendment to the Credit Agreement (the “**Fifth Amended Credit Agreement**”). Under the terms of the Fifth Amended Credit Agreement, the Historical EBITDA used for the purpose of calculating the maximum total net leverage ratio and minimum interest coverage ratio under the Financial Covenants for each of the quarters ended December 31, 2020, March 31, 2021 and June 30, 2021 will be increased by an amount equal to US\$ 65.7 million (the “**Add-back Amount**”).

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The Add-back Amount was determined based on the annualized run-rate fixed cost savings from the Company’s comprehensive cost reduction program that was implemented during 2020. The Fifth Amended Credit Agreement further strengthened the Company’s financial flexibility to navigate its business through the challenges from the COVID-19 pandemic.

Sixth Amended Credit Agreement

On June 21, 2021, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into a sixth amendment to the Credit Agreement with certain lenders and financial institutions (the “**Sixth Amended Credit Agreement**”). The Sixth Amended Credit Agreement provides for a term loan B facility (the “**2021 Incremental Term Loan B Facility**”) in the principal amount of US\$ 495.5 million, which was borrowed by certain indirect, wholly-owned subsidiaries of the Company on June 21, 2021. The 2021 Incremental Term Loan B Facility was issued with original issue discount with an issue price of 99.75%. The gross proceeds from the borrowing under the 2021 Incremental Term Loan B Facility and existing cash on hand were used to (i) to prepay in full the outstanding principal and interest under the 2020 Incremental Term Loan B Facility and (ii) pay certain commissions, fees and expenses in connection thereto. In connection with the prepayment of the US\$ 595.5 million principal amount of the Group’s outstanding borrowings under the 2020 Incremental Term Loan B Facility, the Group paid the lenders thereunder a fee equal to approximately US\$ 6.0 million, which represented 1.00% of the aggregate principal amount of the 2020 Incremental Term Loan B Facility that was prepaid as required under the terms of the Fourth Amended Credit Agreement.

Seventh Amended Credit Agreement

On October 22, 2021, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into a seventh amendment to the Credit Agreement (the “**Seventh Amended Credit Agreement**”). Under the terms of the Seventh Amended Credit Agreement, with effect from October 22, 2021, the Euro Interbank Offered Rate (“**EURIBOR**”) replaced LIBOR as the benchmark interest rate for borrowings under the Amended Revolving Credit Facility that are denominated in Euros. The benchmark interest rate for borrowings under the Senior Credit Facilities that are denominated in United States Dollars continues to be LIBOR.

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,

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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, 2021, total drawings on the overdraft facility under the Pooling Agreement by a wholly-owned subsidiary of the Company were US\$ 15,553,065.01.

Share Award Scheme

Upon the exercise of share options and Restricted Share Units (“**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**”), the following new ordinary shares were issued during the Financial Year:

- 2,001,338 new ordinary shares, as bonus shares, paid up out of available reserves of the Company for an amount of USD 0.01 per new share in the amounts referred to below:
 - o upon the vesting of RSUs granted on October 11, 2018: 857,763 ordinary shares;
 - o upon the vesting of RSUs granted on December 4, 2018: 154,254 ordinary shares;
 - o upon the vesting of RSUs granted on June 17, 2019: 962,716 ordinary shares; and
 - o upon the vesting of RSUs granted on November 22, 2019: 26,605 ordinary shares.
- 23,278 new ordinary shares upon the exercise of share options granted on June 17, 2019.

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. The Company, pursuant to the rules of the Share Award Scheme, granted on June 17, 2021:

- premium-priced share options exercisable for 14,348,844 new ordinary shares with an exercise price of HK\$ 20.76 per share which represented an approximately 20% premium over the closing price of the shares of the Company on June 17, 2021. 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

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- 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\$ 15,009,773.- (based on applicable exchange rates as of June 17, 2021 – 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 may vest under the PRSUs that were granted during 2018 would vary depending on the level of achievement of performance conditions applicable to the PRSUs, thereby ensuring that the actual payout would be linked to the Company’s performance.

As the performance conditions applicable to the PRSUs granted during 2018 were not satisfied, none of the PRSUs granted by the Company in October and December 2018 vested and all such PRSUs therefore lapsed during the year ended December 31, 2021.

