Supplemental Listing Document

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of SG Issuer, Société Générale, the Certificates, or the Company (as defined below).

16,000,000 European Style Cash Settled Long Certificates relating to

the ordinary shares of Sands China Ltd.

with a Daily Leverage of 5x

issued by

SG Issuer

(Incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Société Générale

Issue Price: S$0.50 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the "**Certificates**") to be issued by SG Issuer (the "**Issuer**") unconditionally and irrevocably guaranteed by Société Générale (the "**Guarantor**"), and is supplemental to and should be read in conjunction with a base listing document dated 16 June 2023 including such further base listing documents as may be issued from time to time, as supplemented by an addendum dated 28 July 2023 and an addendum dated 8 March 2024 (the "**Base Listing Document**"), for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer.

Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in Singapore, Hong Kong, the European Economic Area, the United Kingdom and the United States (see "Placing and Sale" contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer, the Guarantor and/or any of their affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer, the Guarantor and/or any of their affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

The Certificates are classified as capital markets products other than prescribed capital markets products[1] and Specified Investment Products (SIPs)[2], and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

The Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the guarantee dated 16 June 2023 (the "**Guarantee**") and entered into by the Guarantor constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 17 May 2024.

As of the date hereof, the Guarantor's long term credit rating by S&P Global Ratings is A, and by Moody's Investors Service, Inc. is A1.

The Issuer is regulated by the Luxembourg Commission de Surveillance du Secteur Financier on a consolidated basis and the Guarantor is regulated by, *inter alia*, the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank.

16 May 2024

[1] As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.
[2] As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to themselves and the Certificates. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which they accept responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer and the Guarantor accept responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer and the Guarantor.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Guarantor. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Guarantor or their respective subsidiaries and associates since the date hereof.

This document does not constitute an offer or invitation by or on behalf of the Issuer or the Guarantor to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer and the Guarantor require persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended and the Issuer has not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed "Placing and Sale" contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the Guarantor or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer, the Guarantor and/or any of their affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer, the Guarantor and/or any of their affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the "**Conditions**" shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

Table of Contents

	Page
Risk Factors	**6**
Terms and Conditions of the Certificates	**16**
Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities	**27**
Summary of the Issue	**43**
Information relating to the European Style Cash Settled Long Certificates on Single Equities	**45**
Information relating to the Company	**60**
Information relating to the Designated Market Maker	**61**
Supplemental Information relating to the Issuer	**63**
Supplemental Information relating to the Guarantor	**64**
Supplemental General Information	**65**
Placing and Sale	**67**
Appendix I	
Appendix II	
Appendix III	

RISK FACTORS

The following are risk factors relating to the Certificates:

(a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;

(b) the Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the Guarantee constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;

(c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has fallen sharply;

(d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;

(e) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;

(f) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;

(g) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;

(h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 32 to 37 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section of this document for more information;

(i) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;

(j) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);

(k) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and Rebalancing Cost (as defined below);

(l) investors should note that there may be an exchange rate risk relating to the Certificates where the Cash Settlement Amount is converted from a foreign currency into Singapore dollars.

Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments, and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Certificates. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies;

(m) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;

(n) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideway trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

(o) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);

(p) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;

(q) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens (including pre-opening session or opening auction, as the case may be) the following day or (ii) a sharp intraday fall in the price of the Underlying Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 53 to 54 of this document for more information;

(r) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Certificates may be terminated prior to its Expiry Date for the following reasons which are not exhaustive: Illegality and force majeure, occurrence of a Holding Limit Event (as defined in the Conditions of the Certificates) or Hedging Disruption (as defined in the Conditions of the Certificates). For more detailed examples of when early termination may occur, please refer to the FAQ section under the "Education" tab on the website at dlc.socgen.com.

The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be substantially less than the amount initially invested, and at the worst case, be zero. Investors may refer to the Condition 13 on pages 38 to 41 of this document for more information;

(s) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;

(t) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

(u) various potential and actual conflicts of interest may arise from the overall activities of the Issuer, the Guarantor and/or any of their subsidiaries and affiliates.

The Issuer, the Guarantor and any of their subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer, the Guarantor and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer, the Guarantor and any of their subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer, the Guarantor and any of their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

(v) legal considerations which may restrict the possibility of certain investments:

Some investors' investment activities are subject to specific laws and regulations or laws and regulations currently being considered by various authorities. All potential investors must consult their own legal advisers to check whether and to what extent (i) they can legally purchase the Certificates (ii) the Certificates can be used as collateral security for various forms of borrowing (iii) if other restrictions apply to the purchase of Certificates or their use as collateral security. Financial institutions must consult their legal advisers or regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules;

(w) the credit rating of the Guarantor is an assessment of its ability to pay obligations, including those on the Certificates. Consequently, actual or anticipated declines in the credit rating of the Guarantor may affect the market value of the Certificates;

(x) the Certificates are linked to the Underlying Stock and subject to the risk that the price of the Underlying Stock may decline. The following is a list of some of the significant risks associated with the Underlying Stock:

- Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and

- The price of the Underlying Stock may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which the Underlying Stock may be traded;

(y) the value of the Certificates depends on the Leverage Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Strategy last closing level and a calculation tool available to the investors on a website;

(z) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;

(aa) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**"):

(i) investors should note that no definitive certificate will be issued in relation to the Certificates;

(ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;

(iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and

(iv) notices to such Certificate Holders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;

(bb) the reform of HIBOR may adversely affect the value of the Certificates

The Hong Kong Inter-bank Offered Rate ("**HIBOR**") benchmark is referenced in the Leverage Strategy.

It is not possible to predict with certainty whether, and to what extent, HIBOR will continue to be supported going forwards. This may cause HIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Certificates.

In addition, the occurrence of a modification or cessation of HIBOR may cause adjustment of the Certificates which may include selecting one or more successor benchmarks and making related adjustments to the Certificates, including if applicable to reflect increased costs.

The Calculation Agent may make adjustments as it may determine appropriate if any of the following circumstances occurs or may occur: (1) HIBOR is materially changed or cancelled or (2)(i) the relevant authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the benchmark or the administrator or sponsor of the benchmark is not obtained, (ii) an application for authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register is rejected or (iii) any authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or inclusion in any official register is withdrawn.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any of the international or national reforms in making any investment decision with respect to any Certificate;

(cc) the US Foreign Account Tax Compliance Act ("**FATCA**") withholding risk:

FATCA generally imposes a 30 per cent. withholding tax on certain U.S.-source payments to certain non-US persons that do provide certification of their compliance with IRS rules to disclose the identity of their US owners and account holders (if any) or establish a basis for exemption for such disclosure. The Issuer or an investor's broker or custodian may be subject to FATCA and, as a result, may be required to obtain certification from investors that they have complied with FATCA disclosure requirements or have established a basis for exemption from FATCA. If an investor does not provide the Issuer or the relevant broker or custodian with such certification, the Issuer and the Guarantor or other withholding agent could be required to withhold U.S. tax on U.S.-source income (if any) paid pursuant to the Certificates. In certain cases, the Issuer or the relevant broker or custodian could be required to close an account of an investor who does not comply with the FATCA certification procedures.

FATCA IS PARTICULARLY COMPLEX. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO DETERMINE HOW THIS LEGISLATION MIGHT AFFECT EACH INVESTOR IN ITS PARTICULAR CIRCUMSTANCES;

(dd) U.S. withholding tax

The Issuer has determined that this Certificate is not linked to U.S. Underlying Equities within the meaning of applicable regulations under Section 871(m) of the United States Internal Revenue Code, as discussed in the accompanying Base Listing Document under "TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Section 871(m) of the U.S. Internal Revenue Code of 1986." Accordingly, the Issuer expects that Section 871(m) will not apply to the Certificates. Such determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on a Certificate Holder's particular circumstances. Certificate Holders should consult with their own tax advisers regarding the potential application of Section 871(m) to the Certificates; and

(ee) risk factors relating to the BRRD

French and Luxembourg law and European legislation regarding the resolution of financial institutions may require the write-down or conversion to equity of the Certificates or other resolution measures if the Issuer or the Guarantor is deemed to meet the conditions for resolution.

Directive 2014/59/EU of the European Parliament and of the Council of the European Union dated 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**") entered into force on 2 July 2014. The BRRD, as amended, has been implemented into Luxembourg law by, among others, the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended (the "**BRR Act 2015**"). Under the BRR Act 2015, the competent authority is the Luxembourg financial sector supervisory authority (*Commission de surveillance du secteur financier*, the CSSF) and the resolution authority is the CSSF acting as resolution council (*conseil de résolution*).

In April 2023, the EU Commission released a proposal to amend, in particular, the BRRD according to which senior preferred debt instruments would no longer rank pari passu with any non covered non preferred deposits of the Issuer; instead, senior preferred debt instruments would rank junior in right of payment to the claims of all depositors.

This proposal will be discussed and amended by the European Parliament and the European Council before being final and applicable. If the Commission proposal was adopted as is, there may be an increased risk of an investor in senior preferred debt instruments losing all or some of their investment in the context of the exercise of the Bail-in Power. The proposal may also lead to a rating downgrade for senior preferred debt instruments.

Moreover, Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism ("**SRM**") and a Single Resolution Framework (the "**SRM Regulation**") has established a centralised power of resolution entrusted to a Single Resolution Board (the "**SRB**") in cooperation with the national resolution authorities.

Since November 2014, the European Central Bank ("**ECB**") has taken over the prudential supervision of significant credit institutions in the member states of the Eurozone under the Single Supervisory Mechanism ("**SSM**"). In addition, the SRM has been put in place to ensure that the resolution of credit institutions and certain investment firms across the Eurozone is harmonised. As mentioned above, the SRM is managed by the SRB. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the EU Member States' resolution authorities under the BRRD for those credit institutions and certain investment firms subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the beginning of 2016.

Societe Generale has been, and continues to be, designated as a significant supervised entity for the purposes of Article 49(1) of Regulation (EU) No 468/2014 of the ECB of 16 April 2014 establishing the framework for cooperation within the SSM between the ECB and national competent authorities and with national designated authorities (the "**SSM Regulation**") and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that Societe Generale and SG Issuer (being covered by the consolidated prudential supervision of Societe Generale) are also subject to the SRM which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

The stated aim of the BRRD and the SRM Regulation is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and certain investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the resolution authority designated by each EU Member State (the "**Resolution Authority**") with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions while minimising the impact of an institution's failure on the economy and financial system (including taxpayers' exposure to losses).

In accordance with the provisions of the SRM Regulation, when applicable, the SRB, has replaced the national resolution authorities designated under the BRRD with respect to all aspects relating to the decision-making process and the national resolution authorities designated under the BRRD continue to carry out activities relating to the implementation of resolution schemes adopted by the SRB. The provisions relating to the cooperation between the SRB and the national resolution authorities for the preparation of the institutions' resolution plans have applied since 1 January 2015 and the SRM has been fully operational since 1 January 2016.

The SRB is the Resolution Authority for the Issuer and the Guarantor.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution that is subject to resolution in accordance with a set order of priority (the "**Bail-in Power**"). The conditions for resolution under the SRM Regulation are deemed to be met when: (i) the Resolution Authority determines that the institution is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write-down or conversion power is exercised or when the institution requires extraordinary public financial support (except when extraordinary public financial support is provided in Article 10 of the SRM Regulation). The terms and conditions of the Certificates contain provisions giving effect to the Bail-in Power in the context of resolution and write-down or conversion of capital instruments at the point of non-viability.

The Bail-in Power could result in the full (i.e., to zero) or partial write-down or conversion of the Certificates into ordinary shares or other instruments of ownership, or the variation of the terms of the Certificates (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the resolution measures. No support will be available until a minimum amount of contribution to loss absorption and recapitalization of 8% of total liabilities including own funds has been made by shareholders, holders of capital instruments and other eligible liabilities through write-down, conversion or otherwise.

In addition to the Bail-in Power, the BRRD provides the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution's business, the creation of a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), removing management, appointing an interim administrator, and discontinuing the listing and admission to trading of financial instruments.

Before taking a resolution measure, including implementing the Bail-in Power, or exercising the power to write down or convert relevant capital instruments, the Resolution Authority must ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution is carried out by a person independent from any public authority.

The BRRD, the BRR Act 2015 and the SRM Regulation however also state that, under exceptional circumstances, if the bail-in instrument is applied, the SRB, in cooperation with the CSSF, may completely or partially exclude certain liabilities from the application of the impairment or conversion powers under certain conditions.

Since 1 January 2016, EU credit institutions (such as Societe Generale) and certain investment firms have to meet, at all times, a minimum requirement for own funds and eligible liabilities ("**MREL**") pursuant to Article 12 of the SRM Regulation. The MREL, which is expressed as a percentage of the total liabilities and own funds of the institution, aims at preventing institutions from structuring their liabilities in a manner that impedes the effectiveness of the Bail-in Power in order to facilitate resolution.

The regime has evolved as a result of the changes adopted by the EU legislators. On 7 June 2019, as part of the contemplated amendments to the so-called "EU Banking Package", the following legislative texts were published in the Official Journal of the EU 14 May 2019:

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms ("**BRRD II**"); and
- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity ("**TLAC**") of credit institutions and investment firms (the "**SRM II Regulation**" and, together with the BRRD II, the "**EU Banking Package Reforms**").

The EU Banking Package Reforms introduced, among other things, the TLAC standard as implemented by the Financial Stability Board's TLAC Term Sheet ("**FSB TLAC Term Sheet**"), by adapting, among other things, the existing regime relating to the specific MREL with aim of reducing risks in the banking sector and further reinforcing institutions' ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system.

The TLAC has been implemented in accordance with the FSB TLAC Term Sheet, which impose a level of "Minimum TLAC" that will be determined individually for each global systemically important bank ("**G-SIB**"), such as Societe Generale, in an amount at least equal to (i) 16%, plus applicable buffers, of risk weight assets since January 1, 2022 and 18%, plus applicable buffers, thereafter and (ii) 6% of the Basel III leverage ratio denominator since January 1, 2022 and 6.75% thereafter (each of which could be extended by additional firm-specific requirements).

Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "**CRR**"), as amended by Regulation (EU) 2019/876 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (the "**CRR II**"), EU G-SIBs, such as Societe Generale, have to comply with TLAC requirements, on top of the MREL requirements, since the entry into force of the CRR II. As such, G-SIBs, such as Societe Generale have to comply with both the TLAC and MREL requirements.

Consequently, the criteria for MREL-eligible liabilities have been closely aligned with the criteria for TLAC-eligible liabilities under CRR II, but subject to the complementary adjustments and requirements introduced in the BRRD II. In particular, certain debt instruments with an embedded derivative component, such as certain structured notes, will be eligible, subject to certain conditions, to meet MREL requirements to the extent that they have a fixed or increasing principal amount repayable at maturity that is known in advance with only an additional return permitted to be linked to that derivative component and dependent on the performance of a reference asset.

The level of capital and eligible liabilities required under MREL is set by the SRB for Societe Generale on an individual and/or consolidated basis based on certain criteria including systemic importance and may also be set for SG Issuer. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining term of at least one year and, they recognise contractually the Resolution Authority's power to write down or convert the liabilities governed by non-EU law.

The scope of liabilities used to meet MREL includes, in principle, all liabilities resulting from claims arising from ordinary unsecured creditors (non-subordinated liabilities) unless they do not meet specific eligibility criteria set out in BRRD, as amended by BRRD II. To enhance the resolvability of institutions and entities through an effective use of the bail-in tool, the SRB should be able to require that MREL be met with own funds and other subordinated liabilities, in particular where there are clear indications that bailed-in creditors are likely to bear losses in resolution that would exceed the losses that they would incur under normal insolvency proceedings. Moreover the SRB should assess the need to require institutions and entities to meet the MREL with own funds and other subordinated liabilities where the amount of liabilities excluded from the application of the bail- in tool reaches a certain threshold within a class of liabilities that includes MREL-eligible liabilities. Any subordination of debt instruments requested by the SRB for the MREL shall be without prejudice to the possibility to partly meet the TLAC requirements with non-subordinated debt instruments in accordance with the CRR, as amended by the CRR II, as permitted by the TLAC standard. Specific requirements apply to resolution groups with assets above EUR 100 billion (top-tier banks, including Societe Generale).

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.

The Conditions are set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	16,000,000 European Style Cash Settled Long Certificates relating to the ordinary shares of Sands China Ltd. traded in HKD (the "**Underlying Stock**")
ISIN:	LU2517560319
Company:	Sands China Ltd. (RIC: 1928.HK)
Underlying Price[3] and Source:	HK$20.85 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 0.50
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	8.50%, is a hedging cost against extreme market movements overnight.
Funding Cost[6]:	The annualised costs of funding, referencing a publicly published interbank offered rate plus spread.
Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	9 May 2024
Closing Date:	16 May 2024
Expected Listing Date:	17 May 2024

[3] These figures are calculated as at, and based on information available to the Issuer on or about 16 May 2024. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 16 May 2024.
[4] Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to "Fees and Charges" below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.
[5] Please note that the Gap Premium is calculated on a 360-day basis.
[6] These costs are embedded within the Leverage Strategy.

Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 7 May 2025
Expiry Date:	15 May 2025 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	14 May 2025 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section on pages 45 to 59 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where: "**t**" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date; and

ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded).

If the Issuer determines, in its sole discretion, that on any Observation Date a Market Disruption Event has occurred, then that Observation Date shall be postponed until the first succeeding Underlying Stock Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Underlying Stock Business Days immediately following the original date that, but for the Market Disruption Event, would have been an Observation Date. In that case, that fifth Underlying Stock Business Day shall be deemed to be the Observation Date notwithstanding the Market Disruption Event and the Issuer shall determine, its good faith estimate of the level of the Leverage Strategy and the value of the Certificate on that fifth Underlying Stock Business Day in accordance with the formula for and method of calculation last in effect prior to the occurrence of the first Market Disruption Event taking into account, inter alia, the exchange traded or quoted price of the Underlying Stock and the potential increased cost of hedging by the Issuer as a result of the occurrence of the Market Disruption Event.

An "**Underlying Stock Business Day**" is a day on which The Stock Exchange of Hong Kong Limited (the "**HKEX**") is open for dealings in Hong Kong during its normal trading hours and banks are open for business in Hong Kong.

Please refer to the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section on pages 45 to 59 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level: In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$$

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Strategy is set out in the "Specific Definitions relating to the Leverage Strategy" section on pages 20 to 26 below.

Initial Exchange Rate[3]: 0.1722

Final Exchange Rate: The rate for the conversion of HKD to SGD as at 5:00pm (Singapore Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by

	the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.
Air Bag Mechanism:	The "**Air Bag Mechanism**" refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 15% or more ("**Air Bag Trigger Price**") during the trading day (which represents an approximately 75% loss after a 5 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses. Trading of Certificates is suspended for at least 30 minutes of continuous trading after the Air Bag is triggered. The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour. The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero. Please refer to the "Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")" section on pages 24 to 26 below and the "Description of Air Bag Mechanism" section on pages 51 to 52 of this document for further information of the Air Bag Mechanism.
Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Hong Kong Dollar ("**HKD**")
Settlement Currency:	Singapore Dollar ("**SGD**")
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited (the "**SGX-ST**")
Relevant Stock Exchange for the Underlying Stock:	HKEX

Business Day, Settlement Business Day and Exchange Business Day:	A "**Business Day**" or a "**Settlement Business Day**" is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore. An "**Exchange Business Day**" is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.
Warrant Agent:	The Central Depository (Pte) Limited ("**CDP**")
Clearing System:	CDP
Fees and Charges:	Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.
Further Information:	Please refer to the website at dlc.socgen.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

The Leverage Strategy is designed to track a 5 times daily leveraged exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Strategy to the Underlying Stock is reset within the Leverage Strategy in order to retain a daily leverage of 5 times the performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

Leverage Strategy Formula

$\mathbf{LSL_t}$ means, for any Observation Date(t), the Leverage Strategy Closing Level as of such day (t).

Subject to the occurrence of an Intraday Restrike Event, the Leverage Strategy Closing Level as of such Observation Date(t) is calculated in accordance with the following formulae:

On Observation Date(1):

$$\mathrm{LSL_1} = 1000$$

On each subsequent Observation Date(t):

$$\mathrm{LSL_t} = \mathrm{Max}\left[\mathrm{LSL_{t-1}} \times \left(1 + \mathrm{LR_{t-1,t}} - \mathrm{FC_{t-1,t}} - \mathrm{RC_{t-1,t}}\right), 0\right]$$

$\mathbf{LR_{t-1,t}}$ means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:

$$\mathrm{LR_{t-1,t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right)$$

$\mathbf{FC_{t-1,t}}$ means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows:

$$\mathrm{FC_{t-1,t}} = (\mathrm{Leverage} - 1) \times \frac{\mathrm{Rate_{t-1}} \times \mathrm{ACT(t-1,t)}}{\mathrm{DayCountBasisRate}}$$

$\mathbf{RC_{t-1,t}}$ means the Rebalancing Cost of the Leverage Strategy on Observation Date (t), calculated as follows:

$$\mathrm{RC_{t-1,t}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left|\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right|\right) \times \mathrm{TC}$$

TC means the Transaction Costs applicable (including Stamp Duty and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Underlying Stock by the applicable regulatory authorities from time to time) that are currently equal to:

0.10%

"Stamp Duty" refers to the applicable rate of stamp duty on the stock transactions in the jurisdiction of the Relevant Stock Exchange for the Underlying Stock, which may be changed by the applicable regulatory authorities from time to time.

Leverage 5

$\mathbf{S_t}$ means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions.

$\mathbf{Rate_t}$	means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula: $$\mathrm{Rate_t} = \mathrm{CashRate_t} + \%\mathrm{SpreadLevel_t}$$
$\mathbf{Rfactor_t}$	means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula: $$Rfactor_t = 1 - \frac{Div_t}{\mathbf{S_{t-1}}}$$ where Div_t is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered net of any applicable withholding taxes.
$\mathbf{CashRate_t}$	means, in respect of each Observation Date(t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND= or any successor page, being the rate as of day (t), provided that if any of such rate is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification, the permanent or indefinite cancellation or cessation in the provision of HIBOR, or a regulator or other official sector entity prohibits the use of HIBOR, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.
$\%\mathbf{SpreadLevel_t}$	means, in respect of each Observation Date(t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND= or any successor page, each being the rate as of day (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification, the permanent or indefinite cancellation or cessation in the provision of HIBOR, or a regulator or other official sector entity prohibits the use of HIBOR, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Provided that if such difference is negative, $\%\mathbf{SpreadLevel_t}$ should be 0%.

ACT(t-1,t) ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded).

DayCountBasisRate 365

Benchmark Fallback upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Reference Rate Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Reference Rate Event means, in respect of the Reference Rate any of the following has occurred or will occur:

(i) a Reference Rate Cessation;

(ii) an Administrator/Benchmark Event; or

(iii) a Reference Rate is, with respect to over-the-counter derivatives transactions which reference such Reference Rate, the subject of any market-wide development formally agreed upon by the International Swaps and Derivative Association (ISDA) or the Asia Securities Industry & Financial Markets Association (ASIFMA), pursuant to which such Reference Rate is, on a specified date, replaced with a risk-free rate (or near risk-free rate) established in order to comply with the recommendations in the Financial Stability Board's paper titled "Reforming Major Interest Rate Benchmarks" dated 22 July 2014.

Reference Rate Cessation means, for a Reference Rate, the occurrence of one or more of the following events:

(i) a public statement or publication of information by or on behalf of the administrator of the Reference Rate announcing that it has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate;

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate, the central bank for the currency of the Reference Rate, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, which states that the administrator of the Reference Rate has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate; or

(iii) in respect of a Reference Rate, a public statement or publication of information by the regulatory supervisor for the administrator of such Reference Rate announcing that (a) the regulatory supervisor has determined that such Reference Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Reference Rate is intended to measure and that representativeness will not be restored and (b) it is being made in the awareness that the statement or publication will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such supervisor (howsoever described) in contracts;

Administrator/ Benchmark Event

means, for a Reference Rate, any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Reference Rate or the administrator or sponsor of the Benchmark has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that either the Issuer, the Calculation Agent or any other entity is not, or will not be, permitted under any applicable law or regulation to use the Reference Rate to perform its or their respective obligations under the Certificates.

Reference Rate(s)

means the rate(s) used in the Leverage Strategy Formula, for example SORA, SOFR and US Federal Funds Effective Rate.

Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")

Extraordinary Strategy Adjustment for Performance Reasons

If the Calculation Agent determines that an Intraday Restrike Event has occurred during an Observation Date(t) (the **Intraday Restrike Date,** noted hereafter **IRD**), an adjustment (an **Extraordinary Strategy Adjustment for Performance Reasons**) shall take place during such Observation Date(t) in accordance with the following provisions.

(1) Provided the last Intraday Restrike Observation Period as of such Intraday Restrike Date does not end on the TimeReferenceClosing, the Leverage Strategy Closing Level on the Intraday Restrike Date ($\mathrm{LSL_{IRD}}$) should be computed as follows:

$$\mathrm{LSL_{IRD}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(n)}} \times \left(1 + \mathrm{ILR_{IR(n),IR(C)}} - \mathrm{IRC_{IR(n),IR(C)}}\right), 0\right]$$

(2) If the last Intraday Restrike Event Observation Period on the relevant Intraday Restrike Date ends on the TimeReferenceClosing:

$$\mathrm{LSL_{IRD}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(n)}}, 0\right]$$

$\mathbf{ILSL_{IR(k)}}$

means, in respect of IR(k), the Intraday Leverage Strategy Level in accordance with the following provisions:

(1) for k = 1:

$$\mathrm{ILSL_{IR(1)}} = \mathrm{Max}\left[\mathrm{LSL_{IRD-1}} \times \left(1 + \mathrm{ILR_{IR(0),IR(1)}} - \mathrm{FC_{IRD-1,IRD}} - \mathrm{IRC_{IR(0),IR(1)}}\right), 0\right]$$

(2) for k > 1:

$$\mathrm{ILSL_{IR(k)}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(k-1)}} \times \left(1 + \mathrm{ILR_{IR(k-1),IR(k)}} - \mathrm{IRC_{IR(k-1),IR(k)}}\right), 0\right]$$

$\mathbf{ILR_{IR(k-1),IR(k)}}$

means the Intraday Leveraged Return between IR(k-1) and IR(k), calculated as follows:

$$\mathrm{ILR_{IR(k-1),IR(k)}} = \mathrm{Leverage} \times \left(\frac{\mathrm{IS_{IR(k)}}}{\mathrm{IS_{IR(k-1)}}} - 1\right)$$

$\mathbf{IRC_{IR(k-1),IR(k)}}$	means the Intraday Rebalancing Cost of the Leverage Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows: $\mathrm{IRC_{IR(k-1),IR(k)}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left| \frac{\mathrm{IS_{IR(k)}}}{\mathrm{IS_{IR(k-1)}}} - 1 \right| \right) \times \mathrm{TC}$
$\mathbf{IS_{IR(k)}}$	means the Underlying Stock Price in respect of IR(k) computed as follows: (1) for k=0 $\mathrm{IS_{IR(0)}} = \mathrm{S_{IRD-1}} \times \mathrm{Rfactor_{IRD}}$ (2) for k=1 to n means in respect of IR(k), the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period (3) with respect to IR(C) $\mathrm{IS_{IR(C)}} = \mathrm{S_{IRD}}$ In each case, subject to the adjustments and provisions of the Conditions.
IR(k)	For k=0, means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the Observation Date immediately preceding the relevant Intraday Restrike Date; For k=1 to n, means the k^{th} Intraday Restrike Event on the relevant Intraday Restrike Date.
IR(C)	means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.
n	means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.
Intraday Restrike Event	means in respect of an Observation Date(t): (1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{IS_{IR(0)}}$ as of such Calculation Time. (2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{IS_{IR(k)}}$ as of such Calculation Time.
Calculation Time	means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level.
TimeReferenceOpening	means the scheduled opening time (including pre-opening session or opening auction, as the case may be) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

TimeReferenceClosing means the scheduled closing time (including closing auction session) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

Intraday Restrike Event Observation Period means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes of continuous trading after the Intraday Restrike Event Time and (2) the TimeReferenceClosing.

Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.

Intraday Restrike Event Time means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

TERMS AND CONDITIONS OF

THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status and Guarantee, Transfer and Title

(a) *Form*. The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of: -

(i) a master instrument by way of deed poll (the "**Master Instrument**") dated 16 June 2023, made by SG Issuer (the "**Issuer**") and Société Générale (the "**Guarantor**"); and

(ii) a warrant agent agreement (the "**Master Warrant Agent Agreement**" or "**Warrant Agent Agreement**") dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Certificates (the "**Certificate Holders**") are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

(b) *Status and Guarantee*. The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a "**Guarantee Obligation**").

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the "**Code**").

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

(i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the "**Law**") on 11 December 2016;

(ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;

(iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and

(iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

(c) Transfer. The Certificates are represented by a global warrant certificate ("**Global Warrant**") which will be deposited with The Central Depository (Pte) Limited ("**CDP**"). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.

(d) *Title*. Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression "**Certificate Holder**" shall be construed accordingly.

(e) *Bail-In*. By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:

(i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer's liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;

(B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;

(C) the cancellation of the Certificates; and/or

(D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

that terms of the Certificates are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the "**Statutory Bail-In**");

(ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the "**Code**"):

(A) ranking:

(1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the Code;

(2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the Code; and

(3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the Code; and

(B) which are not *titres non structurés* as defined under Article R.613-28 of the Code, and

(C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Certificates will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Certificate Holders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Certificate Holders as if, in either case, the Certificates had been directly issued by the Guarantor itself and any Amount Due under the Certificates had accordingly been directly subject to the exercise of the Bail-In Power (the "**Contractual Bail-in**").

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Certificates issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Certificates, the Issuer or the Guarantor will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Certificate Holder.

For the purposes of this Condition:

"**Amounts Due**" means any amounts due by the Issuer under the Certificates.

"**Bail-In Power**" means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, varied or otherwise modified in any way and/or converted into shares or other securities or obligations of the obligor or any other person.

"**MREL**" means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

"**Relevant Resolution Authority**" means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

2. Certificate Rights and Exercise Expenses

(a) *Certificate Rights*. Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The "**Cash Settlement Amount**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The "**Closing Level**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case: -

(i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and

(ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event.

"**Market Disruption Event**" means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

(b) *Exercise Expenses*. Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the "**Exercise Expenses**"). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

(c) No Rights. The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

4. Exercise of Certificates

(a) *Exercise*. Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).

(b) *Automatic Exercise*. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.

(c) *Settlement*. In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Settlement Business Days (as defined in the relevant Supplemental Listing Document and subject to extension upon the occurrence of a Settlement Disruption Event (as defined below)) following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

If the Issuer determines, in its sole discretion, that on any Settlement Business Day during the period of five Settlement Business Days following the Expiry Date a Settlement Disruption Event has occurred, such Settlement Business Day shall be postponed to the next Settlement Business Day on which the Issuer determines that the Settlement Disruption Event is no longer subsisting and such period shall be extended accordingly, provided that the Issuer and/or the Guarantor shall make their best endeavours to implement remedies as soon as reasonably practicable to eliminate the impact of the Settlement Disruption Event on its/their payment obligations under the Certificates and/or the Guarantee.

"**Settlement Disruption Event**" means the occurrence or existence of any malicious action or attempt initiated to steal, expose, alter, disable or destroy information through unauthorised access to, or maintenance or use of, the Computer Systems of the Issuer, the Guarantor, the Calculation Agent, their respective affiliates (the "SG Group"), their IT service providers, by (and without limitation) the use of malware, ransomware, phishing, denial or disruption of service or cryptojacking or any unauthorized entry, removal, reproduction, transmission, deletion, disclosure or modification preventing the Issuer, the Guarantor and/or the Calculation Agent to perform their obligations under the Certificates, and notwithstanding the implementation of processes, required, as the case may be, by the laws and regulations applicable to the Issuer, the Guarantor, the Calculation Agent and their affiliates, or their IT service providers to improve their resilience to these actions and attempts.

"**Computer System**" means all the computer resources including, in particular: hardware, software packages, software, databases and peripherals, equipment, networks, electronic installations for storing computer data, including Data. The Computer System shall be understood to be that which (i) belongs to the SG Group and/or (ii) is rented, operated or legally held by the SG Group under a contract with the holder of the rights to the said system and/or (iii) is operated on behalf of the SG Group by a third party within the scope of a contractual relationship and/or (iv) is made available to the SG Group under a contract within the framework of a shared system (in particular cloud computing).

"**Data**" means any digital information, stored or used by the Computer System, including confidential data.

(d) *CDP not liable*. CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.

(e) *Business Day*. In these Conditions, a "**Business Day**" shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

(a) *Warrant Agent*. The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.

(b) *Agent of Issuer*. The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

6. Adjustments

(a) *Potential Adjustment Event*. Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.

(b) *Definitions*. "**Potential Adjustment Event**" means any of the following:

(i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

(iii) an extraordinary dividend;

(iv) a call by the Company in respect of the Underlying Stock that is not fully paid;

(v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a "poison pill" being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or

(vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.

(c) *Merger Event, Tender Offer, Nationalisation and Insolvency*. If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:

(i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;

(ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or

(iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the "**Option Reference Source**") make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

(d) *Definitions*. "**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. "**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. "**Merger Event**" means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying

Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. "**Nationalisation**" means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. "**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

(e) *Subdivision or Consolidation of the Certificates*. The Issuer reserves the right to subdivide or consolidate the Certificates, provided that such adjustment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction) and subject to the approval of the SGX-ST.

(f) *Other Adjustments*. Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

(g) *Notice of Adjustments*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Certificate Holders; Modification

(a) *Meetings of Certificate Holders*. The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

(b) *Modification*. The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

(a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.

(b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

12. Delisting

(a) Delisting. If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).

(b) Issuer's Determination. The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination

(a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(e).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

"**Regulatory Event**" means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or Société Générale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the "**Relevant Affiliates**" and each of the Issuer, Société Générale and the Relevant Affiliates, a "**Relevant Entity**") that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer's obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer's obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and Société Générale or any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

"**Change in law**" means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

(b) *Early Termination for Holding Limit Event*. The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(e) where a Holding Limit Event (as defined below) occurs.

For the purposes of this Condition:

"**Holding Limit Event**" means, assuming the investor is the Issuer and/or any of its affiliates, the Issuer together with its affiliates, in aggregate hold, an interest in the Underlying Stock, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of the Underlying Stock, of the Underlying Stock in excess of a percentage permitted or advisable, as determined by the Issuer, for the purpose of its compliance with the Bank Holding Company Act of 1956 as amended by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such statutes.

(c) *Early Termination for Hedging Disruption*. If the Issuer or any of its affiliates is, following commercially reasonable efforts, not in the position (i) to enter, re-enter, replace, maintain, liquidate, acquire or dispose of any Hedge Positions (as defined below) or (ii) to freely realize, recover, receive, repatriate, remit, regain or transfer the proceeds of any Hedge Position (where either (i) or (ii) shall constitute a "**Hedging Disruption**"), the Issuer may terminate the Certificates early in accordance with Condition 13(e) provided that the intrinsic value on the previous trading day of the relevant Certificate is at or above the Issue Price. The Issuer's decision on whether a Hedging Disruption has occurred is final and conclusive. For the avoidance of doubt, Hedging Disruptions shall include the scenario where any Hedge Position cannot be maintained up to the amount necessary to cover all of the Issuer's obligations under the Certificates.

For the purposes hereof, "**Hedge Positions**" means any one or more commercially reasonable (i) positions (including long or short positions) or contracts in, or relating to, securities, options, futures, other derivatives contracts or foreign exchange, (ii) stock loan or borrowing transactions or (iii) other instruments, contracts, transactions or arrangements (howsoever described) that the Issuer or any of its affiliates determines necessary to hedge, individually or on a portfolio basis, any risk (including, without limitation, market risk, price risk, foreign exchange risk and interest rate risk) in relation to the assumption and fulfilment of the Issuer's obligations under the Certificates.

(d) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(e) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.

(e) *Termination*. If the Issuer terminates the Certificates early, the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The determination of the fair market value may deviate from the determination of the Cash Settlement Amount under different scenarios, including but not limited to, where (i) the Daily Reset (as defined in the relevant Supplemental Listing Document) mechanism is suspended and/or (ii) the Final Reference Level is determined based on the closing price of the Underlying Stock on multiple Underlying Stock Business Days or Exchange Business Days, as the case may be. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

14. Substitution of the Issuer

The Issuer may be replaced by the Guarantor or any subsidiary of the Guarantor as principal obligor in respect of the Certificates without the consent of the relevant Certificate Holders. If the Issuer determines that it shall be replaced by the Guarantor or any subsidiary of the Guarantor (the "**Substituted Obligor**"), it shall give at least 90 days' notice (exclusive of the day on which the notice is given and of the day on which the substitution is effected) specifying the date of the substitution, in accordance with Condition 9, to the Certificate Holders of such event and, immediately on the expiry of such notice, the Substituted Obligor shall become the principal obligor in place of the Issuer and the Certificate Holders shall thereupon cease to have any rights or claims whatsoever against the Issuer.

Upon any such substitution, all references to the Issuer in the Conditions and all agreements relating to the Certificates will be to the Substituted Obligor and the Certificates will be modified as required, and the Certificate Holders will be notified of the modified terms and conditions of such Certificates in accordance with Condition 9.

For the purposes of this Condition, it is expressly agreed that by subscribing to, acquiring or otherwise purchasing or holding the Certificates, the Certificate Holders are expressly deemed to have consented to the substitution of the Issuer by the Substituted Obligor and to the release of the Issuer from any and all obligations in respect of the Certificates and all agreements relating thereto and are expressly deemed to have accepted such substitution and the consequences thereof.

15. Governing Law

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

16. Prescription

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

17. Contracts (Rights of Third Parties) Act 2001 of Singapore

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

Issuer:	SG Issuer
Company:	Sands China Ltd.
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	16,000,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 16 June 2023 (the "**Master Instrument**") and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the "**Master Warrant Agent Agreement**") and made between the Issuer, the Guarantor and the Warrant Agent (as amended and/or supplemented from time to time).
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates

Transfers of Certificates:	Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
Listing:	Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 17 May 2024.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 4 Shenton Way #02-01 SGX Centre 2 Singapore 068807
Further Issues:	Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST.

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

INFORMATION RELATING TO THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES

What are European Style Cash Settled Long Certificates on Single Equities?

European style cash settled long certificates on single equities (the "**Certificates**") are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Strategy.

A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

(1) is the Final Reference Level multiplied by the Final Exchange Rate;

(2) is the Initial Reference Level multiplied by the Initial Exchange Rate;

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will increase and are seeking short-term leveraged exposure to the Underlying Stock.

B) Trading the Certificates before Expiry

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

(i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and

(ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees

Daily Fees	=	**Daily Management Fee Adjustment**
		1 – Management Fee x ACT (t-1;t) / 360
		x
		Daily Gap Premium Adjustment
		1 – Gap Premium (t-1) x ACT (t-1;t) / 360

Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

		t[7]=0		t=1		t=2		t=i
Value of Certificates	=	Notional Amount	x	Leverage Strategy daily performance[8] x Daily Fees	x	Leverage Strategy daily performance x Daily Fees	x …	Leverage Strategy Daily performance x Daily Fees

		t=0		Product of the daily Leverage Strategy Performance		Product of the Daily Fees (Hedging Fee Factor)
Value of Certificates	=	Notional Amount	x	Leverage Strategy daily performance x Leverage Strategy daily performance	x	Daily Fees x Daily Fees

		t=0				
Final Value of Certificates	=	Notional Amount	x	Final Reference Level x Final Exchange Rate ÷ Initial Reference Level x Initial Exchange Rate	x	Hedging Fee Factor

Illustration of the applicable fees and charges for an intraday trading scenario

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

[7] "t" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.
[8] Leverage Strategy daily performance is computed as the Leverage Strategy Closing Level on Business Day (t) divided by the Leverage Strategy Closing Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.

Assuming an investor purchases the following Certificates at the Issue Price:

Underlying Stock:	Ordinary shares of Sands China Ltd. traded in HKD
Expected Listing Date:	**03/07/2018**
Expiry Date:	**18/07/2018**
Initial Reference Level:	**1,000**
Initial Exchange Rate:	**1**
Final Reference Level:	**1,200**
Final Exchange Rate:	**1**
Issue Price:	**0.50 SGD**
Notional Amount per Certificate:	**0.50 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**8.50%**
Strike Level:	Zero

Hedging Fee Factor

Hedging Fee Factor on the n**th** Underlying Stock Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

HFF(0) = 100%

On Next Calendar Day (assuming it is an Underlying Stock Business Day):

$$\text{HFF}(1) = \text{HFF}(0) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1;t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1;t)}{360}\right)$$

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 8.50\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \text{ x } 99.9989\% \text{ x } 99.9764\% \approx 99.9753\%$$

Assuming 2nd Underlying Stock Business Day falls 3 Calendar Days after 1st Underlying Stock Business Day:

$$\text{HFF}(2) = \text{HFF}(1) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1;t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1;t)}{360}\right)$$

$$\text{HFF}\ (2) = \ 99.9753\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 8.50\% \times \frac{3}{360}\right)$$

$$\text{HFF}\ (2) = 99.9753\% \text{ x } 99.9967\% \text{ x } 99.9292\% \approx 99.9011\%$$

The same principle applies to the following Underlying Stock Business Days:

$$\text{HFF}\ (n) = \text{HFF}\ (n-1) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}\ (t-1;t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}\ (t-1;t)}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.6298% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9753%
5/7/2018	99.9506%
6/7/2018	99.9259%
9/7/2018	99.8517%
10/7/2018	99.8271%
11/7/2018	99.8024%
12/7/2018	99.7777%
13/7/2018	99.7530%
16/7/2018	99.6791%
17/7/2018	99.6544%
18/7/2018	99.6298%

Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

Closing Level = [(Final Reference Level x Final Exchange Rate) / (Initial Reference Level x Initial Exchange Rate) – Strike Level] x Hedging Fee Factor

= [(1200 x 1) / (1000 x 1) – 0] x 99.6298%

= 119.56%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

= 119.56% x 0.50 SGD

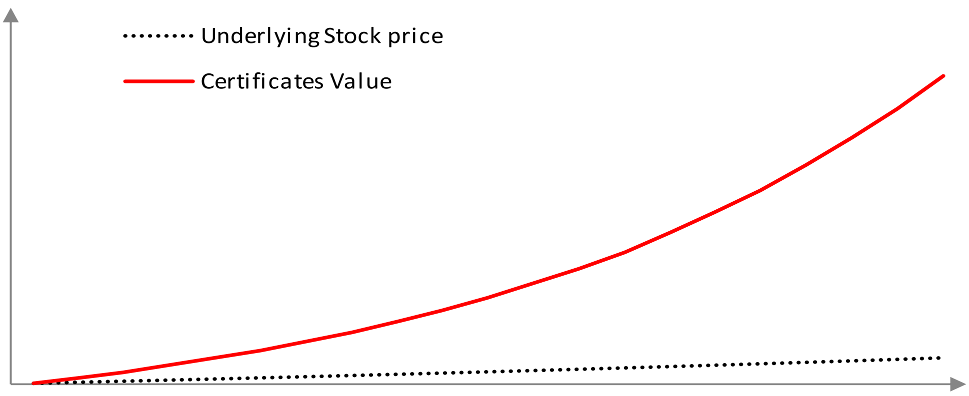
= 0.598 SGD

Illustration on how returns and losses can occur under different scenarios

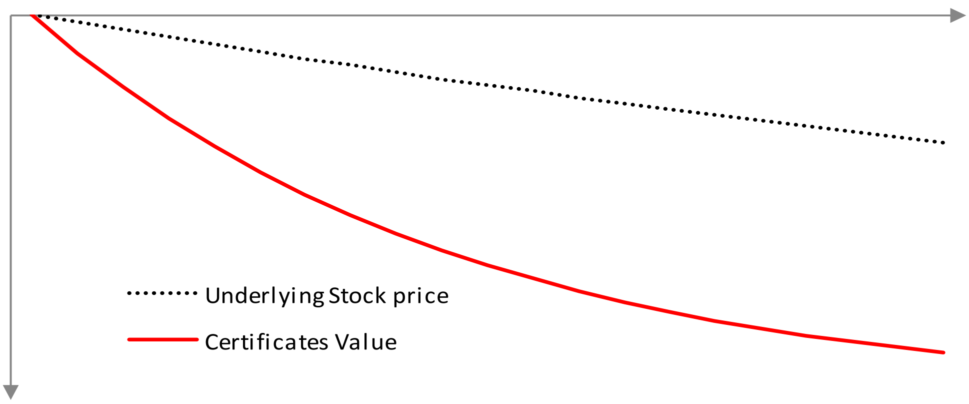
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends, or any other market parameters.

1. Illustrative examples

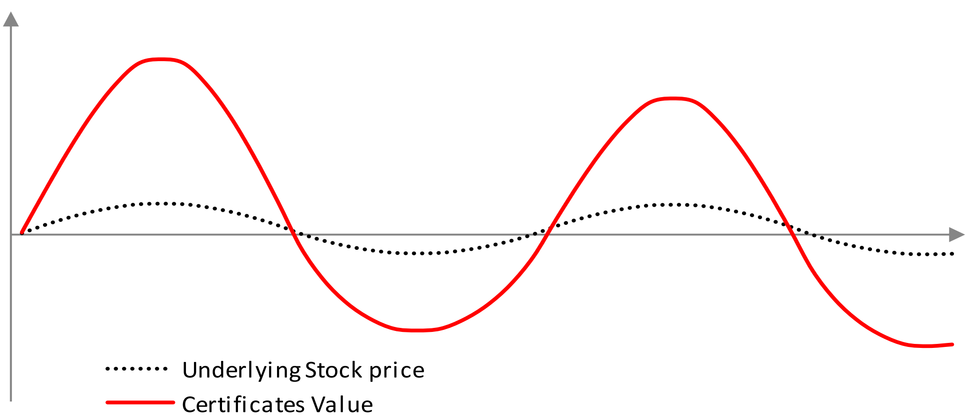
Scenario 1 – Upward Trend



Scenario 2 – Downward Trend



Scenario 3 – Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	2.0%	2.0%	2.0%	2.0%
Value at end of day	10,000.0	10,200.0	10,404.0	10,612.1	10,824.3	11,040.8
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	0.50	0.55	0.61	0.67	0.73	0.81
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 2 – Downward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Value at end of day	10,000.0	9,800.0	9,604.0	9,411.9	9,223.7	9,039.2
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	0.50	0.45	0.41	0.36	0.33	0.30
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 3 – Volatile Market

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	-2.0%	2.0%	-2.0%	2.0%
Value at end of day	10,000.0	10,200.0	9,996.0	10,195.9	9,992.0	10,191.8
Accumulated Return		2.00%	-0.04%	1.96%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	-10.0%	10.0%	-10.0%	10.0%
Price at end of day	0.50	0.55	0.50	0.54	0.49	0.54
Accumulated Return		10.00%	-1.00%	8.90%	-1.99%	7.81%

Description of Air Bag Mechanism

The Certificates integrate an "Air Bag Mechanism" which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

When the Air Bag triggers, this is followed by a period which is divided into two sub-periods:

- Observation Period: the price of the Underlying Stock is observed and its minimum price is recorded (i) during 15 minutes of continuous trading after the Air Bag is triggered, or (ii) until Market Close if there is less than 15 minutes of continuous trading until Market Close when the Air Bag Mechanism is triggered; and
- Reset Period: the Leverage Strategy is then reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy.