In the Company’s circular to shareholders dated April 15, 2019 relating to, among other things, the grant of 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 on June 17, 2019, the performance conditions are based on (i) fiscal year 2019 to 2021 three-year adjusted earnings per share (“**EPS**”) compound annual growth rate (“**CAGR**”) (with a 50% weighting) and (ii) fiscal year 2019 to 2021 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 both the actual fiscal year 2019 to 2021 three-year cumulative adjusted EPS CAGR and the three-year relative TSR were below the threshold levels for vesting, none of the outstanding PRSUs granted by the Company on June 17, 2019 will vest and such PRSUs will therefore lapse on June 17, 2022, which will be the three-year anniversary of the grant date for such PRSUs.

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.

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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).

The COVID-19 pandemic has continued to cause a global health emergency and travel disruptions around the world. The impact of the COVID-19 pandemic on the Company and its consolidated subsidiaries on a consolidated basis in 2021 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, 2021.

Subsequent events

There are no significant subsequent events impacting the annual accounts of the Company for the year ended December 31, 2021.

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\$ 7,196,026.75. The balance sheet total amounts to US\$ 1,950,030,021.65 as at December 31, 2021. We propose to approve the annual accounts for the financial year ending December 31, 2021 as presented to you and to carry forward the loss of US\$ 7,196,026.75 to the next financial year.



By: Kyle Gendreau
Capacity: Director

Samsonite International S.A.
Balance Sheet
as at December 31, 2021
(expressed in USD)

	Note(s)	12/31/2021	12/31/2020
ASSETS			
Fixed assets			
Financial 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		
<i>becoming due and payable within one year</i>		–	1,297,385.95
<i>becoming due and payable after more than one year</i>		–	–
Total amounts owed by affiliated undertakings		–	1,297,385.95
Other debtors	4.2		
<i>becoming due and payable within one year</i>		74,954.34	93,167.34
<i>becoming due and payable after more than one year</i>		12,768.80	12,768.80
Total other debtors		87,723.14	105,936.14
Total debtors		87,723.14	1,403,322.09
Cash at bank and in hand	5	4,915,492.33	2,847,127.46
Total current assets		5,003,215.47	4,250,449.55
Prepayments		83,052.08	77,058.21
TOTAL ASSETS		1,950,030,021.65	1,949,271,261.86

Samsonite International S.A.
Balance Sheet
as at December 31, 2021 (continued)
(expressed in USD)

	Note(s)	12/31/2021	12/31/2020
CAPITAL, RESERVES and LIABILITIES			
Capital and reserves	6		
Subscribed capital		14,369,050.63	14,348,804.47
Share premium account		289,148,074.02	289,100,326.99
Reserves			
Other reserves including the fair value reserve			
<i>Other available reserves</i>		1,680,196,676.46	1,680,216,689.84
Total reserves		1,680,196,676.46	1,680,216,689.84
Profit or loss brought forward		(39,043,630.85)	(36,072,529.09)
Profit or loss for the financial year		(7,196,026.75)	(2,971,101.76)
Total capital and reserves		1,937,474,143.51	1,944,622,190.45
Provisions	7		
Provisions for taxation		–	–
Other provisions		692,519.80	588,858.74
Total provisions		692,519.80	588,858.74
Creditors	8		
Amounts owed to credit institutions			
<i>becoming due and payable within one year</i>		–	–
Total amounts owed to credit institutions		–	–
Trade creditors	8.1		
<i>becoming due and payable within one year</i>		113,257.47	432,205.30
Total trade creditors		113,257.47	432,205.30
Amounts owed to affiliated undertakings	8.2		
<i>becoming due and payable within one year</i>		11,603,502.81	1,766,676.30
Total amounts owed to affiliated undertakings		11,603,502.81	1,766,676.30
Other creditors	8.3		
Tax authorities		13,149.99	1,782,225.84
Social security authorities		–	–
Other creditors			
<i>becoming due and payable within one year</i>		109,855.07	77,011.23
<i>becoming due and payable after one year</i>		23,593.00	2,094.00
Total other creditors		133,448.07	79,105.23
Total other creditors		146,598.06	1,861,331.07
Total creditors		11,863,358.34	4,060,212.67
TOTAL CAPITAL, RESERVES AND LIABILITIES		1,950,030,021.65	1,949,271,261.86

Samsonite International S.A.
Profit and Loss
as at December 31, 2021
(expressed in USD)