During the Observation Period and Reset Period, trading of Certificates is suspended for a period of at least 30 minutes of continuous trading after the Air Bag is triggered, and such suspension will be based on instructions provided by the Issuer to the SGX-ST for suspension of trading. Investors cannot sell or purchase any Certificates during this period.

For the avoidance of doubt, if the Air Bag Mechanism was triggered more than 60 minutes of continuous trading before Market Close, trading of Certificates will resume the same trading day after the Reset Period has elapsed, subject to the SGX-ST's approval to resume trading. If the Air Bag Mechanism was triggered between 45 minutes and 60 minutes of continuous trading before Market Close, trading of Certificates may or may not resume the same trading day after the Reset Period has elapsed. If the Air Bag Mechanism was triggered with only 45 minutes or less of continuous trading before Market Close, trading of Certificates resumes on the next trading day.

The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour. The Issuer will provide at least 15 minutes' notice of the resumption of trading by making an SGXNET announcement.

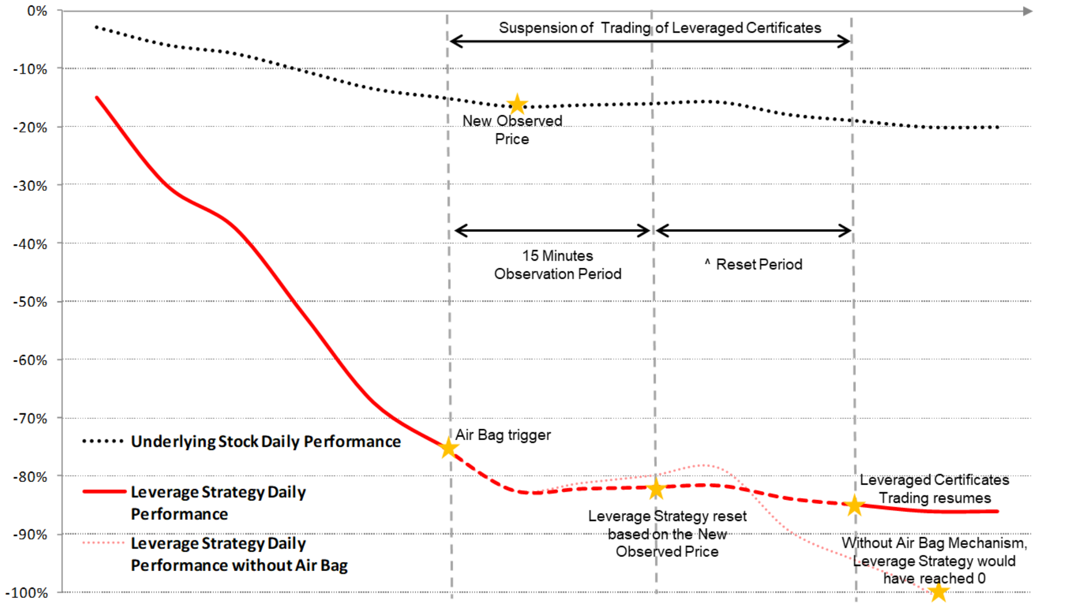
With **Market Close** defined as:

- the Underlying Stock closing time, including the closing auction session, with respect to the Observation Period; and

- the sooner of (i) the Underlying Stock closing time for continuous trading and (ii) the SGX-ST closing time, with respect to the Resumption of Trading

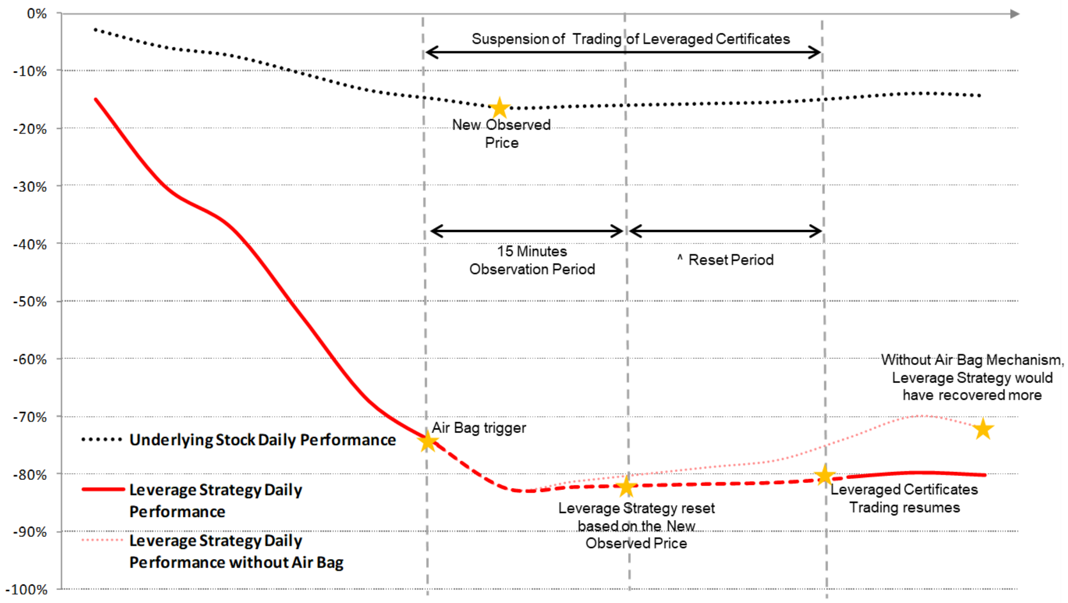
Illustrative examples of the Air Bag Mechanism[9]

Scenario 1 – Downward Trend after Air Bag trigger



^ The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour.

Scenario 2 – Upward Trend after Air Bag trigger



^ The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour.

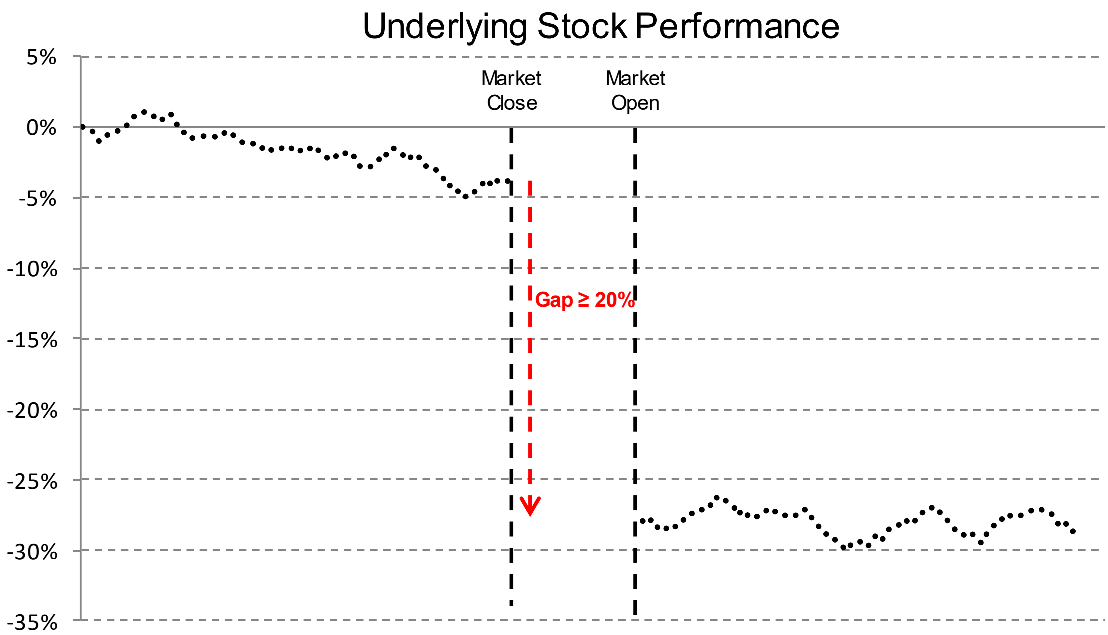
[9] The illustrative examples are not exhaustive.

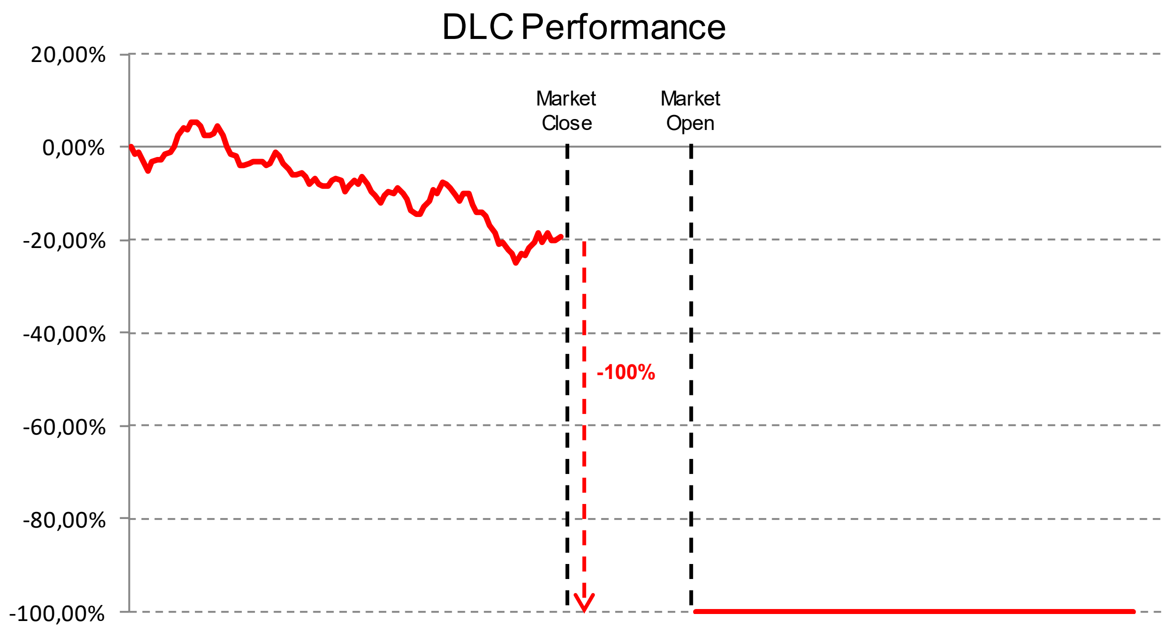
Scenarios where the investor may lose the entire value of the investment

The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

Scenario 1 – Overnight fall of the Underlying Stock

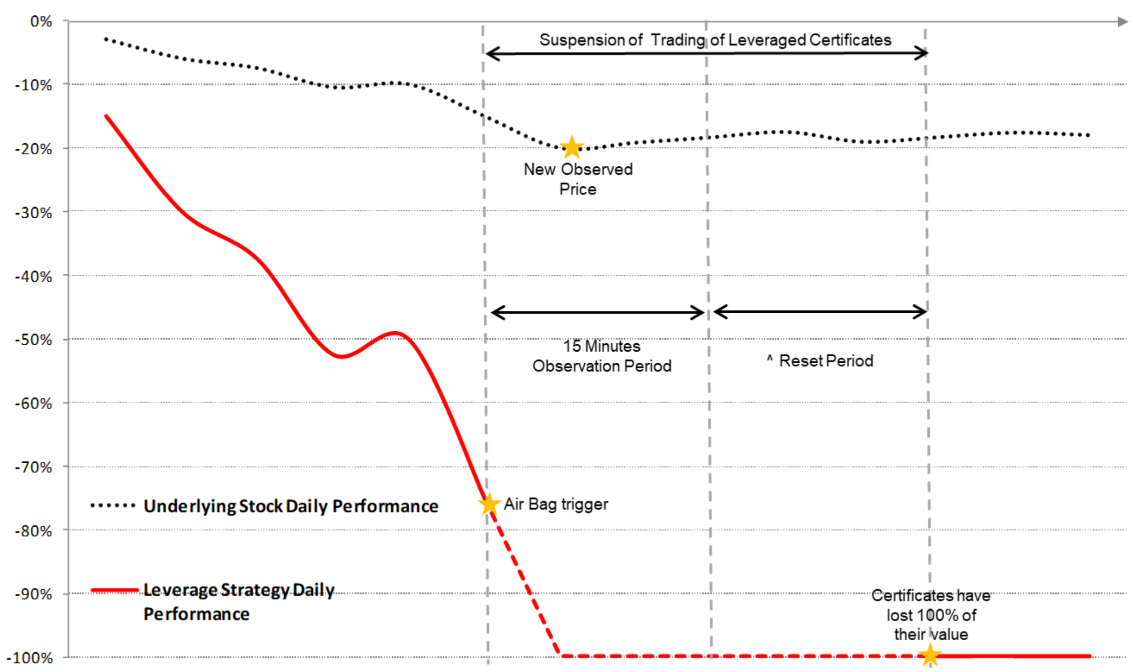
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying Stock is 20% or more below the previous day closing price, the Air Bag Mechanism would only be triggered when the market opens (including pre-opening session or opening auction, as the case may be) the following day, and the Certificates would lose their entire value in such event.





Scenario 2 – Sharp intraday fall of the Underlying Stock

Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock falls by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



Examples and illustrations of adjustments due to certain corporate actions

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters.

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event Observation Date (t) is an ex-date with respect to a corporate action related to the Underlying Stock, the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Observation Date (t) by an amount computed according to the following generic formula:

$$Rfactor_t = \left[1 - \frac{Div_t + DivExc_t - M \times R}{\mathrm{S}_{t-1}}\right] \times \frac{1}{1+M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price falls by 15% exclusively because of the dilutive effect of a corporate action.

Where:

$\mathrm{DivExc_t}$ is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

M is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

R is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

1. <u>Stock split</u>

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$\mathrm{S_{t-1}}$ = \$100

$\mathrm{S_t}$ = \$51

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = 1 (i.e. 1 new Shares for 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 2 \times 0)}{100}\right] \times \frac{1}{1+1} = 50\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \text{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{51}{100 \times 50\%} - 1\right) = 10\%$$

$\mathrm{S_{t-1}}$	$\mathrm{S_{t-1}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.50	0.55	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $42.5, which is 15% below $50, the Underlying Stock Reference Price.

2. <u>Share Consolidation</u>

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

$\mathrm{S_{t-1}}$ = $100

$\mathrm{S_t}$ = $202

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = -0.5 (i.e. 0.5 Shares canceled for each 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - (-0.5) \times 0)}{100}\right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \text{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{202}{100 \times 200\%} - 1\right) = 5\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.50	0.525	5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $170, which is 15% below $200, the Underlying Stock Reference Price.

3. <u>Rights Issues</u>

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of $40.

S_{t-1} = $100

S_t = $84

$\mathrm{Div}_t = \$0$

$\mathrm{DivExc}_t = \$0$

R = $40 (i.e. subscription price of $40)

M = 0.5 (i.e. 1 new share for every 2 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.5 \times 40}{100}\right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \mathrm{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 25\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.50	0.625	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $68, which is 15% below $80, the Underlying Stock Reference Price.

4. Bonus Issues

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

S_{t-1} = \$100

S_t = \$85

$Div_t = \$0$

$DivExc_t = \$0$

R = \$0

M = 0.2 (i.e. 1 new share for 5 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.2 \times 0}{100}\right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{85}{100 \times 83.33\%} - 1\right) = 10\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.50	0.55	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$70.83, which is 15% below \$83.33, the Underlying Stock Reference Price.

5. Extraordinary Dividend

Assuming there is an extraordinary dividend of \$20 (net of taxes) paid in respect of each stock.

S_{t-1} = \$100

S_t = \$84

$Div_t = \$0$

$DivExc_t = \$20$

R = \$0

M = 0

$$Rfactor_t = \left[1 - \frac{0 + 20 - 0 \times 0}{100}\right] \times \frac{1}{1 + 0} = 80\%$$

As a consequence:

$$\mathrm{LR}_{\mathrm{t-1,t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 25\%$$

$\mathrm{S_{t-1}}$	$\mathrm{S_{t-1}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.50	0.625	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.

INFORMATION RELATING TO THE COMPANY

*All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of Hong Kong Exchanges and Clearing Limited (the "**HKExCL**") at http://www.hkex.com.hk and/or the Company's web-site at https://www.sandschina.com/. The Issuer has not independently verified any of such information.*

Sands China Ltd. (the "**Company**") is an investment holding company principally engaged in the development and operation of integrated resorts in Macao. The Company operates many places, including gaming areas, meeting space, convention and exhibition halls, retail and dining areas and entertainment venues. The Company operates its business through six segments: The Venetian Macao, Sands Cotai Central, The Plaza Macao, Sands Macao, Ferry and Other Operations and The Parisian Macao. Through its subsidiaries, the Company is also engaged in the provision of high speed ferry transportation services. The Company's subsidiaries include Cotai Ferry Company Limited, Hotel (Macau) Limited and Development Limited.

The information set out in Appendix I of this document relates to the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2023 and has been extracted and reproduced from an announcement by the Company released on 27 March 2024 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at http://www.hkex.com.hk.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Société Générale has been appointed the designated market maker ("**DMM**") for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

(a)	Maximum bid and offer spread	:	(i) when the best bid price of the Certificate is S$10 and below: 10 ticks or S$0.20 whichever is greater; and (ii) when the best bid price of the Certificate is above S$10: 5% of the best bid price of the Certificate.
(b)	Minimum quantity subject to bid and offer spread	:	10,000 Certificates
(c)	Last Trading Day for Market Making	:	The date falling 5 Exchange Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

(i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;

(ii) if the Certificates are valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);

(iii) before the Relevant Stock Exchange for the Underlying Stock has opened and after the Relevant Stock Exchange for the Underlying Stock has closed on any trading day;

(iv) when trading in the Underlying Stock is suspended or limited in a material way for any reason, for the avoidance of doubt, the DMM is not obliged to provide quotations for the Certificates at any time when the Underlying Stock is not negotiated/traded for any reason;

(v) where the Certificates are suspended from trading for any reason;

(vi) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;

(vii) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;

(viii) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;

(ix) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;

(x) if the stock market experiences exceptional price movement and volatility;

(xi) when it is a public holiday in Singapore and/or Hong Kong and the SGX-ST and/or the HKEX are not open for dealings; and

(xii) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Exchange Business Day immediately preceding the Expiry Date.

SUPPLEMENTAL INFORMATION RELATING TO THE ISSUER

The information set out in Appendix II of this document is a reproduction of the annual financial statements of the Issuer as at and for the year ended 31 December 2023 and its auditor’s report.

SUPPLEMENTAL INFORMATION RELATING TO THE GUARANTOR

The information set out in Appendix III of this document is a reproduction of the press release dated 3 May 2024 containing the Guarantor's consolidated financial results for the first quarter ended 31 March 2024.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with the information set out in the Base Listing Document.

1. Save as disclosed in this document and the Base Listing Document, neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of the issuance of the Certificates.

2. Settlement of trades done on a normal "ready basis" on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in Board Lots in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed "Summary of the Issue" above.

3. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.

4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2023 or the Guarantor since 31 March 2024, in the context of the issuance of Certificates hereunder.

5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and/or the Guarantor and may be material to the issue of the Certificates:

   (a) the Guarantee;

   (b) the Master Instrument; and

   (c) the Master Warrant Agent Agreement.

   None of the directors of the Issuer and the Guarantor has any direct or indirect interest in any of the above contracts.

6. The reports of the Auditors of the Issuer and the Guarantor were not prepared exclusively for incorporation into this document.

   The Auditors of the Issuer and the Guarantor have no shareholding in the Issuer or the Guarantor or any of its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or the Guarantor or any of its subsidiaries.

7. The Certificates are not fully covered by the Underlying Stock held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.

8. Société Générale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor should be sent to Société Générale at the above address for the attention of Société Générale Legal Department.

9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Société Générale,

Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:

(a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;

(b) the latest financial reports (including the notes thereto) of the Issuer;

(c) the latest financial reports (including the notes thereto) of the Guarantor;

(d) the Base Listing Document (which can also be viewed at: https://www.sgx.com/securities/prospectus-circulars-offer-documents);

(e) this document; and

(f) the Guarantee.

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

Each Certificate Holder undertakes that it will inform any subsequent purchaser of the terms and conditions of the Certificates and all such subsequent purchasers as may purchase such securities from time to time shall deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act 2001 of Singapore.

Hong Kong

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates and each other purchaser will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong ("**SFO**")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong ("**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

European Economic Area

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell, or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and superseded, the Prospectus Regulation); and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

United Kingdom

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

Each dealer further represents and agrees, and each further dealer appointed in respect of the Certificates will be required to further represent and agree, that:

(a) in respect to Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

United States

The Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended (the "**Commodity Exchange Act**") and the Issuer has not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each dealer has represented and agreed, and each further dealer will be required to represent and agree, that it has not and will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redeem, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Certificates of any tranches must agree with the relevant dealer or the seller of such Certificates that (i) it is not a U.S. Person, (ii) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, and (iii) it is not purchasing any Certificates, directly or indirectly, in the United States or for the account or benefit of any U.S. person.

Exercise or otherwise redemption of Certificates will be conditional upon certification that each person exercising or otherwise redeeming a Certificate is not a U.S. person or in the United States and that the Certificate is not being exercised or otherwise redeemed on behalf of a U.S. person. No payment will be made to accounts of holders of the Certificates located in the United States.

As used in the preceding paragraphs, the term "**United States**" includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term "**U.S. person**" means any person who is (i) a U.S. person as defined under Regulation S under the Securities Act, (ii) a U.S. person as defined in paragraph 7701(a)(30) of the Internal Revenue Code of 1986, or (iii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the "**CEA**") or any rules thereunder of the CFTC (the "**CFTC Rules**"), guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a "Non-United States person" defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not "Non-United States persons", shall be considered a U.S. person).

APPENDIX I

REPRODUCTION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 OF SANDS CHINA LTD. AND ITS SUBSIDIARIES

The information set out below is a reproduction of the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2023 and has been extracted and reproduced from an announcement by the Company released on 27 March 2024 in relation to the same.

Deloitte. 德勤

TO THE SHAREHOLDERS OF SANDS CHINA LTD.

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Sands China Ltd. (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 121 to 204, which comprise the consolidated balance sheet as at December 31, 2023, and the consolidated income statement and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How our audit addressed the key audit matter
Provision of Expected Credit Losses for Casino Receivables	
As disclosed in note 16(a) to the consolidated financial statements, the Group had net amount of casino receivables before provision for expected credit losses of approximately US$203 million as at December 31, 2023. The Group maintained a provision for credit losses based on the amount of expected credit losses on casino receivables and regularly evaluated the balances. As further disclosed in note 16(a) to the consolidated financial statements, the Group specifically analyzed the collectability of each casino receivable account with a significant balance based upon the aging of the account, the customer's estimated financial condition, collection history and any other known available information. The Group also monitored regional and global economic conditions and forecasts in its evaluation of the adequacy of the recorded provisions. For the remaining debtors which consist of a large number of small customers with common risk characteristics, the Group applied expected loss rates to past due account balances, and the expected loss rates were estimated based on the historical observed default rates over the expected life of the receivable balance and forward-looking information. Auditing the valuation of the casino receivables involved evaluation of management's judgment pertaining to the collectability of casino receivables, especially as it relates to the evaluation of the customers' ability to repay amounts owed.	Our procedures in relation to the audit of the provision of expected credit losses of casino receivables included: • Obtaining an understanding and testing the operating effectiveness of controls over the granting of casino credit, collection processes and management's review controls over the assessment of the collectability of casino receivables and appropriateness of the estimated allowance, including the information used by management in those controls; and • Developing expectations of current year loss allowance based on the aging of the customer balances, collection history of debtors and forward-looking information and examining their subsequent settlement, on a sample basis, to assess the reasonableness of the amount of expected credit losses made for casino receivables by the Group.