	Note(s)	12/31/2021	12/31/2020
Other operating income	9	5,698,766.41	3,976,254.91
Raw materials and consumables and other external expenses	10		
Other external expenses		(11,105,854.69)	(3,772,533.40)
Total raw materials and consumables and other external expenses		(11,105,854.69)	(3,772,533.40)
Staff costs	11		
Wages and salaries		(290,032.34)	(148,848.15)
Social security costs		(4,087.82)	(4,523.30)
Total staff costs		(294,120.16)	(153,371.45)
Other operating expenses	12	(1,444,890.80)	(3,002,403.18)
Other interest receivable and similar income	13		
<i>derived from affiliated undertakings</i>		–	–
<i>other interest and similar income</i>		16,435.18	25,048.60
Total other interest receivable and similar income		16,435.18	25,048.60
Interest payable and similar expenses	14		
<i>Concerning affiliated undertakings</i>		–	–
<i>Other interest and similar expenses</i>		(53,212.70)	(29,159.61)
Total interest payable and similar expenses		(53,212.70)	(29,159.61)
Tax on profit or loss		–	–
Profit or loss after taxation		(7,182,876.76)	(2,956,164.13)
Other taxes not included in the previous captions	15	(13,149.99)	(14,937.63)
Profit or loss for the financial year		(7,196,026.75)	(2,971,101.76)

Samsonite International S.A.
Notes to the Annual Accounts
as of December 31, 2021
(expressed in USD)

1. GENERAL

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

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

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

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation

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

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

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

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

The Board of Directors has reviewed the cash flow projections for the Company and its subsidiaries that were prepared by management, including the potential effects of certain downside scenarios. Based on these projections, the Board of Directors believes the Company will meet its financial obligations as and when they fall due and will comply with the financial covenants at least through March 31, 2023. As such, the annual accounts have been prepared on a going concern basis of accounting.

2.2 Basis of conversion for items originally expressed in foreign currency

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

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

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

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

2.3 Financial assets

Shares in affiliated undertakings are valued at purchase price.

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

2.4 Debtors

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

2.5 Provisions

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

2.6 Creditors

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

3. FINANCIAL ASSETS

The financial assets are comprised of as follows:

Name (registered office)	Ownership %	Net equity 2020 USD	Result 2020 USD
Samsonite Sub Holdings S.à r.l. 13-15, avenue de la Liberté, L-1931 Luxembourg	100.00%	5,248,053,050.52	291,786,969.99

The movements of the year are as follows:

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

4. DEBTORS

4.1 Amounts owed by affiliated undertakings

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

	Dec 31, 2021	Dec 31, 2020
	USD	USD
<i>Becoming due and payable within one year:</i>		
Samsonite LLC	–	117,847.39
Samsonite Importaciones SA de CV	–	43,627.10
Samsonite UK	–	98,778.22
Samsonite Asia Limited	–	285,546.12
Samsonite Hong Kong	–	96,208.67
Tumi Hong Kong	–	69,420.16
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

All these balances do not bear interest.

4.2 Other debtors

	Dec 31, 2021	Dec 31, 2020
	USD	USD
The other debtors are comprised of as follows:		
<i>Becoming due and payable within one year:</i>		
Net wealth tax advances	74,954.34	74,034.02
VAT receivable	–	19,133.32
	74,954.34	93,167.34

Other debtors becoming due and payable after more than one year consist of rent deposits amounting to US\$ 12,768.80 (2020: US\$ 12,768.80).

5. CASH AT BANK AND IN HAND

	Dec 31, 2021 <i>USD</i>	Dec 31, 2020 <i>USD</i>
The cash at bank is comprised of as follows:		
HSBC Luxembourg current account USD	1,983,445.66	900,186.43
HSBC Hong Kong current account USD	43,176.62	206,956.84
JP Morgan current account USD (Cash pooling account)	90,577.30	97,136.44
HSBC Hong Kong current account HKD 790,822.91	101,438.85	176,295.58
HSBC Hong Kong current account HKD 578,781.02	74,252.41	74,252.40
HSBC Hong Kong share options HKD 20,445,945.94	2,622,601.49	1,392,299.77
	4,915,492.33	2,847,127.46

6. CAPITAL AND RESERVES

During 2021, the share capital of the Company has been increased by an amount of US\$ 20,246.16 by the issuance of 2,024,616 shares with a nominal value of US\$ 0.01 each.

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

As at December 31, 2021, the share capital amounts to US\$ 14,369,050.63, represented by 1,436,905,063 shares with a nominal value of US\$ 0.01 each.