4.1 INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

The engagement partner on the audit resulting in the independent auditor's report is Stephen David Smart.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

March 15, 2024

4.2 FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended December 31, 2023	2022
		US$ in millions, except per share data	
Net revenues	4	**6,534**	1,605
Gaming tax		**(2,411)**	(515)
Employee benefit expenses	5	**(1,148)**	(1,032)
Depreciation and amortization	4	**(809)**	(750)
Inventories consumed		**(80)**	(26)
Other expenses, gains and losses	6	**(861)**	(445)
Operating profit/(loss)		**1,225**	(1,163)
Interest income		**48**	19
Finance costs, net of amounts capitalized	7	**(532)**	(444)
Profit/(loss) before income tax		**741**	(1,588)
Income tax (expense)/benefit	8	**(49)**	6
Profit/(loss) for the year attributable to equity holders of the Company		**692**	(1,582)
Earnings/(loss) per share			
— Basic	9	**US8.56 cents**	(US19.55 cents)
— Diluted	9	**US8.56 cents**	(US19.55 cents)

The notes on pages 127 to 204 are an integral part of these consolidated financial statements.

4.2 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended December 31,	
	2023	2022
	US$ in millions	
Profit/(loss) for the year attributable to equity holders of the Company	**692**	(1,582)
Other comprehensive (expense)/income		
Item that will be reclassified subsequently to profit or loss:		
Fair value adjustment on cash flow hedge	**(3)**	(2)
Item that will not be reclassified subsequently to profit or loss:		
Currency translation differences	**1**	(9)
Total comprehensive income/(expense) for the year attributable to equity holders of the Company	**690**	(1,593)

The notes on pages 127 to 204 are an integral part of these consolidated financial statements.

4.2 FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

	Notes	December 31, 2023	2022
		US$ in millions	
ASSETS			
Non-current assets			
Investment properties, net	11	**566**	598
Property and equipment, net	12	**7,339**	7,904
Intangible assets, net	14	**476**	31
Other assets, net		**36**	13
Other receivables and prepayments, net	16	**34**	24
Restricted bank deposit	17	**124**	125
Total non-current assets		**8,575**	8,695
Current assets			
Inventories		**26**	19
Other asset		**—**	1
Trade and other receivables and prepayments, net	16	**296**	145
Restricted cash and cash equivalents	17	**—**	912
Cash and cash equivalents	18	**1,361**	790
Total current assets		**1,683**	1,867
Total assets		**10,258**	10,562

4.2 FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEET

	Notes	December 31, 2023 US$ in millions	2022
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	19	**81**	81
Reserves	20	**(85)**	(781)
Total deficit		**(4)**	(700)
LIABILITIES			
Non-current liabilities			
Trade and other payables	21	**541**	91
Borrowings	22	**8,312**	8,255
Deferred income tax liabilities	15	**37**	45
Total non-current liabilities		**8,890**	8,391
Current liabilities			
Trade and other payables	21	**1,299**	907
Current income tax liabilities	8	**57**	—
Borrowings	22	**16**	1,964
Total current liabilities		**1,372**	2,871
Total liabilities		**10,262**	11,262
Total deficit and liabilities		**10,258**	10,562
Net current assets/(liabilities)		**311**	(1,004)
Total assets less current liabilities		**8,886**	7,691

Approved by the Board of Directors on March 15, 2024 and signed on behalf of the Board by

Wong Ying Wai
Executive Vice Chairman
Director

Chum Kwan Lock, Grant
Chief Executive Officer and President
Director

The notes on pages 127 to 204 are an integral part of these consolidated financial statements.

4.2 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital reserve (Note 20(a))	Share premium	Statutory reserve (Note 20(b))	Share-based compensation reserve	Currency translation reserve	Hedge reserve	Accumulated losses	Total
					US$ in millions				
Balance at January 1, 2022	81	87	1,515	6	95	(2)	(4)	(890)	888
Loss for the year	—	—	—	—	—	—	—	(1,582)	(1,582)
Fair value adjustment on cash flow hedge	—	—	—	—	—	—	(2)	—	(2)
Other comprehensive expense for the year	—	—	—	—	—	(9)	—	—	(9)
Total comprehensive expense	—	—	—	—	—	(9)	(2)	(1,582)	(1,593)
Forfeiture of share options	—	—	—	—	(3)	—	—	3	—
Share-based compensation of the Company	—	—	—	—	3	—	—	—	3
Share-based compensation charged by LVS	—	—	—	—	2	—	—	—	2
Balance at December 31, 2022	**81**	**87**	**1,515**	**6**	**97**	**(11)**	**(6)**	**(2,469)**	**(700)**
Profit for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**692**	**692**
Fair value adjustment on cash flow hedge	**—**	**—**	**—**	**—**	**—**	**—**	**(3)**	**—**	**(3)**
Other comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**1**	**—**	**—**	**1**
Total comprehensive income/(expense)	**—**	**—**	**—**	**—**	**—**	**1**	**(3)**	**692**	**690**
Exercise of share options	**—**	**—**	**1**	**—**	**—**	**—**	**—**	**—**	**1**
Forfeiture of share options	**—**	**—**	**—**	**—**	**(5)**	**—**	**—**	**5**	**—**
Share-based compensation of the Company	**—**	**—**	**—**	**—**	**2**	**—**	**—**	**—**	**2**
Share-based compensation charged by LVS	**—**	**—**	**—**	**—**	**3**	**—**	**—**	**—**	**3**
Balance at December 31, 2023	**81**	**87**	**1,516**	**6**	**97**	**(10)**	**(9)**	**(1,772)**	**(4)**

The notes on pages 127 to 204 are an integral part of these consolidated financial statements.

4.2 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended December 31, 2023	2022
		US$ in millions	
Cash flows generated from/(used in) operating activities			
Cash generated from/(used in) operations	23	**2,293**	(466)
Income tax paid		**—**	(7)
Net cash generated from/(used in) operating activities		**2,293**	(473)
Cash flows from investing activities			
Placement of restricted bank deposit		**—**	(125)
Withdrawal from restricted cash and cash equivalents		**—**	16
Purchases of property and equipment		**(201)**	(203)
Additions to investment properties		**(16)**	(18)
Purchases of intangible assets		**(14)**	(20)
Proceeds from disposal of property and equipment, investment properties and intangible assets		**1**	9
Interest received		**50**	16
Net cash used in investing activities		**(180)**	(325)
Cash flows from financing activities			
Proceeds from exercise of share options		**1**	—
Proceeds from bank loans	22	**—**	1,200
Proceeds from LVS Term Loan	22	**—**	1,000
Repayments of bank loans	22	**(1,948)**	—
Repayments of other long-term borrowings	22	**(1)**	(1)
Repayments of lease liabilities	22	**(7)**	(9)
Payments of financing costs		**(31)**	(2)
Payments related to gaming license liability	22	**(29)**	—
Interest paid	22	**(437)**	(367)
Net cash (used in)/from financing activities		**(2,452)**	1,821
Net (decrease)/increase in cash and cash equivalents		**(339)**	1,023
Cash and cash equivalents at beginning of year[(i)]		**1,702**	678
Effect of exchange rate on cash and cash equivalents		**(2)**	1
Cash and cash equivalents at end of year		**1,361**	1,702

(i) Cash and cash equivalents of US$1.70 billion as at December 31, 2022 includes restricted cash and cash equivalents of US$912 million that became unrestricted in early January 2023.

The notes on pages 127 to 204 are an integral part of these consolidated financial statements.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Principal activities

The Group is principally engaged in the operation of casino games of chance and the development and operation of destination properties and other ancillary services in Macao. The Group's immediate holding company is Venetian Venture Development Intermediate II. Las Vegas Sands Corp. ("LVS"), a company incorporated in Nevada, U.S.A., indirectly holds 69.91% ownership interest in the Group as at December 31, 2023, and is the Group's ultimate holding company.

The Company was incorporated in the Cayman Islands on July 15, 2009 as an exempted company with limited liability under the Companies Act (as amended) of the Cayman Islands. The address of the Company's registered office in the Cayman Islands is Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands. The Company's principal place of business in Hong Kong is 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.

The Group owns and operates The Venetian Macao, The Londoner Macao, The Parisian Macao, The Plaza Macao and Sands Macao. The Group's properties collectively feature some of the world's largest casinos, luxury suites and hotel rooms, different restaurants and food outlets, spas and theaters for live performances and multiple levels of shopping experiences, as well as other integrated resort amenities.

VML commenced operating its new ten-year gaming concession for the operation of casino games of chance in Macao on January 1, 2023. A robust recovery is now underway in all gaming and non-gaming segments since the elimination of COVID-19 restrictions in Macao in late December 2022 and early January 2023. The Concession obliges VML to make various payments to the Macao government, for which VML has recognized an intangible asset and a related financial liability on the minimum future contractual payments. For details, refer to Note 14.

The Concession also requires VML to invest a minimum of 30.24 billion patacas (approximately US$3.76 billion) in Macao by December 2032, including 27.80 billion patacas (approximately US$3.45 billion) in non-gaming projects across eleven categories identified by the Macao government in the concession tender program. Pursuant to the Concession, VML is required to increase its investment in non-gaming projects by 20% as Macao's annual gross gaming revenue exceeded 180 billion patacas (approximately US$22.36 billion) for the year ended December 31, 2023. Consequently, VML is required to invest, or cause to be invested, an additional 5.56 billion patacas (approximately US$691 million) in non-gaming investment projects by December 2032.

The Group has commenced works on Phase II of The Londoner Macao, which includes the renovation of the rooms in the Sheraton and Conrad hotel towers, an upgrade of the gaming areas and the addition of new attractions, dining, retail and entertainment offerings. These projects have a total estimated cost of US$1.2 billion and are expected to be substantially completed in early 2025.

The Company's shares were listed on the Main Board of the Stock Exchange on November 30, 2009.

The consolidated financial statements are presented in millions of United States dollars ("US$ in millions"), unless otherwise stated.

The consolidated financial statements were approved for issue by the Board of Directors on March 15, 2024.

1. GENERAL INFORMATION (CONTINUED)

Recent developments

From 2020 through the beginning of 2023, the Group's operations were negatively impacted by the reduction in travel and tourism related to the COVID-19 Pandemic. The Macao government's policy regarding the management of COVID-19 and general travel restrictions was eliminated in late December 2022 and early January 2023. Since then, visitation to the Group's integrated resorts and operations has improved.

The Macao government announced total visitation from mainland China to Macao increased approximately 273.1% and decreased approximately 31.8% during the year ended December 31, 2023, as compared to 2022 and 2019 (pre-pandemic), respectively. The Macao government also announced gross gaming revenue increased approximately 333.8% and decreased approximately 37.4% during the year ended December 31, 2023, as compared to 2022 and 2019, respectively.

The Group has a strong balance sheet and sufficient liquidity in place, including total unrestricted cash and cash equivalents of US$1.36 billion and access to US$2.49 billion of available borrowing capacity from the 2018 SCL Credit Facility as at December 31, 2023. The Group believes the available liquidity, together with the cash flow to be generated from its operations, will be sufficient to maintain compliance with the financial covenants of the 2018 SCL Credit Facility and fund its working capital needs and committed and planned capital expenditures, including fulfilling the obligations and commitments under the Concession Contract.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The preparation of the consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

The consolidated financial statements have been prepared on the historical cost basis except for financial liabilities for cash-settled share-based awards and derivative financial instruments that are measured at fair value.

Prior period comparatives of certain trade and other payables and certain borrowings were reclassified to conform with the current period presentation, which represented a reclassification of US$37 million interest payable related to lease liabilities from non-current trade and other payables to non-current borrowings and US$1 million from current trade and other payables to current borrowings.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies and disclosures

During the year, the Group adopted a new accounting policy on the minimum future contractual payments relating to the Concession in January 2023 resulting in a recognition of an intangible asset and a related financial liability (refer to Note 14 for details). Additionally, there have been a number of amendments to standards in IFRS that are effective, which the Group has adopted at their respective effective dates. The adoption of these amendments to standards had no material impact on the results of operations and financial position of the Group.

Amendments to IAS 12 *Income Taxes ("IAS 12") International Tax Reform — Pillar Two Model Rules*

The Organization for Economic Co-operation and Development ("OECD") and its inclusive Framework of over 140 countries have agreed to enact a two-pillar solution to reform international tax rules to address the tax challenges arising from the digitalization of the economy as part of the Base Erosion and Profit Shifting ("BEPS") project. Pillar One will reallocate taxing rights to market jurisdictions on residual profits of multinational enterprises ("MNEs") with global turnover greater than €20 billion and a profit margin above 10%. Pillar Two consist of interrelated rules which operate to impose a minimum tax rate of 15% calculated on a jurisdictional basis on MNEs with a global turnover of at least €750 million.

IAS 12 has been amended to add an exception for recognizing and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD (the "Pillar Two legislation"). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately their current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about their exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after January 1, 2023.

The Group has yet to apply the temporary exception for the year ended December 31, 2023 as the entities within the Group operate in jurisdictions where the Pillar Two legislation has not been enacted or is not yet substantially enacted. The Group will continue to monitor and evaluate the matter.

Amendments to standards that have been issued, but not effective

The Group has not early adopted the amendments to standards that have been issued, but are not effective for the year ended December 31, 2023. The Group has commenced an assessment of the impact of the amendments to standards on the Group, but is not yet in a position to state whether their adoption would have a significant impact on the results of operations and financial position of the Group.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Subsidiaries

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate there are changes to one or more of the three elements of control listed above.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

The particulars of the Group's principal subsidiaries as at December 31, 2023 are set out in Note 29.

(d) Foreign currency translation

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Macao patacas ("MOP"). The consolidated financial statements are presented in US$, which is the presentation currency of LVS.

Companies within the Group that have a functional currency different from the presentation currency translate their results of operations and financial position into the presentation currency based on the following:

- Assets and liabilities are translated at the closing rate at balance sheet date;
- Income and expenses are translated at average exchange rates during the year; and
- Translation adjustments arising from this process are recognized in other comprehensive income/(expense) (currency translation differences) and will not be reclassified subsequently to profit or loss.

Gains or losses from foreign currency remeasurements that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in "other expenses, gains and losses".

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Investment properties

Investment properties, principally comprising buildings and building improvements relating to mall operations, are held for long-term rental yields or capital appreciation or both, and are not occupied by the Group. Investment properties currently being constructed or developed are classified as investment properties and stated at cost, less accumulated impairment losses, if any. Investment properties are initially measured at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any. Investment properties are depreciated on a straight-line basis, at rates sufficient to write off their costs over their estimated useful lives of 3 to 50 years. The residual values and useful lives of investment properties are reviewed, and adjusted as appropriate at each balance sheet date. The effects of any revision are included in the consolidated income statement when the changes arise.

(f) Property and equipment

Property and equipment, except construction-in-progress, are stated at historical cost less accumulated depreciation and amortization and accumulated impairment losses, if any. Leasehold interests in land are classified as leases and commence amortization from the time when the land interest becomes available for its intended use. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets which do not exceed the lease term for leasehold improvements, as follows:

Leasehold interests in land classified as leases	50 years
Leasehold improvements	Shorter of lease term or 3 years
Land improvements, buildings and building improvements	10–50 years
Leased buildings and equipment	Lease term
Ferries	20 years
Furniture, fittings and equipment	3–20 years
Vehicles	5–6 years

The estimated useful lives are based on the nature of the assets as well as current operating strategy and legal considerations, such as contractual life, and are periodically reviewed. Future events, such as property expansions, property developments, new competition or new regulations, could result in a change in the manner in which the Company uses certain assets requiring a change in the estimated useful lives of such assets.

Maintenance and repairs that neither materially add to the value of the asset nor appreciably prolong its life are charged to expense as incurred. Gains or losses on disposition of property and equipment are included in the consolidated income statement.

Construction-in-progress represents property and equipment under construction and is stated at cost, less accumulated impairment losses, if any. This includes the direct costs of purchase, construction and capitalized borrowing costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for their intended use, at which time they are transferred to the relevant asset category.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Property and equipment (continued)

The residual values and useful lives of the assets are reviewed, and adjusted as appropriate at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other expenses, gains and losses" in the consolidated income statement.

Reverted Gaming Assets under the Subconcession

With the expiry of VML's subconcession on December 31, 2022, all of the Gaming Assets, including the casinos, gaming areas and respective supporting areas located in Sands Macao, The Venetian Macao, The Plaza Macao, The Londoner Macao and The Parisian Macao, with a total area of approximately 136,000 square meters (representing approximately 4.7% of the total property area) and gaming equipment, reverted to, and are now owned by the Macao government. Effective as of January 1, 2023, the Gaming Assets were temporarily transferred to VML for the duration of the Concession, in return for annual payments for the right to operate the Gaming Assets pursuant to the Handover Record.

As the Group continues to operate the Gaming Assets in the same manner as under the previous Subconcession, obtain substantially all of the economic benefits and bear all of the risks arising from the use of these assets, as well as assuming it will be successful in the awarding of a new concession upon expiry of the Concession, the Group continues to recognize these Gaming Assets as property and equipment over their remaining estimated useful lives.

(g) Intangible assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis over their estimated useful lives of 4 years.

Gaming license

The intangible asset represents the right to operate the gaming equipment and gaming areas, the right to conduct games of chance in Macao and the unconditional obligation to make payments under the Concession. The intangible asset at inception was measured as the present value of in-substance fixed payments over the Concession term, consisting of contractually obligated annual payments of fixed and variable premiums, as well as fees associated with the Handover Record. The contractually obligated annual variable premium payments associated with the intangible asset were determined using the maximum authorized number of gaming tables at the mass table rate and the maximum authorized number of gaming machines that VML is currently allowed to operate by the Macao government.

The intangible asset is amortized on a straight-line basis over the period of the Concession, being ten years.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of non-financial assets

Non-financial assets, including fixed assets and intangible assets with a definite useful life, are reviewed for impairment whenever indicators of impairment exist. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units or "CGU").

(i) Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a. the financial asset is held within a business model whose objective is to collect contractual cash flows; and

b. the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

b. the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss.

The Group's financial assets primarily consist of cash and cash equivalents, restricted cash and cash equivalents and bank deposit, trade and other receivables and derivative financial instruments.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Interest income is recognized by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses ("ECL") on trade and other receivables which are subject to impairment under IFRS 9 *Financial Instruments*. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. Assessments are done based on the Group's historical credit loss experience, adjusted for factors specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

a. *Definition of default*

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

b. *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence of a financial asset that is credit-impaired includes observable data about the following events:

i. Significant financial difficulty of the issuer or the borrower;

ii. A breach of contract, such as a default or past due event;

iii. The Group, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower a concession the lender would not otherwise consider; or

iv. It becomes probable the borrower will enter bankruptcy or other financial reorganization.

c. *Write-off policy*

The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (continued)

Impairment of financial assets (continued)

d. *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is the difference between all contractual cash flows due to the Group in accordance with the contract and the cash flows the Group expects to receive.

Where ECL is measured on a collective basis or for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped based on shared credit risk characteristics and days past due.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognizes an impairment gain or loss in profit or loss for trade and other receivables by adjusting their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognizes a financial asset when the consideration was received. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

(j) Cash and cash equivalents, restricted cash and cash equivalents, and bank deposits

Cash and cash equivalents include cash and short-term deposits with original maturities of three months or less. Bank deposits are short-term deposits with maturities over three months. Such investments are carried at cost, which is a reasonable estimate of their fair value. Cash equivalents and bank deposits are placed with high credit quality financial institutions. Cash and cash equivalents and bank deposits are considered restricted when withdrawal or general use is legally restricted. The Group determines current or non-current classification based on the expected duration of the restriction. The Group's restricted cash and cash equivalents and bank deposits include amounts held in a separate cash deposit account as collateral for bank guarantees and other contractually reserved amounts.

(k) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Financial liabilities

The Group's financial liabilities primarily consists of borrowings and trade and other payables (including gaming license liability) which are initially measured at fair value and subsequently measured at amortized cost, using the effective interest method. The Group's financial liabilities also may include derivative financial instruments (if any) which are measured at fair value.

Derecognition/substantial modification of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the contractual terms of financial liability are modified such that the revised terms would result in a substantial modification from the original terms, after taking into account all relevant facts and circumstances including qualitative factors, such modification is accounted for as derecognition of the original financial liability and the recognition of new financial liability. The difference between the carrying amount of the financial liability derecognized and the fair value of consideration paid or payable, including any liabilities assumed and derivative components, is recognized in profit or loss.

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortized over the remaining term. Any adjustment to the carrying amount of the financial liability is recognized in profit or loss at the date of modification.

(m) Trade payables

Trade payables are obligations to pay for goods or services acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(n) Gaming license liability

The financial liability was measured as the present value of future contractual payments under the Concession over the Concession term, consisting of contractually obligated annual payments of fixed and variable premiums (refer to Note 2(g) for details), as well as fees associated with the Handover Record at inception.

The financial liability is measured at amortized cost. In the accompanying consolidated balance sheet, the non-current portion of the financial liability is included in "Trade and other payables — non-current" and the current portion is included in "Trade and other payables — current".

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Gaming license liability (continued)

Any changes to (i) the rate per square meter due to adjustments based on the Macao average price index; (ii) the variable premium due to changes in the maximum authorized capacity of gaming tables and slot machines; as well as (iii) the number of VIP tables such that payment at the VIP table rate of 300,000 patacas (approximately US$37,274) per gaming table in excess of the mass table rate will be expensed in the consolidated income statement.

(o) Borrowings and financing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent it is probable some or all of the facilities will be drawn. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence it is probable some or all of the facilities will be drawn, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Financing costs incurred for the construction of any qualifying asset which takes a substantial period of time to get ready for its intended use, less any investment income on the temporary investment of related borrowings, are capitalized during the period that is required to complete and prepare the asset for its intended use. Other financing costs, net of interest income, are expensed.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(p) Current and deferred income tax and gaming tax

Income tax

Income tax expense is comprised of current and deferred tax.

(i) *Current income tax*

Current income tax is calculated on the basis of the tax law enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Current and deferred income tax and gaming tax (continued)

Income tax (continued)

(ii) Deferred income tax

Deferred income tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent it is probable future taxable profit will be available against which the temporary differences can be utilized.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Gaming tax

According to the Concession granted by the Macao government and the relevant legislation, the Group is required to pay 35% gaming tax on gross gaming revenue, which represents net wins from casino operations. The Group is also required to pay an additional 5% of gross gaming revenue as public development and social related contributions. This special levy was increased from 4% to 5% pursuant to the Concession and Gaming Law effective January 1, 2023. In addition, gross gaming revenues generated in the approved foreigner gaming areas are eligible for a 5% tax contribution rebate and hence gaming taxes for those areas are accrued at 35%.

Additionally, under the Concession, VML is also obligated to pay a special annual gaming premium if the average of the gross gaming revenues of VML's gaming tables and electrical or mechanical gaming machines, including slot machines, is lower than a certain minimum amount determined by the Macao government; such special premium being the difference between the gaming tax based on the actual gross gaming revenues and that of the specified minimum amount; this minimum amount has been set by the Macao government at 7 million patacas per gaming table and 300,000 patacas per gaming machine (approximately US$1 million and US$37,274, respectively), for an annual total of 4.50 billion patacas (approximately US$560 million) based on the maximum number of gaming tables and gaming machines VML is currently authorized to operate. No special annual gaming premium was paid for the year ended December 31, 2023.

Prior to the recognition of the gaming license intangible asset and financial liability on January 1, 2023, certain variable and fixed payments made to the Macao government based on the number of slot machines and gaming tables in operations were reported as "Gaming tax" in the consolidated income statement.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits

(i) Pension obligations

The Group operates the Private Provident Fund Scheme and Non-Mandatory Central Provident Fund Scheme (collectively, the "Schemes") through its subsidiaries in Macao. The Schemes are managed by fund management entities and are defined contribution plans. The Group has no further payment obligations once the contributions have been paid to the Schemes managed by fund management entities. The contributions are recognized as employee benefit expenses when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to the contributions being fully vested. Prepaid contributions are recognized as an asset to the extent a cash refund or a reduction in the future payments is available.

(ii) Share-based compensation

Equity-settled share-based payment transactions

Share-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized over the employee's requisite service period (generally the vesting period of the equity grant). When the options of the 2009 Equity Award Plan and 2019 Equity Award Plan are exercised, the Company issues new shares. The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs. At the time when the options are exercised, the amount previously recognized in share-based compensation reserve will be transferred to share premium. When the options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based compensation reserve will be transferred to retained earnings/(accumulated losses).

The Group recognizes the impact of revisions to the original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

Share-based compensation expense arising from the granting of share options and restricted share units by LVS to the employees of the Group, to the extent of services rendered to the Group, is deemed to have been allocated to the Group as an expense with the corresponding increase in the share-based compensation reserves under equity in the relevant companies comprising the Group.

Cash-settled share-based payment transactions of the Company

For cash-settled share-based payments, a financial liability is recognized for the employee services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits (continued)

(iii) Annual leave and other paid leave

Employee entitlement to annual leave is recognized when it accrues to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees during the year. Employee entitlement to maternity leave is not recognized until the time of leave. Unused compensation leave earned by employees is accrued. Unused sick leave is accrued on a monthly basis.

(iv) Bonus plans

The Group recognizes a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(r) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable an outflow of economic resources will be required or the amount of the obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the consolidated financial statements unless the probability of outflow of resources embodying economic benefits is remote. When a change in the probability of an outflow occurs so the outflow is probable, it will then be recognized as a provision.

(s) Revenue recognition

Revenue from contracts with customers primarily consists of casino wagers, room sales, food and beverage transactions, rental income from the Company's mall tenants, convention sales and entertainment and ferry ticket sales. These contracts can be written, oral or implied by customary business practices.

Gross casino revenue is the aggregate of gaming wins and losses. The commissions rebated to gaming promoters and premium players for rolling play, cash discounts and other cash incentives to patrons related to gaming play are recorded as a reduction to gross casino revenue. Gaming contracts include a performance obligation to honor the patron's wager and typically include a performance obligation to provide a product or service to the patron on a complimentary basis to incentivize gaming or in exchange for points earned under the Group's loyalty programs.

For wagering contracts that include complimentary products and services provided by the Group to incentivize gaming, the Group allocates the relative stand-alone selling price of each product and service to the respective revenue type. Complimentary products or services provided under the Group's control and discretion, which are supplied by third parties, are recorded as an operating expense.

For wagering contracts that include products and services provided to a patron in exchange for points earned under the Group's loyalty programs, the Group allocates the estimated fair value of the points earned to the loyalty program liability. The loyalty program liability is a deferral of revenue until redemption occurs. Upon redemption of loyalty program points for Group-owned products and services, the stand-alone selling price of each product or service is allocated to the respective revenue type. For redemptions of points with third parties, the redemption amount is deducted from the loyalty program liability and paid directly to the third party. Any discounts received by the Group from the third party in connection with this transaction are recorded to other revenue.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Revenue recognition (continued)

After allocation to the other revenue types for products and services provided to patrons as part of a wagering contract, the residual amount is recorded to casino revenue as soon as the wager is settled. As all wagers have similar characteristics, the Group accounts for its gaming contracts collectively on a portfolio basis versus an individual basis.

Hotel revenue recognition criteria are met at the time of occupancy. Food and beverage revenue recognition criteria are met at the time of service. Convention revenues are recognized when the related service is rendered or the event is held. Deposits for future hotel occupancy, convention space or food and beverage services contracts are recorded as deferred revenue until the revenue recognition criteria are met. Cancellation fees for convention contracts are recognized upon cancellation by the customer and are included in other revenues. Ferry and entertainment revenue recognition criteria are met at the completion of the ferry trip or event, respectively. Revenue from contracts with a combination of these services is allocated pro rata based on each service's relative stand-alone selling price.

The Group's accounting policy for recognition of revenue from mall tenant operating leases is described in the accounting policy for leases/right-of-use below.

(t) Pre-opening expenses

Pre-opening expenses represent personnel and other costs incurred prior to the opening of new properties and are expensed as incurred.

(u) Leases/right-of-use

As the lessee for leases

The Group leases various land, real estate, vehicles, and equipment. The Group determines if a contract is or contains a lease at the inception or modification of a contract. A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control over the use of the identified asset means the lessee has both (a) the right to obtain substantially all of the economic benefits from the use of the asset and (b) the right to direct the use of the asset.

The Group's lease arrangements have lease and non-lease components. The Group applies the practical expedient to account for the lease components and any associated non-lease components as a single lease component for all classes of underlying assets.

The Group applies the recognition exemption for leases with an expected term of 12 months or less and leases of low-value assets. These leases are not accounted for on the balance sheet and the related lease expense is recognized on a straight-line basis over the expected lease term.

The lease liability is initially measured at the present value of fixed lease payments over the expected lease term at commencement date. As the implicit rate is not determinable in most of the Group's leases, management uses the incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The expected lease terms include options to extend the lease when it is reasonably certain the Group will exercise such extension option or to terminate the lease when it is reasonably certain the Group will not exercise such termination option.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Leases/right-of-use (continued)

As the lessee for leases (continued)

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is initially measured at cost comprising the amount of the initial measurement of lease liability with adjustments, if any, at commencement date, any lease payments made at or before the commencement date less any lease incentives received, any initial indirect costs, and restoration costs. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. It is subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liabilities.

In the consolidated balance sheet, the Group presents right-of-use assets that do not meet the definition of "investment property" in "property and equipment" and lease liabilities are presented within "borrowings". Right-of-use assets that meet the definition of "investment property" are presented within "investment properties". Right-of-use assets are included within the same category under "property and equipment", which the corresponding underlying assets would be presented if they were owned.

In the consolidated statement of cash flows, lease payments and any associated interest paid are presented under cash flows from financing activities except for leases with an expected term of 12 months or less and leases of low-value assets which are presented under cash flows from operating activities.

As the lessor/grantor for leases/right-of-use

The Group leases space at several of its integrated resorts to various third parties as part of its mall operations, as well as retail and office space.

Leases for which the Group is a lessor are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Leases, in which the Group is the lessor, are substantially all accounted for as operating leases and the lease components and non-lease components are accounted for separately.

When assets are leased/granted out under an agreement for the right-of-use, the asset is included in the consolidated balance sheet based on the nature of the asset. Lease rental/income from right-of-use (net of any incentives given to tenants or to retailers) is recognized over the terms of the lease/right-of-use on a straight-line basis. As such, deferred rent is recognized as a result of a timing difference of revenue recognition over the lease term compared to the billing amount. Turnover fees arising under operating leases/right-of-use are recognized as income in the period in which they are earned.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Leases/right-of-use (continued)

As the lessor/grantor for leases/right-of-use (continued)

When the legal system in which the Group operates contains a legal provision governing the change in circumstances which adversely impacts the performance of the lessee or the lessor due to a force majeure event, or a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessee so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the relevant legal provision or the specific clause is accounted for as part of the original lease and not as a lease modification. The Group recognizes such rent reduction or suspension of rent in profit or loss in the period in which the event or condition that triggers those payments to occur.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical information, information currently available and on various other assumptions management believes to be reasonable under the circumstances, including expectations of future events. Actual results could vary from those estimates and management may change the estimates and assumptions in future evaluations. Changes in these estimates and assumptions may have a material effect on the results of operations and financial condition.

The estimates and assumptions that have a significant risk of potentially causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Provision of expected credit losses for trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses, using a lifetime expected loss allowance for all trade and other receivables. The Group determines the allowance based on specific customer information, historical write-off information, current industry and economic data, which includes regional and global economic conditions, and an assessment of both the current conditions at the reporting date as well as forward-looking information. A provision of expected credit losses for trade receivables is recorded when the Group believes it is probable the recoverable amount of the receivables will be less than their carrying amounts. Account balances are written off against the allowance when the Group considers the receivables to be uncollectible.

Credit or marker play was 10.6% of table games play at the Group's properties during the year ended December 31, 2023 (2022: 9.8%). Provision for expected credit losses was 47.2% of casino receivables after offset with commissions payable and front money as of December 31, 2023 (2022: 82.3%). Provision for credit losses from the Group's hotel and other receivables is not material.

Management believes there are no concentrations of credit risk for which an allowance has not been established. Although management believes the allowance is adequate, it is possible the estimated amount of cash collections with respect to trade receivables could change.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(b) Useful lives of investment properties and property and equipment

As of December 31, 2023, the Group had net investment properties, property and equipment of US$7.91 billion, representing 77.1% of its total assets. The Group depreciates investment properties and property and equipment on a straight-line basis over their estimated useful lives with no residual value assumed. The estimated useful lives are based on the nature of the assets, as well as current operating strategy and legal considerations, such as contractual life. Future events, such as property expansions, property developments, new competition or new regulations, whether VML is successful or not in renewing its future gaming concessions after the expiry of the current Concession, could result in a change in the manner in which the Group uses certain assets requiring a change in the estimated useful lives of such assets.

4. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by a group of senior management which is the chief operating decision-maker of the Group that makes strategic decisions. The Group considers the business from a property and service perspective.

The Group's principal operating and developmental activities occur in Macao, which is the sole geographic area in which the Group is domiciled. The Group reviews the results of operations for each of its key operating segments, which are also the reportable segments: The Venetian Macao, The Londoner Macao, The Parisian Macao, The Plaza Macao and Sands Macao. The Group has included ferry and other operations (comprised primarily of the Group's ferry operations and various other operations that are ancillary to its properties) to reconcile to consolidated income statement and consolidated balance sheet.

The Venetian Macao, The Londoner Macao, The Parisian Macao, The Plaza Macao and Sands Macao derive their revenues primarily from casino wagers, room sales, rental income from the Group's mall tenants, food and beverage transactions, convention sales and entertainment. Ferry and other operations mainly derive their revenues from the sale of transportation services.

4. SEGMENT INFORMATION (CONTINUED)

Revenue disaggregated by type of revenue and property is as follows:

	Casino	Rooms	Mall[(ii),(iii)]	Food and beverage	Convention, ferry, retail and other	Total net revenues
			US$ in millions			
Year ended December 31, 2023						
The Venetian Macao	**2,151**	**191**	**228**	**63**	**49**	**2,682**
The Londoner Macao	**1,283**	**324**	**66**	**86**	**33**	**1,792**
The Parisian Macao	**655**	**135**	**32**	**49**	**8**	**879**
The Plaza Macao	**462**	**94**	**187**	**30**	**6**	**779**
Sands Macao	**290**	**17**	**1**	**12**	**2**	**322**
Ferry and other operations	**—**	**—**	**—**	**—**	**95**	**95**
Inter-segment revenues[(i)]	**—**	**—**	**(1)**	**—**	**(14)**	**(15)**
	4,841	**761**	**513**	**240**	**179**	**6,534**
Year ended December 31, 2022						
The Venetian Macao	438	55	155	17	17	682
The Londoner Macao	194	61	47	26	22	350
The Parisian Macao	116	33	25	10	4	188
The Plaza Macao	146	29	127	10	1	313
Sands Macao	53	6	1	4	1	65
Ferry and other operations	—	—	—	—	21	21
Inter-segment revenues[(i)]	—	—	(1)	—	(13)	(14)
	947	184	354	67	53	1,605

(i) Inter-segment revenues are charged at prevailing market rates.

(ii) Of this amount, US$448 million (2022: US$296 million) was related to income from right-of-use and US$65 million (2022: US$58 million) was related to management fee and other. Income from right-of-use is recognized in accordance with IFRS 16 *Leases* and all other revenues are recognized in accordance with IFRS 15 *Revenue from contracts with customers*.

(iii) For the year ended December 31, 2023, no rent concessions were provided to tenants (2022: US$70 million of rent concessions were provided to tenants as a result of the COVID-19 Pandemic and its impact on mall operations).

4. SEGMENT INFORMATION (CONTINUED)

The following is a reconciliation of adjusted property EBITDA to profit/(loss) for the year attributable to equity holders of the Company:

	Notes	Year ended December 31, 2023	2022
		US$ in millions	
Adjusted property EBITDA (Unaudited)[(i)]			
The Venetian Macao		**1,054**	(25)
The Londoner Macao		**516**	(189)
The Parisian Macao		**269**	(103)
The Plaza Macao		**308**	81
Sands Macao		**59**	(81)
Ferry and other operations		**19**	(6)
Total adjusted property EBITDA		**2,225**	(323)
Share-based compensation, net of amount capitalized[(ii)]		**(31)**	(35)
Corporate expense[(iii)]	(a)	**(129)**	(55)
Pre-opening expense	(b)	**(7)**	1
Depreciation and amortization		**(809)**	(750)
Net foreign exchange (losses)/gains		**(13)**	4
Fair value gain/(loss) on derivative financial instruments		**1**	(1)
Loss on disposal of property and equipment, investment properties and intangible assets		**(12)**	(4)
Operating profit/(loss)		**1,225**	(1,163)
Interest income		**48**	19
Finance costs, net of amounts capitalized		**(532)**	(444)
Profit/(loss) before income tax		**741**	(1,588)
Income tax (expense)/benefit		**(49)**	6
Profit/(loss) for the year attributable to equity holders of the Company		**692**	(1,582)

(i) Adjusted property EBITDA, which is a non-IFRS financial measure, is profit or loss attributable to equity holders of the Company before share-based compensation, corporate expense, pre-opening expense, depreciation and amortization, net foreign exchange gains or losses, impairment loss on property and equipment, gain or loss on disposal of property and equipment, investment properties and intangible assets, interest, gain or loss on modification or early retirement of debt, fair value gain or loss on derivative financial instruments and income tax benefit or expense. Management utilizes adjusted property EBITDA to compare the operating profitability of its operations with those of its competitors, as well as a basis for determining certain incentive compensation. Integrated resort companies have historically reported adjusted property EBITDA as a supplemental performance measure to IFRS financial measures. In order to view the operations of their properties on a more stand-alone basis, integrated resort companies, including the Group, have historically excluded certain expenses that do not relate to the management of specific properties, such as pre-opening expense and corporate expense, from their adjusted property EBITDA calculations. Adjusted property EBITDA should not be interpreted as an alternative to profit or operating profit (as an indicator of operating performance) or to cash flows from operations (as a measure of liquidity), in each case, as determined in accordance with IFRS. The Group has significant uses of cash flow, including capital expenditures, dividend payments, interest payments, debt principal repayments and income taxes, which are not reflected in adjusted property EBITDA. Not all companies calculate adjusted property EBITDA in the same manner. As a result, adjusted property EBITDA as presented by the Group may not be directly comparable to other similarly titled measures presented by other companies.

(ii) Includes equity-settled share-based payment expense, net of amount capitalized of US$5 million (2022: US$5 million) and cash-settled share-based payment expense, net of amount capitalized of US$26 million (2022: US$30 million).

(iii) The amount excludes share-based payment expense of US$4 million (2022: US$5 million).

4. SEGMENT INFORMATION (CONTINUED)

(a) Corporate expense

	Note	Year ended December 31, 2023	2022
		US$ in millions	
Royalty fees	25(a)(v)	**100**	22
Management fees		**9**	9
Employee benefit expenses		**8**	8
Other support services		**5**	10
Other expenses		**7**	6
		129	55

(b) Pre-opening expense

	Year ended December 31, 2023	2022
	US$ in millions	
Advertising and promotions	**2**	(1)
Employee benefit expenses	**1**	—
Contract labor and services	**1**	—
Other support services	**2**	—
Other expenses	**1**	—
	7	(1)

4. SEGMENT INFORMATION (CONTINUED)

	Year ended December 31, 2023	2022
	US$ in millions	
Depreciation and amortization		
The Venetian Macao	**156**	180
The Londoner Macao	**389**	322
The Parisian Macao	**131**	128
The Plaza Macao	**99**	86
Sands Macao	**22**	21
Ferry and other operations	**12**	13
	809	750

	Year ended December 31, 2023	2022
	US$ in millions	
Capital expenditures		
The Venetian Macao	**71**	52
The Londoner Macao	**131**	173
The Parisian Macao	**8**	3
The Plaza Macao	**15**	9
Sands Macao	**6**	4
	231	241

	December 31, 2023	2022
	US$ in millions	
Total assets		
The Venetian Macao	**2,538**	2,127
The Londoner Macao	**4,213**	4,512
The Parisian Macao	**1,819**	1,846
The Plaza Macao	**1,073**	1,035
Sands Macao	**286**	207
Ferry and other operations	**329**	835
	10,258	10,562

Almost all of the non-current assets of the Group are located in Macao.

5. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended December 31, 2023	2022
	US$ in millions	
Wages, salaries, bonus and termination costs	**1,005**	895
Staff meals	**47**	39
Pension costs — defined contribution plan	**36**	35
Share-based compensation, net of amount capitalized[(i)]	**31**	35
Other employee benefit expenses	**29**	28
	1,148	1,032

(i) Share-based compensation capitalized during the year ended December 31, 2023 was US$1 million (2022: US$1 million). For further information related to the Company's equity award plan and LVS' equity award plan, refer to Note 26 to the consolidated financial statements.

(a) Directors' emoluments

	Fees	Salaries and other allowances	Discretionary bonuses[(i)]	Pension costs	Estimated monetary value of other benefits[(ii)]	Total
			US$ in thousands			
Year ended December 31, 2023						
Executive Directors						
Robert Glen Goldstein[(iii)]	—	—	—	—	—	—
Wong Ying Wai[(iii)]	—	**2,995**	**1,497**	**150**	**3,806**	**8,448**
Chum Kwan Lock, Grant[(iii)]	—	**1,816**	**1,797**	**90**	**4,158**	**7,861**
Non-Executive Director						
Charles Daniel Forman	**200**	—	—	—	—	**200**
Independent Non-Executive Directors						
Chiang Yun	**230**	—	—	—	—	**230**
Victor Patrick Hoog Antink	**230**	—	—	—	—	**230**
Steven Zygmunt Strasser	**230**	—	—	—	—	**230**
Kenneth Patrick Chung	**200**	—	—	—	—	**200**
	1,090	**4,811**	**3,294**	**240**	**7,964**	**17,399**

5. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(a) Directors' emoluments (continued)

	Fees	Salaries and other allowances	Discretionary bonuses(i)	Pension costs	Estimated monetary value of other benefits(ii)	Total
			US$ in thousands			
Year ended December 31, 2022						
Executive Directors						
Robert Glen Goldstein(iii)	—	—	—	—	—	—
Wong Ying Wai(iii)	—	3,001	1,501	150	4,577	9,229
Chum Kwan Lock, Grant(iii)	—	3,124	1,801	90	3,871	8,886
Non-Executive Director						
Charles Daniel Forman	200	—	—	—	—	200
Independent Non-Executive Directors						
Chiang Yun	230	—	—	—	—	230
Victor Patrick Hoog Antink	230	—	—	—	—	230
Steven Zygmunt Strasser	230	—	—	—	—	230
Kenneth Patrick Chung	200	—	—	—	—	200
	1,090	6,125	3,302	240	8,448	19,205

(i) The discretionary bonuses for the years ended December 31, 2023 and 2022 were in relation to services in the respective years, and are determined by reference to the individual performance of the Directors and the Chief Executives and the Group's performance, and approved by the Remuneration Committee.

(ii) Other benefits mainly include the share options and restricted share units under the Equity Award Plan, accommodation, meals, home visit travel costs and medical insurance. The value of the share options and restricted share units granted to the Directors represents the amount recognized as an expense during the year in accordance with IFRS 2 *Share-based payment*.

(iii) On January 24, 2024, Mr. Robert Glen Goldstein relinquished his role as Chief Executive Officer but continues to serve as the Chairman of the Board and was re-designated as a Non-Executive Director. On the same day, Dr. Wong Ying Wai was appointed as Executive Vice Chairman, and Mr. Chum Kwan Lock, Grant, as Chief Executive Officer and President.

5. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(a) Directors' emoluments (continued)

The Executive Directors' emoluments were for their services in connection with the management of the affairs of the Group. The Non-Executive Directors' and Independent Non-Executive Directors' emoluments were for their services as directors of the Company.

In addition to the Directors' emoluments disclosed above, Mr. Robert Glen Goldstein received compensation (inclusive of share-based compensation) from LVS in respect of his services to LVS and its subsidiaries (including the Group). During the year ended December 31, 2023, US$3 million (2022: US$3 million) was charged by LVS to the Group in respect of such management and administrative services of Robert Glen Goldstein provided to the Group.

No emoluments were paid to any Directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2022: nil).

With the exception of the continuing connected transactions disclosed in the 2023 Annual Report of the Company, none of the Directors has any material interests in transactions, arrangements or contracts entered into by the Company or the LVS Group.

None of the Directors waived or has agreed to waive any emoluments during the year (2022: same).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include two Directors (2022: two) whose emoluments are reflected in the analysis presented above. The emoluments of the remaining three individuals (2022: three) during the year are as follows:

	Year ended December 31,	
	2023	2022
	US$ in thousands	
Basic salaries, allowances and benefits in kind	**3,339**	4,737
Discretionary bonuses[i]	**3,593**	3,602
Share-based compensation[ii]	**5,911**	5,485
Pension costs	**155**	148
	12,998	13,972

(i) The discretionary bonuses for the years ended December 31, 2023 and 2022 were in relation to services in the respective years.

(ii) The value of share options and restricted share units granted to the individuals represents the amount recognized as an expense during the year in accordance with IFRS 2 *Share-based payment*.

5. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(b) Five highest paid individuals (continued)

The emoluments of the above mentioned individuals fall within the following bands:

		Year ended December 31,	
		2023	2022
Range in HK$	Range in US$ equivalent	Number of individuals	
27,000,001–27,500,000	3,455,000–3,519,000	**—**	1
29,000,001–29,500,000	3,711,000–3,775,000	**1**	—
34,500,001–35,000,000	4,415,000–4,479,000	**1**	—
37,500,001–38,000,000	4,799,000–4,863,000	**1**	—
40,500,001–41,000,000	5,183,000–5,247,000	**—**	2
		3	3

No emoluments were paid to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended December 31, 2023 (2022: nil).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. OTHER EXPENSES, GAINS AND LOSSES

	Notes	Year ended December 31, 2023	2022
		US$ in millions	
Utilities and operating supplies		**187**	134
Contract labor and services		**115**	59
Royalty fees[(i)]		**103**	23
Repairs and maintenance		**70**	60
Advertising and promotions		**65**	24
Management fees[(ii)]		**53**	19
Lease payments exempted from recognition	13(c)	**11**	2
Auditor's remuneration		**2**	2
(Recovery of)/provision for expected credit losses, net		**(5)**	4
Net foreign exchange losses/(gains)		**13**	(4)
Loss on disposal of property and equipment, investment properties and intangible assets[(iii)]		**12**	4
Fair value (gain)/loss on derivative financial instruments	23	**(1)**	1
Other support services		**106**	64
Other operating expenses		**130**	53
		861	445

(i) Total royalty fees for the year ended December 31, 2023 includes US$3 million charged by third parties and US$100 million charged by a related party (2022: US$1 million and US$22 million, respectively). Refer to Note 25(a)(v) for further information related to the royalty fees charged by a related party.