The movements of the year are as follows:

	Subscribed capital <i>USD</i>	Share premiums and similar premiums <i>USD</i>	Other reserves <i>USD</i>	Profit or (loss) brought forward <i>USD</i>	Profit or (loss) for the financial year <i>USD</i>	Total <i>USD</i>
Balance as at January 1, 2021	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
Allocation of the result	-	-	-	(2,971,101.76)	2,971,101.76	-
Capital increase	232.78	47,747.03	-	-	-	47,979.81
Contribution of reserve	20,013.38	-	(20,013.38)	-	-	-
Result of the year ended	-	-	-	-	(7,196,026.75)	(7,196,026.75)
Balance as at December 31, 2021	14,369,050.63	289,148,074.02	1,680,196,676.46	(39,043,630.85)	(7,196,026.75)	1,937,474,143.51

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.

From the total increase in the subscribed capital of US\$ 20,246.16, an amount as of US\$ 20,013.38 was subscribed as bonus shares, as they are defined in note 16 on off balance sheet financial commitments.

7. PROVISIONS

	Dec 31, 2021	Dec 31, 2020
	USD	USD
The provisions are comprised of as follows:		
Audit fees	257,716.55	229,129.00
Director expenses	50,000.00	–
Legal fees	200,000.00	7,897.49
Miscellaneous fees	184,803.25	351,832.25
	692,519.80	588,858.74

8. CREDITORS

8.1 Trade creditors

	Dec 31, 2021	Dec 31, 2020
	USD	USD
The trade creditors are comprised of as follows:		
<i>Becoming due and payable within one year:</i>		
Trade creditors	113,257.47	432,205.30
	113,257.47	432,205.30

8.2 Amounts owed to affiliated undertakings

	Dec 31, 2021	Dec 31, 2020
	USD	USD
The amounts owed to affiliated undertakings are comprised of as follows:		
<i>Becoming due and payable within one year:</i>		
Samsonite LLC	10,360,594.93	509,066.15
Samsonite IP Holdings S.à r.l.	1,218,578.86	1,257,610.15
Samsonite Asia Limited	24,329.02	–
	11,603,502.81	1,766,676.30

All these balances do not bear interest.

As of December 31, 2021, there was no intercompany interest payable.

8.3 Other creditors

	Dec 31, 2021 <i>USD</i>	Dec 31, 2020 <i>USD</i>
The other creditors payable less than one year are comprised of as follows:		
Tax authorities	13,149.99	1,782,225.84
Accrued current long-term incentive plan retention payment	35,599.84	2,756.00
Payable to the shareholders (dividends)	74,255.23	74,255.23
	123,005.06	1,859,237.07

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

Accrued long-term incentive plan retention payment	23,593.00	2,094.00
	23,593.00	2,094.00

9. OTHER OPERATING INCOME

	2021 <i>USD</i>	2020 <i>USD</i>
The other operating income are comprised of as follows:		
Non-deductible VAT (prior period reversal)	1,747,327.68	–
Recharge of share options fees	3,951,438.73	3,976,254.91
	5,698,766.41	3,976,254.91

10. OTHER EXTERNAL EXPENSES

	2021 <i>USD</i>	2020 <i>USD</i>
The other external expenses are comprised of as follows:		
Rental fees	73,197.04	61,443.22
Legal fees	577,950.72	512,069.28
Accounting and administration fees	34,052.82	22,863.04
Bank fees	14,143.26	11,156.30
Audit fees (statutory audit fees – KPMG)	273,409.69	228,071.20
Tax advisory/consulting fees	284,791.12	446,534.64
Travel and representation fees	323.28	81,629.64
Cross-charge finance and management fees	9,039,015.00	1,423,044.00
General expenses	678,114.83	868,054.52
Insurance premiums	130,856.93	117,667.56
	11,105,854.69	3,772,533.40

11. STAFF COSTS

	2021	2020
The Company employed 2 persons during the financial period (2020: 2)		
The staff costs are composed as follows:	<i>USD</i>	<i>USD</i>
Salaries and wages Hong-Kong branch	290,032.34	148,848.15
Social security on salary and wages Hong-Kong branch	4,087.82	4,523.30
	294,120.16	153,371.45

12. OTHER OPERATING EXPENSES

	2021	2020
The other operating expenses are comprised of as follows:	<i>USD</i>	<i>USD</i>
Director fees and expenses	1,444,890.80	1,048,180.64
Non-deductible VAT – other	–	1,740,114.17
Non-deductible VAT on director fees	–	214,108.37
	1,444,890.80	3,002,403.18

13. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
The other interest receivable and similar income are comprised of as follows:	<i>USD</i>	<i>USD</i>
<i>Other interest receivable and similar income</i>		
Other interest income	40.86	12,580.99
Realized exchange gains	16,394.32	12,467.61
	16,435.18	25,048.60

14. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
The interest payable and similar expenses are comprised of as follows:	<i>USD</i>	<i>USD</i>
<i>Other interest payable and similar expenses</i>		
Unrealized exchange losses	12,979.65	768.67
Realized exchange losses	40,233.05	28,390.94
	53,212.70	29,159.61

15. OTHER TAXES NOT SHOWN UNDER ITEMS 1 TO 14

	2021	2020
	<i>USD</i>	<i>USD</i>
Net wealth tax	13,149.99	14,937.63
	13,149.99	14,937.63

16. OFF BALANCE SHEET FINANCIAL COMMITMENTS

16.1 Borrowings

€350.0 Million 3.500% Senior Notes Due 2026

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

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

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

Senior Credit Facilities Agreement

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 credit and guaranty agreement (as amended from time to time, the “**Credit Agreement**”) with certain lenders and financial institutions. The Credit Agreement provides for (1) a US\$ 828.0 million senior secured term loan A facility (the “**Term Loan A Facility**”), (2) a US\$ 665.0 million senior secured term loan B facility (the “**Term Loan B Facility**”) and, together with the Term Loan A Facility, the “**Term Loan Credit Facilities**”) and (3) a US\$ 650.0 million revolving credit facility (the “**Revolving Credit Facility**”) and, together with the New Term Loan Credit Facilities, the “**Senior Credit Facilities**”).

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

The 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.

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 an amendment to the Credit Agreement (the “**Second Amended Credit Agreement**”) with certain lenders and financial institutions. 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 the 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 Second Amended Credit Agreement 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 (US Dollar equivalent at the applicable exchange rate on the Borrowing Date) 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. During the year ended December 31, 2021 the Group repaid US\$ 145.0 million principal amount of its outstanding borrowings under the Amended Revolving Credit Facility. At December 31, 2021 and 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\$ 668.7 million and US\$ 822.2 million, respectively.

Third Amended Credit Agreement

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 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. 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 (as defined therein) was suspended from the beginning of the second quarter of 2020 through the date on which the compliance certificate with respect to the test period ended on September 30, 2021 was delivered to the lenders under the Amended Term Loan A Facility and the Amended Revolving Credit Facility (the “**Suspension Period**”). Following the Suspension Period, the Company resumed testing compliance with the total net leverage ratio and interest coverage ratio covenants following the end of the third quarter of 2021.
- 2) During the Suspension Period, the Company was 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 was equal 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 0.35% per annum.

- 4) 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 elects to use Historical EBITDA to calculate compliance with the Financial Covenants, the minimum liquidity covenant and the Suspension Period pricing terms will remain in effect. The applicable amounts of the Historical EBITDA were further amended by the Fifth Amended Credit Agreement (as described below).

The Company elected to use Historical EBITDA to calculate compliance with the Financial Covenants for the periods ended September 30, 2021 and December 31, 2021 and for the period ending March 31, 2022.

Fourth Amended Credit Agreement – 2020 Incremental Term Loan B Facility

On May 7, 2020, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into a fourth amendment agreement to the Credit Agreement (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 could be used for general corporate purposes and for working capital needs) and (ii) pay certain fees and expenses in connection thereto.

Fifth Amended Credit Agreement

On June 7, 2021, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into a fifth amendment to the Credit Agreement (the “**Fifth Amended Credit Agreement**”). Under the terms of the Fifth Amended Credit Agreement, the Historical EBITDA used for the purpose of calculating the maximum total net leverage ratio and minimum interest coverage ratio under the Financial Covenants for each of the quarters ended December 31, 2020, March 31, 2021 and June 30, 2021 will be increased by an amount equal to US\$ 65.7 million (the “**Add-back Amount**”).

The Add-back Amount was determined based on the annualized run-rate fixed cost savings from the Company’s comprehensive cost reduction program that was implemented during 2020. The Fifth Amended Credit Agreement further strengthened the Company’s financial flexibility to navigate its business through the challenges from the COVID-19 pandemic.