(ii) Total management fees for the year ended December 31, 2023 includes US$21 million charged by third parties and US$32 million charged by related parties, net of amounts capitalized (2022: US$2 million and US$17 million respectively). Refer to Note 25(a)(ii) for further information.

(iii) Loss on disposal of property and equipment and investment properties for the year ended December 31, 2023 includes demolition cost of US$4 million (2022: US$2 million).

7. FINANCE COSTS, NET OF AMOUNTS CAPITALIZED

	Note	Year ended December 31, 2023	2022
		US$ in millions	
Interest costs			
Senior Notes		**340**	326
Bank borrowings		**62**	51
LVS Term Loan	25(a)(iii)	**58**	28
Imputed interest on gaming license liability		**31**	—
Lease liabilities		**8**	8
Amortization of deferred financing costs		**26**	24
Standby fee and other financing costs		**9**	9
		534	446
Less: interest capitalized		**(2)**	(2)
		532	444

A capitalization rate of 5.0% to 5.6% (2022: 4.4% to 5.6%) was used, representing the effective finance costs of the loans to finance the assets under construction.

8. INCOME TAX EXPENSE/(BENEFIT)

	Year ended December 31, **2023**	2022
	US$ in millions	
Current income tax		
Payment in lieu of Macao complementary tax on deemed dividends	**57**	2
Other overseas taxes	**—**	1
Deferred income tax benefit	**(8)**	(9)
	49	(6)

(a) Macao complementary tax overview

(i) Structure of Macao complementary tax

The Macao complementary tax is applied to taxable income using a progressive rate system. For taxable income exceeding 32,000 patacas (equivalent to US$4,000) and up to 300,000 patacas (equivalent to US$37,500), the tax rates progress from 3% to 9%. Beyond the 300,000 patacas (equivalent to US$37,500) threshold, taxable income is subject to a flat tax rate of 12%.

For the year ended December 31, 2023, the Macao tax authority introduced a one-time incentive that raised the tax-exempt income ceiling from 32,000 patacas to 600,000 patacas (equivalent to US$4,000 to US$75,000). Consequently, profits surpassing 600,000 patacas (equivalent to US$75,000) are subject to the standard 12% fixed tax rate (2022: same).

(ii) Tax exemptions for VML's gaming activities

VML was granted tax exemptions for its gaming activities as per Dispatch No. 194/2018 and Dispatch No. 178/2022 from the Chief Executive of Macao, dated August 20, 2018, and September 1, 2022, respectively. The first exemption was effective for the tax year 2019 until June 26, 2022 and the second exemption was effective June 27, 2022 until December 31, 2022, aligning with VML's gaming Subconcession extension.

Following the Concession award in December 2022, VML sought to extend the tax exemption for its gaming activities for the duration of the new Concession period, spanning from the tax year 2023 until the tax year 2032, or an alternative exemption period as determined suitable by the Chief Executive of Macao.

Pursuant to Dispatch No. 19/2024 from the Chief Executive of Macao dated January 29, 2024, VML was granted an extension of the tax exemption effective for the tax year 2023 until the tax year 2027.

(b) Alternative arrangement for Macao complementary tax on deemed dividends

In April 2019, VML renewed a Shareholder Dividend Tax Agreement with the Macao government, which remained in effect until June 26, 2022. Under the agreement, VML made annual fixed payments to the Macao government as an alternative to the complementary tax that would typically be levied on dividends received by its shareholders from VML's gaming profits. Specifically, the agreement stipulated annual payments of 38 million patacas (approximately US$5 million) for each of the years ended December 31, 2019, 2020, and 2021. In addition, a pro-rata payment of 18 million patacas (approximately US$2 million) covered the period from January 1, 2022 to June 26, 2022.

8. INCOME TAX EXPENSE/(BENEFIT) (CONTINUED)

(b) Alternative arrangement for Macao complementary tax on deemed dividends (continued)

For the year ended December 31, 2023, the income tax provision has been calculated based on available information as of the balance sheet date to reflect an anticipated payment of US$57 million in lieu of Macao complementary tax on deemed dividends.

On February 7, 2024, VML entered into a new Shareholder Dividend Tax Agreement with the Macao government effective from the tax year 2023 through the tax year 2025. The new agreement stipulates payments in lieu of Macao complementary tax otherwise due by VML's shareholders on deemed dividend distributions to them from gaming profits, due within 30 days upon issuance of tax demand notices from the Macao government for each of the tax years 2023, 2024 and 2025. According to the new agreement, the recognized anticipated payment in lieu of Macao complementary tax on deemed dividends recorded for the year ended December 31, 2023 will be reduced by US$47 million in 2024.

(c) Hong Kong profits tax

The Company's subsidiaries that carry on business in Hong Kong are subject to the Hong Kong profits tax at the maximum rate of 16.5% for the year ended December 31, 2023 (2022: same).

(d) Reconciliation between income tax expense/(benefit) and accounting profit/(loss) at applicable tax rates

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the domestic tax rates applicable to the consolidated entities in the respective jurisdictions as follows:

	Year ended December 31,	
	2023	2022
	US$ in millions	
Profit/(loss) before income tax	**741**	(1,588)
Tax calculated at domestic rates applicable in the respective jurisdictions	**88**	(189)
Tax effects of:		
Income not subject to tax(i)	**(729)**	(231)
Expenses not deductible for tax purposes(i), (ii)	**555**	265
Amortization of pre-opening expenses previously not recognized	**—**	(1)
Origination and reversal of temporary difference, net	**—**	(1)
Tax losses for which no deferred income tax assets were recognized	**79**	149
Payment in lieu of Macao complementary tax on deemed dividends	**57**	2
Others	**(1)**	—
Income tax expense/(benefit)	**49**	(6)

8. INCOME TAX EXPENSE/(BENEFIT) (CONTINUED)

(d) Reconciliation between income tax expense/(benefit) and accounting profit/(loss) at applicable tax rates (continued)

(i) During the year ended December 31, 2023, the income tax provision has been determined based on the assumption that VML will be granted an exemption from the Macao complementary tax for its gaming activities (see also Note 8(a)(ii)). Throughout the year, income derived from leases/right-of-use assets recorded by VML, VCL and VOL was subject to property tax, as outlined in Note (ii). Consequently, this income was not included in the base for calculating the Macao complementary tax. As a result, both gaming revenue and lease/right-of-use income, along with their associated expenses, have been categorized as "Income not subject to tax" and "Expenses not deductible for tax purposes", respectively, in the tax computations above (2022: same).

(ii) Lease/right-of-use income recorded in VML, VCL and VOL are exempt from property tax for the first four and six years for the newly constructed buildings in Macao and on Cotai, respectively, pursuant to Article 9(1)(a) of Lei no. 19/78/M. If the buildings in Macao and on Cotai also qualify for Tourism Utility Status, the property tax exemption can be extended by another four and six years, respectively, pursuant to Article 15(a) of Lei no. 81/89/M. The exemption for Sands Macao expired in August 2012, for The Venetian Macao in August 2019, with exception of its casino area which expired in August 2013, and for The Plaza Macao in August 2020. The exemptions for The Londoner Macao, The Parisian Macao and The Grand Suites at Four Seasons will be expiring in December 2027, September 2028 and October 2032, respectively.

(e) Deferred income tax benefit

Deferred income tax benefit was US$8 million for the year ended December 31, 2023, compared to deferred income tax benefit of US$9 million for the year ended December 31, 2022. The deferred income tax benefit in 2023 was primarily due to the reversal of deferred tax liabilities related to accelerated tax depreciation allowance (2022: same).

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share are set out in the following:

	Year ended December 31,	
	2023	2022
Profit/(loss) attributable to equity holders of the Company (US$ in millions)	**692**	(1,582)
Weighted average number of shares for basic earnings/(loss) per share (thousand shares)	**8,093,336**	8,093,189
Adjustment for share options (thousand shares)	**139**	—
Weighted average number of shares for diluted earnings/(loss) per share (thousand shares)	**8,093,475**	8,093,189
Earnings/(loss) per share, basic[i]	**US8.56 cents**	(US19.55 cents)
	HK66.89 cents	(HK152.42 cents)
Earnings/(loss) per share, diluted[i]	**US8.56 cents**	(US19.55 cents)
	HK66.89 cents	(HK152.42 cents)

(i) The translation of US$ amounts into HK$ amounts has been made at the exchange rate on December 31, 2023 of US$1.00 to HK$7.8140 (2022: US$1.00 to HK$7.7962).

10. DIVIDENDS

The Board did not recommend the payment of a final dividend in respect of the year ended December 31, 2022.

The Board did not recommend the payment of an interim dividend in respect of the six months ended June 30, 2023.

The Board does not recommend the payment of a final dividend in respect of the year ended December 31, 2023.

11. INVESTMENT PROPERTIES, NET

	2023	2022
	US$ in millions	
Cost		
At January 1	**1,144**	1,130
Additions	**16**	11
Disposals	**(3)**	(1)
Transfers (to)/from property and equipment	**(1)**	3
Exchange difference	**(2)**	1
At December 31	**1,154**	1,144
Accumulated depreciation		
At January 1	**(546)**	(493)
Depreciation	**(45)**	(53)
Disposals	**2**	1
Exchange difference	**1**	(1)
At December 31	**(588)**	(546)
Carrying amount		
At December 31	**566**	598

(a) Measuring investment property at fair value

The Group engaged an independent professional valuer, Knight Frank Petty Limited, to perform the valuation of the Group's investment properties, which are located in Macao, on an annual basis. Knight Frank Petty Limited is a professionally qualified independent external valuer, and had appropriate recent experience in the relevant location and category of the properties being valued. In determining the fair value of the investment properties, the valuer uses assumptions and estimates that reflect, amongst other factors, lease/right-of-use income from current leases/right-of-use and assumptions about lease/right-of-use income from future leases/rights-of-use in light of current market conditions, capitalization rates, terminal yield and reversionary income potential. Valuations were based on income and an open market value approach for all completed properties as follows:

	December 31, 2023	2022
	US$ in millions	
Fair value of the investment properties	**8,566**	7,980

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair value estimate of the Group's investment properties is a Level 3 input.

11. INVESTMENT PROPERTIES, NET (CONTINUED)

(b) Amounts recognized in profit or loss for investment properties

	Year ended December 31, 2023	2022
	US$ in millions	
Mall income	**513**	354
Direct operating expenses arising from investment properties that generate right-of-use income	**46**	35
Direct operating expenses that did not generate right-of-use income	**14**	11

During the year ended December 31, 2023, mall income in the table above included turnover fees, representing variable lease income of US$101 million (2022: US$27 million). During the year ended December 31, 2022, rent concessions of US$70 million granted to mall tenants as a result of the COVID-19 Pandemic were also included in mall income in the table above.

(c) Leasing arrangements

The investment properties are leased to mall tenants under operating leases with rentals payable on a monthly basis. Lease payments in the mall leasing contracts include variable lease payments that depend on turnover of the retail store. Where necessary to reduce credit risk, the Group may obtain bank guarantees for the term of a lease or cash security deposit at the commencement of a lease. There is no residual value guarantee for our current mall leases.

The future aggregate minimum lease/base fee receivables under non-cancelable agreements are as follows:

	December 31, 2023	2022
	US$ in millions	
No later than 1 year	**341**	295
1 to 2 years	**245**	262
2 to 3 years	**201**	196
3 to 4 years	**168**	161
4 to 5 years	**144**	145
Later than 5 years	**207**	319
	1,306	1,378

12. PROPERTY AND EQUIPMENT, NET

The movements of property and equipment for the year are as follows:

	Leasehold interests in land	Land improvements	Buildings and building improvements	Leasehold improvements	Vehicles US$ in millions	Ferries	Furniture, fittings & equipment	Construction-in-progress	Total
Cost									
At January 1, 2022	674	370	10,634	7	66	252	2,334	138	14,475
Additions	—	—	1	—	1	—	9	109	120
Adjustments to project costs	—	—	(7)	—	(1)	—	—	—	(8)
Disposals	—	—	(14)	—	(1)	(57)	(106)	—	(178)
Transfers[i]	—	—	98	—	—	—	91	(192)	(3)
Exchange difference	—	—	6	—	—	—	—	(2)	4
At December 31, 2022	674	370	10,718	7	65	195	2,328	53	14,410
Accumulated depreciation and impairment									
At January 1, 2022	(161)	(145)	(3,745)	(6)	(37)	(217)	(1,687)	—	(5,998)
Depreciation	(14)	(5)	(464)	(1)	(9)	(4)	(174)	—	(671)
Disposals	—	—	13	—	1	49	104	—	167
Exchange difference	—	—	(2)	—	(1)	—	(1)	—	(4)
At December 31, 2022	(175)	(150)	(4,198)	(7)	(46)	(172)	(1,758)	—	(6,506)
Carrying amount									
At December 31, 2022	499	220	6,520	—	19	23	570	53	7,904
Cost									
At January 1, 2023	**674**	**370**	**10,718**	**7**	**65**	**195**	**2,328**	**53**	**14,410**
Additions	**—**	**—**	**30**	**—**	**—**	**—**	**45**	**98**	**173**
Adjustments to costs[ii]	**(14)**	**—**	**—**	**—**	**(1)**	**—**	**1**	**—**	**(14)**
Disposals	**—**	**(1)**	**(118)**	**—**	**—**	**—**	**(61)**	**(5)**	**(185)**
Transfers[i]	**—**	**—**	**27**	**—**	**—**	**—**	**30**	**(56)**	**1**
Exchange difference	**(3)**	**(1)**	**(24)**	**—**	**—**	**—**	**(6)**	**—**	**(34)**
At December 31, 2023	**657**	**368**	**10,633**	**7**	**64**	**195**	**2,337**	**90**	**14,351**
Accumulated depreciation and impairment									
At January 1, 2023	**(175)**	**(150)**	**(4,198)**	**(7)**	**(46)**	**(172)**	**(1,758)**	**—**	**(6,506)**
Depreciation	**(14)**	**(5)**	**(494)**	**—**	**(8)**	**(4)**	**(172)**	**—**	**(697)**
Disposals	**—**	**1**	**116**	**—**	**—**	**—**	**60**	**—**	**177**
Exchange difference	**1**	**—**	**9**	**—**	**—**	**—**	**4**	**—**	**14**
At December 31, 2023	**(188)**	**(154)**	**(4,567)**	**(7)**	**(54)**	**(176)**	**(1,866)**	**—**	**(7,012)**
Carrying amount									
At December 31, 2023	**469**	**214**	**6,066**	**—**	**10**	**19**	**471**	**90**	**7,339**

(i) During the year ended December 31, 2023, net transfers from investment properties amounted to US$1 million (2022: net transfers to investment properties amount to US$3 million).

(ii) During the year ended December 31, 2023, US$14 million adjustment to leasehold interests in land was due to the modification of land leases (refer to Note 13(a) for details).

Interest expense of US$2 million (2022: US$2 million) in Note 7 and other direct costs of US$14 million (2022: US$15 million) were capitalized for the year ended December 31, 2023.

12. PROPERTY AND EQUIPMENT, NET (CONTINUED)

With the expiry of VML's subconcession on December 31, 2022, all of the Gaming Assets, including the casinos, gaming areas and respective supporting areas located in Sands Macao, The Venetian Macao, The Plaza Macao, The Londoner Macao and The Parisian Macao, with a total area of approximately 136,000 square meters (representing approximately 4.7% of the total property area) and gaming equipment, reverted to, and are now owned by the Macao government. Effective as of January 1, 2023, the Gaming Asset use has been temporarily transferred to VML by the Macao government for the duration of the Concession, in return for annual payments for the right to operate the Gaming Assets pursuant to the Handover Record.

The Gaming Assets that reverted to the Macao government on December 31, 2022, and included in the above table, consisted of the following:

	December 31, 2022 US$ in millions
Building and building improvements	**1,264**
Furniture, fixtures and equipment	**419**
	1,683
Less — accumulated depreciation	**(930)**
	753

As at December 31, 2023, the Group's property and equipment were not pledged as securities for any liabilities (2022: same).

13. LEASES

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, refer to Notes 11(b) and 11(c).

(a) Right-of-use assets

The movements of right-of-use assets included within "Property and equipment, net" and "Investment properties, net" for the year are as follows:

	Property and equipment, net — Leasehold interests in land	Investment properties, net — Leasehold interests in land	Property and equipment, net — Other	Total Right-of-use assets
		US$ millions		
Cost				
At January 1, 2022	674	56	42	772
Adjustments to costs	—	—	(2)	(2)
End of lease derecognition	—	—	(2)	(2)
At December 31, 2022	674	56	38	768
Accumulated depreciation				
At January 1, 2022	(161)	(15)	(25)	(201)
Depreciation	(14)	(1)	(6)	(21)
End of lease derecognition	—	—	2	2
At December 31, 2022	(175)	(16)	(29)	(220)
Carrying amount				
At December 31, 2022	499	40	9	548
Cost				
At January 1, 2023	**674**	**56**	**38**	**768**
Additions	**—**	**—**	**3**	**3**
Adjustments to costs(i)	**(14)**	**—**	**(1)**	**(15)**
Transfers	**—**	**—**	**(6)**	**(6)**
End of lease derecognition	**—**	**—**	**(3)**	**(3)**
Exchange difference	**(3)**	**—**	**—**	**(3)**
At December 31, 2023	**657**	**56**	**31**	**744**
Accumulated depreciation				
At January 1, 2023	**(175)**	**(16)**	**(29)**	**(220)**
Depreciation	**(14)**	**(2)**	**(3)**	**(19)**
Transfers	**—**	**—**	**6**	**6**
End of lease derecognition	**—**	**—**	**3**	**3**
Exchange difference	**1**	**—**	**—**	**1**
At December 31, 2023	**(188)**	**(18)**	**(23)**	**(229)**
Carrying amount				
At December 31, 2023	**469**	**38**	**8**	**515**

(i) Subsequent to the reversion of casino and gaming areas to the Macao government which took effect on December 31, 2022, annual rent payable for the land concessions was reduced in accordance with the area reverted. As a result, the Group remeasured the lease liabilities based on the revised future payments on January 1, 2023 and recognized a reduction of US$14 million to lease liabilities and leasehold interests in land under property and equipment (refer to Note 12), respectively.

13. LEASES (CONTINUED)

(a) Right-of-use assets (continued)

The Group received land concessions from the Macao government to build on the sites on which Sands Macao, The Venetian Macao, The Plaza Macao, The Londoner Macao and The Parisian Macao are located. The Group does not own these land sites; however, the land concessions, which have an initial term of 25 years and are renewable at the Group's option, in accordance with Macao law, grant the Group exclusive use of the land. As specified in the land concessions, the Group is required to pay premiums for each parcel as well as annual rent for the term of the land concessions, which may be revised every five years by the Macao government. The initial land lease premiums for all parcels have been fully paid for. The Group anticipates a useful life of 50 years related to these land concessions.

(b) Lease liabilities

The lease liabilities included within borrowings are as follows:

	Notes	December 31, **2023**	2022
		US$ in millions	
Current liabilities — Borrowings	22	**15**	15
Non-current liabilities — Borrowings	22	**142**	155
		157	170

Note: Prior period comparatives have been restated to conform with the current period presentation (refer to Note 2 for details).

The weighted average effective interest rate of lease liabilities as at December 31, 2023 is 5.2% (2022: 5.0%). The maturity analysis of the lease liabilities is presented in Note 27(a)(iii).

13. LEASES (CONTINUED)

(c) Amounts recognized in the consolidated income statement

	Year ended December 31,	
	2023	2022
	US$ in millions	
Depreciation charge of right-of-use assets:		
Property and equipment, net — Leasehold interests in land	**14**	14
Property and equipment, net — Other	**3**	6
Investment properties, net — Leasehold interests in land	**2**	1
	19	21
Interest expense on lease liabilities	**8**	8
Expense relating to variable lease payments	**8**	—
Expense relating to short-term leases exempted from recognition	**3**	2
	38	31

The total cash outflow for leases including interest payments for the year ended December 31, 2023 was US$19 million (2022: US$12 million), which includes short-term lease payments and variable lease payments of US$11 million in total (2022: US$2 million).

(d) Extension and termination options and residual value guarantee

The Group has leases for various real estate (including leasehold interest in land), vehicles and equipment. The Group's leases include options to extend the lease term by one month to 10 years. Land concessions in Macao generally have an initial term of 25 years with automatic extensions of 10 years thereafter in accordance with Macao law. The Group anticipates a useful life of 50 years related to the land concessions in Macao. Termination options are included in property and equipment leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of the termination options held are exercisable only by the Group and not by the respective lessor.

The Group's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

14. INTANGIBLE ASSETS, NET

	Computer software 2023	2022
	US$ in millions	
Cost		
At January 1	**170**	157
Additions	**14**	14
Disposals	**—**	(1)
At December 31	**184**	170
Accumulated amortization		
At January 1	**(139)**	(119)
Amortization	**(17)**	(20)
Disposals	**—**	1
Exchange difference	**1**	(1)
At December 31	**(155)**	(139)
Carrying amount		
At December 31	**29**	31

	Gaming license — Concession 2023
	US$ in millions
Cost	
At January 1	**—**
Additions	**498**
Exchange difference	**(1)**
At December 31	**497**
Accumulated amortization	
At January 1	**—**
Amortization	**(50)**
At December 31	**(50)**
Carrying amount	
At December 31	**447**

14. INTANGIBLE ASSETS, NET (CONTINUED)

Concession

On December 16, 2022, the Macao government announced the award of six definitive gaming concessions, one of which was awarded to VML, a subsidiary of the Company, and on December 16, 2022, VML entered into a ten-year gaming concession contract with the Macao government, beginning on January 1, 2023. Under the terms of the Concession, VML is required to pay the Macao government an annual gaming premium consisting of a fixed portion and a variable portion. The fixed portion of the premium is 30 million patacas (approximately US$4 million). The variable portion is 300,000 patacas ("VIP table rate") per gaming table reserved exclusively for certain types of games or players ("VIP tables"), 150,000 patacas per gaming table not so reserved (the "mass table rate") and 1,000 patacas per electrical or mechanical gaming machine, including slot machines (approximately US$37,274, US$18,637 and US$124, respectively).

On December 30, 2022, VML and certain other subsidiaries of the Company agreed to revert certain gaming equipment and gaming areas to the Macao government without compensation and free of any liens or charges in accordance with, and upon the expiry of, VML's Subconcession. On the same day, VML and the Macao government entered into a Handover Record granting VML the right to operate the reverted gaming equipment and gaming areas for the duration of the Concession in consideration for the payment of an annual fee. The annual fee is calculated based on a price per square meter of reverted gaming area, being 750 patacas per square meter in the first three years and 2,500 patacas per square meter in the subsequent seven years (approximately US$93 and US$311, respectively). The price per square meter used to determine the annual fee will be adjusted annually based on Macao's average price index of the corresponding preceding year. The annual fee paid for the year ended December 31, 2023 was US$13 million. The annual fee is estimated to be US$13 million for the next two years and US$42 million for the following seven years thereafter, subject to the aforementioned adjustment.

On January 1, 2023, the Company recognized an intangible asset and a related financial liability of 4.0 billion patacas (approximately US$497 million), representing the right to operate the gaming equipment and the gaming areas, the right to conduct games of chance in Macao and the unconditional obligation to make payments under the Concession. The intangible asset and financial liability at inception were measured as the present value of in-substance fixed payments over the Concession term, consisting of contractually obligated annual payments of fixed and variable premiums, as well as fees associated with the above-described Handover Record. The contractually obligated annual variable premium payments associated with the intangible asset were determined using the maximum authorized number of gaming tables at the mass table rate and the maximum authorized number of gaming machines that VML is currently allowed to operate by the Macao government. The intangible asset is being amortized on a straight-line basis over the period of the Concession, being ten years. The financial liability is measured at amortized cost. Any changes to (i) the rate per square meter due to adjustments based on the Macao average price index; (ii) the variable premium due to changes in the maximum authorized capacity of gaming tables and slot machines; as well as (iii) the number of VIP tables such that payment at the VIP table rate of 300,000 patacas (approximately US$37,274) per gaming table in excess of the mass table rate will be expensed in the consolidated income statement. In the accompanying consolidated balance sheet, the non-current portion of the financial liability is included in "Trade and other payables — non-current" and the current portion is included in "Trade and other payables — current".

Subconcession

On June 23, 2022, an extension to the Subconcession was approved and authorized by the Macao government and executed between VML and Galaxy, pursuant to which the Subconcession was extended from June 26, 2022 to December 31, 2022. 47 million patacas (approximately US$6 million at exchange rates in effect on date of transaction) was paid to the Macao government for the extension which was recognized as an intangible asset and was fully amortized during the year ended December 31, 2022.

15. DEFERRED INCOME TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The movements of the deferred tax liabilities are as follows:

	Accelerated depreciation allowance US$ in millions
At January 1, 2022	(54)
Credit for the year	9
At December 31, 2022	**(45)**
Credit for the year	**8**
At December 31, 2023	**(37)**

Deferred tax assets are recognized for tax loss carryforwards to the extent realization of the related tax benefit through future taxable profits is probable. The unrecognized deferred income tax assets in respect of losses that can be carried forward against future taxable income are as follows:

	December 31, **2023**	 2022
	US$ in millions	
Arising from unused tax losses	**400**	481

As at December 31, 2023, subject to the agreement by tax authorities, out of the total unrecognized tax losses of approximately US$3,283 million (2022: US$3,956 million), an amount of approximately US$140 million (2022: US$146 million) can be carried forward indefinitely. The remaining amount of approximately US$3,143 million (2022: US$3,810 million), will expire in one to three years (2022: same).

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS, NET

	Notes	December 31, 2023	2022
		US$ in millions	
Trade receivables		**323**	204
Less: provision for expected credit losses		**(101)**	(123)
Trade receivables, net	16(a)	**222**	81
Deferred rent		**67**	64
Less: amortization of deferred rent		**(28)**	(33)
Prepayments		**61**	45
Other receivables	16(b)	**8**	12
Trade and other receivables and prepayments, net		**330**	169
Less: non-current portion:			
deferred rent		**(25)**	(19)
prepayments and other receivables		**(9)**	(5)
		(34)	(24)
Current portion		**296**	145

(a) Trade receivables, net

The aging analysis of trade receivables, net of provision for expected credit losses, is as follows:

	December 31, 2023	2022
	US$ in millions	
0–30 days	**155**	34
31–60 days	**17**	6
61–90 days	**8**	6
Over 90 days	**42**	35
	222	81

Trade receivables are measured at amortized cost and their carrying value is approximately equivalent to their fair value on each balance sheet date. The maximum exposure to credit risk is the fair value of trade receivables on each balance sheet date.

As at January 1, 2022, trade receivables from contracts with customers amounted to US$116 million.

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS, NET (CONTINUED)

(a) Trade receivables, net (continued)

Trade receivables primarily consist of casino, mall and hotel receivables. The Group extends credit to approved patrons following background checks and investigations of creditworthiness. Business or economic conditions, the legal enforceability of gaming debts, or other significant events in foreign countries could affect the collectability of receivables from patrons residing in these countries.

Absent special approval, the credit period granted to selected premium and mass market players is typically 7–15 days. The Group generally does not charge interest for credit granted, but requires a personal check or other acceptable forms of security.

The credit extended to premium players can be offset by the commissions payable to and front money deposited by these patrons, which is considered in the establishment of the provision for expected credit losses. As at December 31, 2023, a gross amount of casino receivables of US$257 million (2022: US$146 million), was offset by commissions payable and front money deposits in an aggregate amount of US$54 million (2022: US$4 million), resulting in net amounts of casino receivables before provision for expected credit losses of US$203 million (2022: US$142 million).

The Group maintains a provision for expected credit losses on casino, mall and hotel receivables and regularly evaluates the balances. The Group specifically analyzes the collectability of each account with a significant balance, based upon the aging of the account, the customer's estimated financial condition, collection history and any other known information, and the Group makes an allowance for trade receivables. The Group also monitors regional and global economic conditions and forecasts in its evaluation of the adequacy of the recorded provisions. Table games play is primarily cash play, as credit play represented approximately 10.6% of total table games play for the year ended December 31, 2023 (2022: 9.8%). There is a concentration of credit risk related to net casino receivables as 31.3% (2022: 76.1%) of the casino receivables as at December 31, 2023 were from the top five customers. Other than casino receivables, there are no other concentrations of credit risk with respect to trade receivables. The Group believes the concentration of its credit risk in casino receivables is mitigated substantially by its credit evaluation process, credit policies, credit control and collection procedures, and also believes that there are no concentrations of credit risk for which a provision has not been established as at December 31, 2023 and 2022. Although management believes the provision is adequate, it is possible the estimated amount of cash collections with respect to casino receivables could change.

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS, NET (CONTINUED)

(a) Trade receivables, net (continued)

	December 31, 2023	2022
	US$ in millions	
Trade receivables before provision for expected credit losses	**323**	204
Represented by:		
amounts not overdue (current)	**139**	28
amounts past due(i)	**184**	176
Represented by amounts assessed for ECL:		
individual account characteristics	**139**	71
under a provision matrix(ii)	**184**	133

(i) Amounts past due of US$165 million (2022: US$139 million) included in the above relates to casino receivables.

(ii) As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these remaining customers consist of a large number of small customers with common risk characteristics representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS, NET (CONTINUED)

(a) Trade receivables, net (continued)

As at December 31, 2023, included in total trade receivables before provision of expected credit losses above were casino receivables of US$203 million (2022: US$142 million), of which US$165 million (2022: US$109 million) were assessed under a provision matrix within lifetime ECL, as set out below.

Provision's matrix — aging of casino receivables	**Expected loss rate**	**December 31, 2023**	2022
		US$ in millions	
Current (not past due)	—	**37**	3
1–90 days past due	2%–10%	**32**	6
91–360 days past due	15%–25%	**24**	17
More than 360 days past due	50%–100%	**72**	83
		165	109

The expected loss rates of the casino receivables are estimated based on historical observed default rates over the expected life of the receivable balance and forward-looking information available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The credit risk of mall receivables are all individually assessed and the receivables for hotel and other operations and related credit risk are not material.

The following table shows the movement in lifetime ECL that has been recognized for trade receivables under the simplified approach.

	December 31, 2023	2022
	US$ in millions	
At beginning of year	**123**	125
(Recovery of)/provision for expected credit losses, net	**(5)**	3
Amounts written-off	**(17)**	(5)
At end of year	**101**	123

Provision for expected credit losses related to casino receivables as at December 31, 2023 was US$96 million (2022: US$117 million).

(b) Other receivables

Other receivables are measured at amortized cost and their carrying value is approximately equivalent to their fair value on each balance sheet date, which also represent the Group's maximum exposure to credit risk as at December 31, 2023. As at December 31, 2023, the provision for expected credit losses for other receivables was US$2 million (2022: US$2 million). During the year ended December 31, 2023, no amounts were charged to the provision account (2022: nil) or written off (2022: nil).

17. RESTRICTED CASH AND CASH EQUIVALENTS AND BANK DEPOSIT

Bank guarantee requirement per the Concession Contract

As required by the Concession, on December 7, 2022, VML provided the Macao government with a bank guarantee in the amount of 1.0 billion patacas (approximately US$125 million at exchange rates as defined therein) to secure the performance of VML's statutory and contractual Concession obligations. In accordance with its terms and in order to secure the bank guarantee, VML is required to maintain a minimum of 1.0 billion patacas, or US$125 million, as a cash deposit in its bank accounts. Prior to January 3, 2023, the guarantee was secured by cash held on deposit by VCL. The bank guarantee must remain in effect until 180 days after the end of the term or the rescission of the Concession. The cash on deposit securing the guarantee is classified as a non-current restricted bank deposit in the consolidated balance sheet.

Bank guarantee requirement for the Subconcession Extension Contract

As required by the Subconcession Extension Contract, on September 20, 2022, VML provided the Macao government with a 2.31 billion patacas (approximately US$289 million at exchange rates as defined therein) bank guarantee to secure the performance of VML's payment obligations towards its employees after the expiration of its Subconcession, should VML be unsuccessful in tendering for a new concession. In accordance with its terms and in order to secure the bank guarantee, SCL was required to maintain a minimum cash balance of 2.31 billion patacas, or US$289 million, in its bank accounts. On December 19, 2022, VML requested the release of all bank guarantees provided to the Macao government under its Subconcession, and in January 2023 such bank guarantees were released, including the 2.31 billion patacas bank guarantee.

Restriction on use of share capital of VML

As required by the Concession Contract and the Gaming Law, the minimum share capital of the Concessionaire of 5 billion patacas (approximately US$623 million at exchange rate on December 31, 2022) may not be used or cancelled prior to the start of its business on January 1, 2023. As such, 5 billion patacas (approximately US$623 million at exchange rate on December 31, 2022) was restricted as at December 31, 2022 and became available to VML to deploy from January 1, 2023.

18. CASH AND CASH EQUIVALENTS

	December 31,	
	2023	2022
	US$ in millions	
Cash on hand	**248**	108
Cash at bank	**246**	130
Short-term bank deposits	**867**	552
	1,361	790

Cash and cash equivalents are measured at amortized cost and the carrying value of cash equivalents is approximately equivalent to their fair value as at December 31, 2023 (2022: same). The estimated fair value of the Group's cash and cash equivalents is based on level 1 inputs (quoted market prices in active markets) (2022: same). The maximum credit exposure of cash and cash equivalents of the Group as at December 31, 2023 amounted to US$1.11 billion (2022: US$682 million).

19. SHARE CAPITAL

	Ordinary shares of US$0.01 each	US$ in millions
Authorized		
At January 1, 2022, December 31, 2022 and December 31, 2023	16,000,000,000	160
Issued and fully paid:		
At January 1, 2022 and December 31, 2022	8,093,188,866	81
Shares issued upon exercise of share options	**190,700**	**—**
At December 31, 2023	**8,093,379,566**	**81**

20. RESERVES

The amount of the Group's reserves and the movements therein for the current and prior years are set out in the consolidated statement of changes in equity.

(a) Capital reserve

The capital reserve represents the combined share premium of Venetian Venture Development Intermediate Limited ("VVDIL") and Cotai Services (HK) Limited.

(b) Statutory reserve

The statutory reserve represents amounts set aside from the income statement that are not distributable to Shareholders/quotaholders of the group companies incorporated.

The Macao Commercial Code #432 requires that companies incorporated in Macao that are limited by shares should set aside a minimum of 10% of the company's profit after taxation to the statutory reserve until the balance of the reserve reaches a level equivalent to 25% of the company's capital.

For companies incorporated in Macao that are limited by quotas, the Macao Commercial Code #377 requires that a company should set aside a minimum of 25% of the company's profit after taxation to the statutory reserve until the balance of the reserve reaches a level equivalent to 50% of the company's capital.

21. TRADE AND OTHER PAYABLES

	Notes	December 31, 2023	2022
		US$ in millions	
Trade payables	21(a)	**47**	23
Gaming license liability[(i)]		**481**	—
Customer deposits and other deferred revenue	21(b)	**403**	350
Other tax payables		**267**	69
Accrued employee benefit expenses		**178**	162
Interest payables		**122**	129
Outstanding chip liability	21(b)	**97**	49
Construction payables and accruals		**54**	86
Interest payable related to LVS Term Loan	25(a)(iii)	**25**	28
Payables to related companies	25(b)	**24**	8
Casino liabilities		**22**	15
Loyalty program liability	21(b)	**21**	25
Other payables and accruals		**99**	54
		1,840	998
Less: non-current portion		**(541)**	(91)
Current portion		**1,299**	907

Note: Certain prior period comparatives have been restated to conform with the current period presentation (refer to Note 2 for details).

(i) The balance represents the present value of future contractual payments under the Concession relating to the right to operate the gaming equipment and the gaming areas and the right to conduct games of chance in Macao, consisting of a non-current liability of US$448 million and a current liability of US$33 million as at December 31, 2023. Refer to Note 14 for further details.

Trade and other payables are measured at amortized cost and the carrying amount is approximately equivalent to their fair value as at each balance sheet date.

21. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables

The aging analysis of trade payables based on invoice date is as follows:

	December 31, 2023	2022
	US$ in millions	
0–30 days	**39**	18
31–60 days	**4**	4
61–90 days	**3**	1
Over 90 days	**1**	—
	47	23

(b) Contract and contract related liabilities

The Group provides numerous products and services to its customers. There is often a timing difference between the cash payment by the customers and recognition of revenue for each of the associated performance obligations. The Group has the following main types of liabilities associated with contracts with customers: (1) outstanding chip liability, (2) loyalty program liability, and (3) customer deposits and other deferred revenue for gaming and non-gaming products and services yet to be provided.

The outstanding chip liability represents the collective amounts owed to gaming promoters and patrons in exchange for gaming chips in their possession. Outstanding chips are expected to be recognized as revenue or redeemed for cash within one year of being purchased. The loyalty program liability represents a deferral of revenue until patron redemption of points earned. The loyalty program points are expected to be redeemed and recognized as revenue within one year of being earned. Customer deposits and other deferred revenue represent cash deposits made by customers for future services provided by the Group. With the exception of mall deposits, which typically extend beyond a year based on the terms of the lease, the majority of these customer deposits and other deferred revenue are expected to be recognized as revenue or refunded to the customer within one year of the date the deposit was recorded.

The following table summarizes the liability activity related to contracts with customers:

	Outstanding chip liability		Loyalty program liability		Customer deposits and other deferred revenue[(i)]	
	2023	2022	**2023**	2022	**2023**	2022
			US$ in millions			
Balance at January 1	**49**	65	**25**	26	**350**	401
Balance at December 31	**97**	49	**21**	25	**403**	350
Increase/(decrease)	**48**	(16)	**(4)**	(1)	**53**	(51)

(i) Of this amount, US$137 million, US$122 million and US$118 million as at December 31, 2023, December 31, 2022, and January 1, 2022, respectively, relates to mall deposits that are accounted for based on lease terms usually greater than one year.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. BORROWINGS

	Note	December 31, 2023	2022
		US$ in millions	
Non-current portion			
Senior Notes		**7,150**	7,150
LVS Term Loan[i]	25(a)(iii)	**1,061**	1,000
Lease liabilities		**142**	155
Other borrowings		**—**	1
		8,353	8,306
Less: deferred financing costs		**(41)**	(51)
		8,312	8,255
Current portion			
Bank loans		**—**	1,958
Lease liabilities		**15**	15
Other borrowings		**1**	1
		16	1,974
Less: deferred financing costs		**—**	(10)
		16	1,964
Total borrowings		**8,328**	10,219

Note: Certain prior period comparatives have been restated to conform with the current period presentation (refer to Note 2 for details).

(i) US$61 million of interest was capitalized to principal due to payment-in-kind election for semi-annual interest payments due in January 2023 and July 2023.

22. BORROWINGS (CONTINUED)

Borrowings are measured at amortized cost.

Senior Notes

On August 9, 2018, the Company issued, in a private offering, three series of senior unsecured notes in an aggregate principal amount of US$5.50 billion, consisting of US$1.80 billion of 4.600% Senior Notes due August 8, 2023 (the "2023 Senior Notes"), US$1.80 billion of 5.125% Senior Notes due August 8, 2025 (the "2025 Senior Notes") and US$1.90 billion of 5.400% Senior Notes due August 8, 2028 (the "2028 Senior Notes"). A portion of the net proceeds from the offering was used to repay in full the outstanding borrowings under the 2016 VML Credit Facility. The 2023 Senior Notes were redeemed during the year ended December 31, 2021, as noted below. There are no interim principal payments on the 2025 or 2028 Senior Notes and interest is payable semi-annually in arrears on each February 8 and August 8, commencing on February 8, 2019.

On June 4, 2020, the Company issued, in a private offering, two series of senior unsecured notes in an aggregate principal amount of US$1.50 billion, consisting of US$800 million of 3.800% Senior Notes due January 8, 2026 (the "2026 Senior Notes") and US$700 million of 4.375% Senior Notes due June 18, 2030 (the "2030 Senior Notes"). The net proceeds from the offering were used for incremental liquidity and general corporate purposes. There are no interim principal payments on the 2026 or 2030 Senior Notes and interest is payable semi-annually in arrears on January 8 and July 8, commencing on January 8, 2021, with respect to the 2026 Senior Notes, and on June 18 and December 18, commencing on December 18, 2020, with respect to the 2030 Senior Notes.

On September 23, 2021, the Company issued in a private offering three series of senior unsecured notes in an aggregate principal amount of US$1.95 billion, consisting of US$700 million of 2.300% Senior Notes due March 8, 2027 (the "2027 Senior Notes"), US$650 million of 2.850% Senior Notes due March 8, 2029 (the "2029 Senior Notes") and US$600 million of 3.250% Senior Notes due August 8, 2031 (the "2031 Senior Notes" and, together with the 2023 Senior Notes, 2025 Senior Notes, 2026 Senior Notes, 2027 Senior Notes, 2028 Senior Notes, 2029 Senior Notes, 2030 Senior Notes, the "Senior Notes"). The Company used the net proceeds from the offering and cash on hand to redeem in full the outstanding principal amount of its US$1.80 billion 4.600% Senior Notes due 2023, any accrued interest and the associated make-whole premium as determined under the related senior notes indenture dated as of August 9, 2018.

The Senior Notes are senior unsecured obligations of the Company. Each series of notes rank equally in right of payment with all of the Company's existing and future senior unsecured debt and will rank senior in right of payment to all of the Company's future subordinated debt, if any. The Senior Notes will be effectively subordinated in right of payment to all of the Company's future secured debt (to the extent of the value of the collateral securing such debt) and will be structurally subordinated to all of the liabilities of the Company's subsidiaries. None of the Company's subsidiaries guarantee the Senior Notes.

The 2023, 2025 and 2028 Senior Notes were issued pursuant to an indenture, dated August 9, 2018 (the "2018 Indenture"), the 2026 and 2030 Senior Notes were issued pursuant to an indenture, dated June 4, 2020 (the "2020 Indenture") and the 2027, 2029 and 2031 Senior Notes were issued pursuant to an indenture, dated September 23, 2021 (the "2021 Indenture"), between the Company and U.S. Bank National Association, as trustee. Upon the occurrence of certain events described in these indentures, the interest rate on the Senior Notes may be adjusted. The indentures contain covenants, subject to customary exceptions and qualifications, that limit the ability of the Company and its subsidiaries to, among other things, incur liens, enter into sale and leaseback transactions and consolidate, merge, sell or otherwise dispose of all or substantially all of the Company's assets on a consolidated basis. The indentures also provide for customary events of default.

22. BORROWINGS (CONTINUED)

Senior Notes (continued)

On February 16 and June 16, 2022, S&P and Fitch, respectively, downgraded the credit rating for the Company to BB+. As a result of the downgrades, the coupon on each series of the outstanding Senior Notes increased by 0.50% per annum, with a 0.25% per annum increase becoming effective on the first interest payment date after February 16, 2022 as it relates to the S&P downgrade and an additional 0.25% increase per annum after June 16, 2022 as it relates to the Fitch downgrade. The downgrades resulted in an increase of US$16 million and US$30 million in interest expense for the years ended December 31, 2022 and 2023, respectively.

On July 26, 2023, S&P upgraded the credit rating for the Company to BBB-. On February 1, 2024, Fitch also upgraded the credit rating for the Company to the same rating. As a result of the upgrades, the coupon on each series of the outstanding Senior Notes decreased by 0.25% per annum effective on the first interest payment date after July 26, 2023 as it relates to the S&P upgrade and 0.25% per annum effective on the first interest payment date after February 1, 2024 as it relates to the Fitch upgrade.

The weighted average interest rate for the Senior Notes was 4.8% for the year ended December 31, 2023 (2022: 4.6%).

The estimated fair value of the Group's Senior Notes as at December 31, 2023 was approximately US$6.75 billion (2022: US$6.58 billion). The estimated fair value of the Group's Senior Notes is based on recent trades, if available, and indicative pricing from market information (level 2 inputs).

2018 SCL Credit Facility

On November 20, 2018, the Company entered into a facility agreement with the arrangers and lenders named therein and Bank of China Limited, Macau Branch, as agent for the lenders (the "2018 SCL Credit Facility"), pursuant to which the lenders made available a US$2.0 billion revolving unsecured credit facility to SCL (the "2018 SCL Revolving Facility"). The facility was available until July 31, 2023, prior to being extended to July 31, 2025 (see below for details). The Company may draw loans under the facility, which may consist of general revolving loans (consisting of a United States dollar component and a Hong Kong dollar component) or loans drawn under a swing-line loan sub-facility (denominated in either United States dollars or Hong Kong dollars). The Company may utilize the loans for general corporate purposes and working capital requirements of the Company and its subsidiaries.

Loans under the 2018 SCL Revolving Facility bear interest calculated by reference to (1) in the case of general revolving loans denominated in United States dollars, Secured Overnight Financing Rate ("SOFR"), (2) in the case of loans denominated in United States dollars drawn under the swing-line loan sub-facility, a United States dollar alternate base rate (determined by reference to, among other things, the United States dollar prime lending rate and the Federal Funds Effective Rate), (3) in the case of general revolving loans denominated in Hong Kong dollars, the Hong Kong Interbank Offered Rate ("HIBOR") or (4) in the case of loans denominated in Hong Kong dollars drawn under the swing-line loan sub-facility, a Hong Kong dollar alternate base rate (determined by reference to, among other things, the Hong Kong dollar prime lending rate), in each case, plus a margin that is determined by reference to the consolidated leverage ratio as defined in the 2018 SCL Credit Facility. The initial margin for general revolving loans is 2.0% per annum and the initial margin for loans drawn under the swing-line loan sub-facility is 1.0% per annum. SCL is also required to pay a commitment fee of 0.60% per annum on the undrawn amounts under the 2018 SCL Revolving Facility.

22. BORROWINGS (CONTINUED)

2018 SCL Credit Facility (continued)

The 2018 SCL Credit Facility contains affirmative and negative covenants customary for similar unsecured financings, including, but not limited to, limitations on indebtedness secured by liens on principal properties and sale and leaseback transactions. The 2018 SCL Credit Facility also requires the Company to maintain a maximum ratio of total indebtedness to adjusted EBITDA of 4.0x throughout the life of the facility and a minimum ratio of adjusted EBITDA to net interest expense (including capitalized interest) of 2.5x throughout the life of the facility.

On March 27, 2020, the Company entered into a waiver and amendment request letter (the "Waiver Letter") with respect to certain provisions of the 2018 SCL Credit Facility, pursuant to which lenders (a) waived the requirements for the Company to comply with the requirements that the Company ensures the maximum consolidated leverage ratio does not exceed 4.0x and minimum consolidated interest coverage ratio of 2.5x for any quarterly period ending during the period beginning on, and including, January 1, 2020 and ending on, and including, July 1, 2021 (the "SCL Relevant Period") (other than with respect to the financial year ended on December 31, 2019); (b) waived any default that may arise as a result of any breach of said requirements during the SCL Relevant Period (other than with respect to the financial year ended on December 31, 2019); and (c) extended the period of time during which the Company may supply the agent with (i) its audited consolidated financial statements for the financial year ended on December 31, 2019, to April 30, 2020; and (ii) its audited consolidated financial statements for the financial year ending on December 31, 2020, to April 30, 2021. Pursuant to the Waiver Letter, the Company agreed to pay a customary fee to the lenders that consented.