Sixth Amended Credit Agreement

On June 21, 2021, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into a sixth amendment to the Credit Agreement with certain lenders and financial institutions (the “**Sixth Amended Credit Agreement**”). The Sixth Amended Credit Agreement provides for a term loan B facility (the “**2021 Incremental Term Loan B Facility**”) in the principal amount of US\$ 495.5 million, which was borrowed by certain indirect, wholly-owned subsidiaries of the Company on June 21, 2021. The 2021 Incremental Term Loan B Facility was issued with original issue discount with an issue price of 99.75%. The gross proceeds from the borrowing under the 2021 Incremental Term Loan B Facility and existing cash on hand were used to (i) to prepay in full the outstanding principal and

interest under the 2020 Incremental Term Loan B Facility and (ii) pay certain commissions, fees and expenses in connection thereto. In connection with the prepayment of the US\$ 595.5 million principal amount of the Group's outstanding borrowings under the 2020 Incremental Term Loan B Facility, the Group paid the lenders thereunder a fee equal to approximately US\$ 6.0 million, which represented 1.00% of the aggregate principal amount of the 2020 Incremental Term Loan B Facility that was prepaid as required under the terms of the Fourth Amended Credit Agreement.

Seventh Amended Credit Agreement

On October 22, 2021, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into a seventh amendment to the Credit Agreement (the "**Seventh Amended Credit Agreement**"). Under the terms of the Seventh Amended Credit Agreement, with effect from October 22, 2021, the Euro Interbank Offered Rate ("**EURIBOR**") replaced LIBOR as the benchmark interest rate for borrowings under the Amended Revolving Credit Facility that are denominated in Euros. The benchmark interest rate for borrowings under the Senior Credit Facilities that are denominated in United States Dollars continues to be LIBOR.

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 June 17, 2021, the Company granted premium-priced share options exercisable for 14,348,844 ordinary shares to the executive director of the Company and members of the senior management team with an exercise price of HK\$ 20.76 per share, which represented an approximately 20% premium over the closing price of the Company's shares on the date of grant. Such options are subject to graded ("*pro rata*") vesting over a four-year period from the date of grant, with 25% of the options vesting on each anniversary of the date of the grant, subject to the grantee continuing to be employed by, or continuing to provide services to, the Group on the applicable vesting date. Such options have a 10-year term.

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the share options exercisable for 14,348,844 shares that were granted on June 17, 2021:

Fair value at grant date	HK\$ 8.08
Share price at grant date	HK\$ 17.30
Exercise price	HK\$ 20.76
Expected volatility (weighted average volatility)	54.2%
Option life (expected weighted average life)	6.25 years
Expected cash distributions	0.0%
Risk-free interest rate (based on government bonds)	0.7%

Particulars and movements of share options during the years ended December 31, 2021 and December 31, 2020 were as follows:

	Number of options	Weighted-average exercise price
Outstanding at January 1, 2021	81,010,536	HK\$ 22.08
Granted during the year	14,348,844	HK\$ 20.76
Exercised during the year	(23,278)	HK\$ 16.04
Lapsed during the year	(8,178,432)	HK\$ 23.46
Outstanding at December 31, 2021	<u>87,157,670</u>	<u>HK\$ 21.74</u>
Exercisable at December 31, 2021	<u>54,851,124</u>	<u>HK\$ 23.74</u>
	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
Lapsed during the year	(13,372,983)	HK\$ 25.80
Outstanding at December 31, 2020	<u>81,010,536</u>	<u>HK\$ 22.08</u>
Exercisable at December 31, 2020	<u>48,749,638</u>	<u>HK\$ 24.49</u>

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

Restricted Share Units (“RSUs”)

No RSUs were granted during the years ended December 31, 2021 and 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.

A summary of TRSU activity during the years ended December 31, 2021 and December 31, 2020 were as follows:

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

	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
Lapsed during the year	(1,154,764)	HK\$ 17.57
Outstanding at December 31, 2020	<u>3,259,111</u>	<u>HK\$ 16.76</u>

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.

A summary of PRSU activity (at target level vesting) during the years ended December 31, 2021 and December 31, 2020 were as follows:

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

	Number of PRSUs	Weighted-average fair value per PRSU
Outstanding at January 1, 2020	2,910,131	HK\$ 15.24
Lapsed during the year	(422,411)	HK\$ 15.13
Outstanding at December 31, 2020	<u>2,487,720</u>	<u>HK\$ 15.26</u>

Shares underlying an award of share options, TRSUs or PRSUs that lapse without the issuance of such shares upon vesting of such award may be available for future grant under the 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, 2021, the reporting date, through March 16, 2022, the date this financial information was authorized for issuance by the Board.

There were no significant subsequent events to be reported.