On September 11, 2020, the Company entered into a waiver extension and amendment request letter (the "Waiver Extension Letter") with respect to certain provisions of the 2018 SCL Credit Facility, pursuant to which lenders agreed to (a) extend the SCL Relevant Period such that it ends on, and includes, January 1, 2022 instead of July 1, 2021; and (b) amend and restate the 2018 SCL Credit Facility in the form attached to the Waiver Extension Letter, which contains the following amendments: (1) it provides the Company with the option to increase the total borrowing capacity by an aggregate amount of up to US$1.0 billion; and (2) it imposes a restriction on the ability of the Company to declare or make any dividend payment or similar distribution at any time during the period from (and including) July 1, 2020 to (and including) January 1, 2022, if at such time (x) the total borrowing capacity exceeds US$2.0 billion by operation of the increase referred to above; and (y) the maximum consolidated leverage ratio is greater than 4.0x, unless, after giving effect to such payment, the sum of (i) the aggregate amount of cash and cash equivalents of the Company on such date; and (ii) the aggregate amount of the undrawn facility under the 2018 SCL Credit Facility and unused commitments under other credit facilities of the Company is greater than US$2.0 billion. Pursuant to the Waiver Extension Letter, the Company agreed to pay a customary fee to the lenders that consented.

On January 25, 2021, the Company entered into an agreement with lenders to increase commitments under the 2018 SCL Credit Facility by HK$3.83 billion (approximately US$490 million).

22. BORROWINGS (CONTINUED)

2018 SCL Credit Facility (continued)

On July 7, 2021, the Company entered into a waiver extension and amendment request letter (the "Third Waiver Extension Letter") with respect to certain provisions of the 2018 SCL Credit Facility, pursuant to which lenders agreed to (a) extend by one year to (and including) January 1, 2023, the waiver period for the requirement for the Company to comply with the requirements that the Company ensures the consolidated leverage ratio does not exceed 4.0x and the consolidated interest coverage ratio is not less than 2.5x as at the last day of the financial quarter; (b) extend the period of time during which SCL may supply the agent with its audited consolidated financial statements for the financial year ending on December 31, 2021 to April 30, 2022; and (c) extend by one year to (and including) January 1, 2023, the period during which SCL's ability to declare or make any dividend payment or similar distribution is restricted if at such time (x) the Total Commitments (as defined in the 2018 SCL Credit Facility) exceed US$2.0 billion by the Company's exercise of the option to increase the Total Commitments by an aggregate amount of up to US$1.0 billion; and (y) the consolidated leverage ratio is greater than 4.0x, unless, after giving effect to such payment, the sum of (i) the aggregate amount of cash and cash equivalents of the Company on such date; and (ii) the aggregate amount of the undrawn facility under the 2018 SCL Credit Facility and unused commitments under other credit facilities of SCL is greater than US$2.0 billion. Pursuant to the Third Waiver Extension Letter, the Company paid a customary fee to the lenders that consented.

On November 30, 2022, the Company entered into a waiver extension and amendment request letter (the "Fourth Waiver Extension Letter") with respect to certain provisions of the 2018 SCL Credit Facility, pursuant to which lenders agreed to (a) extend to (and including) July 31, 2023, the waiver period for the requirement for the Company to comply with the requirements that the Company ensure the consolidated leverage ratio does not exceed 4.0x and the consolidated interest coverage ratio is not less than 2.5x as at the last day of any financial quarter; (b) extend to (and including) July 31, 2023, the period during which the Company's ability to declare or make any dividend payment or similar distribution is restricted if at such time (x) the Total Commitments (as defined in the 2018 SCL Credit Facility) exceed US$2.0 billion by the Company's exercise of the option to increase the Total Commitments by an aggregate amount of up to US$1.0 billion; and (y) the consolidated leverage ratio is greater than 4.0x, unless, after giving effect to such payment, the sum of (i) the aggregate amount of cash and cash equivalents of the Company on such date; and (ii) the aggregate amount of the undrawn facility under the 2018 SCL Credit Facility and unused commitments under other credit facilities of the Company is greater than US$2.0 billion; and (c) incorporate provisions to address the transition of the LIBOR to a term SOFR reference rate. Pursuant to the Fourth Waiver Extension Letter, the Company paid a customary fee to the lenders that consented.

22. BORROWINGS (CONTINUED)

2018 SCL Credit Facility (continued)

On May 11, 2023, the Company entered into an amended and restated facility agreement (the "A&R Facility Agreement") with respect to certain provisions of the 2018 SCL Credit Facility, pursuant to which lenders have, (a) effective July 31, 2023, extended the termination date for the HK$ commitments and US$ commitments of the lenders that consented to the waivers and amendments in the A&R Facility Agreement (the "Extending Lenders") from July 31, 2023 to July 31, 2025; (b) extended to (and including) January 1, 2024, the waiver period for the Company to comply with the requirements to ensure (i) the consolidated leverage ratio does not exceed 4.0x and (ii) the consolidated interest coverage ratio is not less than 2.5x; (c) amended the definition of consolidated total debt such that it excludes any financial indebtedness that is subordinated and subject in right of payment to the prior payment in full of the A&R Facility Agreement (including the US$1.0 billion LVS Term Loan); (d) amended the maximum permitted consolidated leverage ratio as of the last day of each of the financial quarters ending March 31, 2024, June 30, 2024, September 30, 2024, December 31, 2024, and subsequent financial quarters to be 6.25x, 5.5x, 5.0x, 4.5x, and 4.0x, respectively; and (e) extended to (and including) January 1, 2025, the period during which the Company's ability to declare or make any dividend payment or similar distribution is restricted if at such time (x) the Total Commitments (as defined in the A&R Facility Agreement) exceed US$2.0 billion by the Company's exercise of the option to increase the Total Commitments by an aggregate amount of up to US$1.0 billion and (y) the consolidated leverage ratio is greater than 4.0x, unless, after giving effect to such payment, the sum of (i) the aggregate amount of cash and cash equivalents of the Company on such date and (ii) the aggregate amount of the undrawn facility under the A&R Facility Agreement and unused commitments under other credit facilities of the Company is greater than US$2.0 billion. Pursuant to the A&R Facility Agreement, the Company paid a customary fee of US$31 million to the Extending Lenders.

The Extending Lenders' HK$ commitments total HK$17.63 billion (approximately US$2.25 billion at exchange rates in effect on May 11, 2023) and US$ commitments total US$237 million, which together represent 100% of the total available commitments under the A&R Facility Agreement.

The 2018 SCL Credit Facility also contains certain events of default (some of which are subject to grace and remedy periods and materiality qualifiers), including, but not limited to, events relating to SCL's gaming operations and the loss or termination of certain land concession contracts.

During the year ended December 31, 2023, the Company fully repaid a total of US$1.95 billion under the 2018 SCL Credit Facility. During the year ended December 31, 2022, the Company drew a total of US$1.20 billion to fulfill the Concession Contract requirements and incremental liquidity. The weighted average interest rate for the 2018 SCL Credit Facility was 6.3% for the year ended December 31, 2023 (2022: 4.3%)

As at December 31, 2023, the Company had US$2.49 billion of available borrowing capacity under the 2018 SCL Credit Facility comprised of HK$ commitments of HK$17.63 billion (approximately US$2.26 billion) and US$ commitments of US$237 million (2022: US$541 million available borrowing capacity comprised of HK$ commitments of HK$3.82 billion (approximately US$490 million at exchange rates in effect on December 31, 2022) and US$ commitments of US$51 million).

As at December 31, 2022, the estimated fair value of the bank loans relating to the 2018 SCL Credit Facility was approximately equivalent to its carrying value based on indicative pricing from market information (level 2 inputs).

22. BORROWINGS (CONTINUED)

LVS Term Loan

On July 11, 2022, the Company entered into an intercompany term loan agreement with our Controlling Shareholder, LVS, in the amount of US$1.0 billion, which is repayable on July 11, 2028. In the first two years from July 11, 2022, the Company will have the option to elect to pay cash interest at 5.0% per annum or payment-in-kind interest at 6.0% per annum by adding the amount of such interest to the then-outstanding principal amount of the loan, following which only cash interest at 5.0% per annum will be payable.

For the year ended December 31, 2023, US$61 million of interest was capitalized to principal as the Company elected payment-in-kind interest for the semi-annual interest payments due in January 2023 and July 2023. The Company elected cash interest payments commencing July 11, 2023, resulting in a reduction in interest rate from 6.0% to 5.0%. This loan is unsecured and subordinated to all third party unsecured indebtedness and other obligations of the Group.

The estimated fair value of the LVS Term Loan is approximately equivalent to its carrying value based on its yield expectation which has not changed materially since inception. The LVS Term Loan is not freely tradable and the fair value measurement is based on level 3 inputs (2022: Same).

22. BORROWINGS (CONTINUED)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Senior Notes	Bank loans	Lease liabilities(i)	Net interest payables(i),(ii)	LVS Term Loan	Gaming license liability(i)	Other borrowings	Total
				US$ in millions				
Balance as at January 1, 2022	7,150	753	173	109	—	—	3	8,188
Financing cash flows	—	1,200	(10)	(366)	1,000	—	(1)	1,823
Non-cash changes:								
Interest accruals	—	—	8	414	—	—	—	422
Amortization	—	—	—	—	—	—	—	—
Foreign exchange movement	—	5	(1)	—	—	—	—	4
Balance as at December 31, 2022	**7,150**	**1,958**	**170**	**157**	**1,000**	**—**	**2**	**10,437**
Financing cash flows	**—**	**(1,948)**	**(8)**	**(419)**	**—**	**(46)**	**(1)**	**(2,422)**
Non-cash changes:								
Accrual on initial recognition	**—**	**—**	**3**	**—**	**—**	**498**	**—**	**501**
Interest accruals	**—**	**—**	**8**	**469**	**—**	**31**	**—**	**508**
Amortization	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Modification of leases	**—**	**—**	**(14)**	**—**	**—**	**—**	**—**	**(14)**
Capitalization of interest	**—**	**—**	**—**	**(61)**	**61**	**—**	**—**	**—**
Foreign exchange movement	**—**	**(10)**	**(2)**	**1**	**—**	**(2)**	**—**	**(13)**
Balance as at December 31, 2023	**7,150**	**—**	**157**	**147**	**1,061**	**481**	**1**	**8,997**

The table above excludes deferred financing costs as these are upfront transaction costs capitalized at inception to be amortized over the term of the borrowings.

Note: Certain prior period comparatives have been restated to conform with the current period presentation (refer to Note 2 for details).

(i) Financing cash flows of lease liabilities and gaming license liability include an interest portion of US$1 million (2022: US$1 million) and US$17 million, respectively (2022: nil). The interest portions were included within "Interest paid" in the consolidated statement of cash flow.

(ii) As at December 31, 2023 and 2022, net interest payables includes the net of interest payables and receivables related to cross currency swaps. During the years ended December 31, 2023 and 2022, cash flows from net interest payables includes the net of interest income received and interest payment made related to cross currency swaps.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

Cash generated from/(used in) operations is as follows:

	Year ended December 31,	
	2023	2022
	US$ in millions	
Profit/(loss) before income tax	**741**	(1,588)
Adjustments for:		
Interest income	**(48)**	(19)
Interest and other finance costs	**506**	420
Depreciation and amortization	**809**	750
Amortization of deferred financing costs	**26**	24
Amortization of deferred rent	**12**	12
Amortization of other assets	**2**	3
Loss on disposal of property and equipment, investment properties and intangible assets	**8**	2
(Recovery of)/provision for expected credit losses, net	**(5)**	4
Equity-settled share-based compensation expense, net of amounts capitalized	**5**	5
Fair value (gain)/loss on derivative financial instruments	**(1)**	1
Net foreign exchange losses/(gains)	**11**	(5)
Changes in working capital:		
Other assets	**(24)**	8
Inventories	**(7)**	(4)
Trade and other receivables and prepayments	**(145)**	26
Trade and other payables	**403**	(105)
Cash generated from/(used in) operations	**2,293**	(466)

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Capital expenditure on property and equipment contracted for at the end of the reporting period but not recognized as liabilities is as follows:

	December 31, 2023	2022
	US$ in millions	
Contracted but not provided for	**510**	72

(b) Litigation

The Group has contingent liabilities arising in the ordinary course of business. Management has made estimates for potential litigation costs based upon consultation with legal counsel. Actual results could differ from these estimates; however, in the opinion of management, such litigation and claims will not have a material adverse effect on the Group's financial condition, results of operations or cash flows.

(c) Macao Concession

Committed Investment

Under the Concession, VML is obligated to develop certain gaming and non-gaming investment projects by December 2032 in connection with, among others, attraction of international visitors, conventions and exhibitions, entertainment shows, sporting events, culture and art, health and wellness and themed attractions, as well as support Macao's position as a city of gastronomy and increase community and maritime tourism, and VML is required to invest, or cause to be invested, at least 30.24 billion patacas (approximately US$3.76 billion), including 27.80 billion patacas (approximately US$3.45 billion) on non-gaming projects. Pursuant to the Concession, VML is required to increase its investment in non-gaming projects by 20% as Macao's annual gross gaming revenue exceeded 180 billion patacas (approximately US$22.36 billion) for the year ended December 31, 2023. Consequently, VML is required to invest, or cause to be invested, an additional 5.56 billion patacas (approximately US$691 million) in non-gaming investment projects by December 2032.

(d) Construction labor

In recent years, the Group has utilized an imported construction labor quota granted by the Labour Affairs Bureau of the Macao government for purposes of completing outstanding areas within The Londoner Macao and The Parisian Macao project and for additions and alterations works in The Venetian Macao, The Plaza Macao and The Londoner Macao (the "Group Quota"). The Group Quota was renewed in 2023 but the number of laborers authorized thereunder decreased significantly due to the completion of the renovation and refurbishment works at The Londoner Macao. From 2018 until June 2021, BCA (Macau) Limited was retained to manage the Group Quota on behalf and at the direction of the Group. The Group has been managing the Group Quota directly since July 2021.The Group Quota alone has historically not provided for sufficient numbers of staff and labor to complete construction works, and the shortfall has been covered by separate labor quotas applied by and awarded directly to the contractors by the Labour Affairs Bureau of the Macao government (the "Contractor Quota").

24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(d) Construction labor (continued)

In accordance with Macao labor law, the Group remains primarily liable for the fulfilment of all employer legal obligations and for the costs associated with persons employed under the Group Quota, including where such persons are seconded to contractors. Contractors utilizing seconded labor under the Group Quota are contractually obligated to reimburse and indemnify the Group for any and all costs incurred as a result of the secondment arrangement. In addition, the Group has the right to recover such costs against any amounts due to the contractors. Although the Group is not directly liable, it may be held vicariously liable for payments under the Contractor Quota if contractors working on the Group's development projects fail to pay wages. The Group maintains a contingency in case it is unable to fully recover amounts owed to construction labor from contractors in such circumstances.

25. RELATED PARTY TRANSACTIONS

For the purposes of these consolidated financial statements, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant Shareholders and/or their close family members) or other entities, and include entities which are under the significant influence of related parties of the Group where those parties are individuals. The Group's immediate holding company is VVDI (II). LVS is the Group's ultimate holding company. Related companies represent the group companies of the LVS Group.

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties during the year:

(a) Transactions during the year

(i) Management fee income

	Year ended December 31,	
	2023	2022
	US$ in millions	
LVS	**1**	2
Fellow subsidiaries	**6**	6
	7	8

The Group provides managements services to LVS Group companies. These services include, but are not limited to, accounting services, information technology support, sourcing of goods and services, and design, development and construction consultancy services and marketing services. Management fees are charged at actual costs incurred or on a cost-plus basis.

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions during the year (continued)

(ii) Management fee cost

	Year ended December 31,	
	2023	2022
	US$ in millions	
LVS	**27**	16
Fellow subsidiaries	**6**	2
	33	18

LVS Group companies provide management services to the Group. These services include, but are not limited to, human resources support, information technology support, accounting services, sourcing of goods and services, sourcing of tenants for the malls, transportation services, other various types of marketing and promotion activities for the Group, and design, development and construction consultancy services. Management fees are charged at actual costs incurred or on a cost-plus basis.

The total management fee expense of US$33 million during the year ended December 31, 2023 was before the capitalization to construction-in-progress of US$1 million (2022: US$18 million before the capitalization to construction-in-progress of US$1 million). The net amount expensed in the consolidated income statement was US$32 million (2022: US$17 million) (Refer to Note 6).

(iii) LVS Term Loan

For details of the LVS Term Loan, refer to Note 22. For interest expense incurred and interest payable due to LVS, refer to Notes 7 and 21.

(iv) Key management personnel remuneration

No transactions have been entered into with the Directors of the Company (being the key management personnel) during the year ended December 31, 2023 other than the emoluments paid to them (being the key management personnel remuneration) as disclosed in Note 5 (2022: same).

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions during the year (continued)

(v) Royalty fees

In November 2009, the Group entered into an agreement with Las Vegas Sands, LLC ("LVS LLC"), a wholly-owned subsidiary of LVS incorporated in the United States of America, for the use of the licensed marks as defined in the agreement ("Second Trademark Sub-License Agreement"). For each of the full fiscal years through the full fiscal year ended December 31, 2012, the Group paid LVS LLC an annual royalty at the rate of 1.5% of total gross non-gaming revenue and Paiza-related gaming revenue of Sands Macao, 1.5% of total gross revenue of The Venetian Macao, and 1.5% of the total gross gaming revenue of the Plaza Casino at The Plaza Macao (the "Relevant Royalty"), provided that the total royalty payable in connection with these three properties in each fiscal year was capped at US$20 million per full fiscal year. For each of the subsequent full fiscal years until the expiration of the remaining term on December 31, 2022, the Group paid an annual royalty being the lesser of the Relevant Royalty or the annual caps reflecting an increase of 20.0% for each subsequent year. Each subsequent Casino Gaming property the Group operates which utilizes any of the licensed marks in connection with generating the relevant revenue paid for each of the first three full fiscal calendar years after commencement of operations of each subsequent property, a royalty fee of 1.5% of the respective gross revenues of the operations in connection with which such licensed marks are used (each, the "Subsequent Casino Gaming Property Royalty"), subject to a US$20 million cap per fiscal year. For the fiscal calendar years thereafter until the expiration of the remaining term on December 31, 2022, the Group paid LVS LLC an annual royalty being the lesser of the Subsequent Casino Gaming Property Royalty or the annual caps reflecting an increase of 20.0% for each subsequent year. After the commencement of the operation of The Londoner Macao and The Parisian Macao in April 2012 and September 2016 respectively, the Group paid royalty fees in connection with these properties.

As the term of the Second Trademark Sub-License Agreement expired on December 31, 2022, on December 2, 2022, VML, VCL, VOL and CSL2 (all being subsidiaries of the Company) entered into an agreement with LVS to renew the arrangements contained in the Second Trademark Sub-License Agreement to ensure that the Group continues to have access to the licensed marks referred therein (the "International Trademark License Agreement"). The International Trademark License Agreement has a term of three years commencing on January 1, 2023 and ending on December 31, 2025 (the "Term"). In consideration for LVS granting our Group the license to use licensed marks (as defined), each Licensee shall pay LVS an annual royalty at the rate of 1.5% of its gross non-gaming and gaming revenue. Gross revenue shall be calculated according to U.S. GAAP (Generally Accepted Accounting Principles) in effect as of January 1, 2023; provided, however, that: (1) gross revenue from gaming operations shall be calculated as net revenue adjusted by adding back casino-related discounts and commissions and loyalty program adjustments, adding complimentary goods and services provided to patrons and excluding any intragroup revenue, and (2) gross revenue from non-gaming operations shall be calculated as net revenues excluding any intragroup revenue. All royalties shall be calculated on a monthly basis and paid on or before the 30th of the following month.

During the year ended December 31, 2023, the Group incurred US$100 million (2022: US$22 million) of royalty fees.

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions during the year (continued)

(vi) Share-based compensation

The Group participates in the share-based compensation plan of LVS (Notes 5 and 26).

(vii) Expenses billed to/paid by other LVS group companies

During the year, the Group incurred certain expenses on behalf of other LVS group companies, or vice versa. The Group charged/reimbursed other LVS group companies for these expenses at cost.

(b) Year-end balances between the Group and related companies

	December 31, 2023	2022
	US$ in millions	
Receivables from related companies:		
Fellow subsidiaries	**1**	1

The receivables from related companies are unsecured, interest-free and have a credit term of 45 days (2022: same).

	Note	**December 31, 2023**	2022
		US$ in millions	
Payables to related companies:			
LVS		**23**	6
Intermediate holding company		**—**	2
Fellow subsidiaries		**1**	—
	21	**24**	8

The payables to related companies are unsecured, interest-free and have a credit term of 45 days (2022: same).

26. SHARE-BASED COMPENSATION

(a) Share options of the Company

Equity Award Plan

The 2009 Equity Award Plan and 2019 Equity Award Plan (collectively, the "Equity Award Plan") gives the Company a competitive edge in attracting, retaining and motivating employees, directors and consultants and to provide the Company with an equity award plan providing incentives directly related to increases in its shareholder value. Subject to certain criteria as defined in the Equity Award Plan, the Company's subsidiaries' or affiliates' employees, directors or officers and its consultants are eligible for awards under the Equity Award Plan.

The 2009 Equity Award Plan had a term of ten years, which expired on November 30, 2019, no further awards may be granted after the expiration of the term. All existing awards previously granted under the 2009 Equity Award Plan, but which are unexercised or unvested, will remain valid and (where applicable) exercisable in accordance with their respective terms of grant despite the expiry of the 2009 Equity Award Plan. The 2019 Equity Award Plan was approved by Shareholders on May 24, 2019, and took effect on December 1, 2019, with materially the same terms of the 2009 Equity Award Plan. As at December 31, 2023, there were 805,319,139 Shares available for grant under the 2019 Equity Award Plan. The Company's Remuneration Committee might, from time to time, grant awards of share options, share appreciation rights, restricted shares, restricted share units, share bonuses ("Share-based Awards"), performance compensation awards or any combination of the foregoing pursuant to the 2019 Equity Award Plan.

Share options under the Equity Award Plan were granted with an exercise price not less than the highest of (i) the official closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day, (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant and (iii) the nominal value of a Share. The outstanding share options generally vest over four years and have ten-year contractual terms. Compensation cost for all share option grants, which generally have graded vesting, is net of estimated forfeitures and is recognized on an accelerated granted attribution approach over the awards' respective requisite service periods.

The Company estimates the fair value of share options using the Black-Scholes option-pricing model. Expected volatilities are based on the Company's historical volatility for a period equal to the expected life of the share options. The expected option life is based on the contractual term of the option as well as historical exercise and forfeiture behavior. The risk-free interest rate for periods equal to the expected term of the share option is based on the Hong Kong Government Bond rate in effect at the time of the grant for share options granted. The expected dividend yield is based on the estimate of annual dividends expected to be paid at the time of the grant. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

26. SHARE-BASED COMPENSATION (CONTINUED)

(a) Share options of the Company (continued)

Equity Award Plan (continued)

A summary of the share option activity for the Equity Award Plan is presented below:

	Year ended December 31,			
	2023		2022	
	Number of options '000	**Weighted average exercise price US$**	Number of options '000	Weighted average exercise price US$
Outstanding at January 1	**48,401**	**4.84**	48,180	5.01
Granted	**—**	**—**	3,300	2.28
Exercised	**(191)**	**3.46**	—	—
Forfeited	**(3,885)**	**4.92**	(3,079)	4.69
Outstanding at December 31	**44,325**	**4.84**	48,401	4.84
Exercisable at December 31	**41,025**	**5.05**	41,688	5.02

The weighted average share price at the date of exercise for share options exercised during the year ended December 31, 2023 was US$3.74. There was no exercise of share options during the year ended December 31, 2022.

The range of exercise prices and the weighted average remaining contractual life of the above share options outstanding as at the dates indicated are as follows:

	December 31,			
	2023		2022	
Range of exercise prices US$	**Number of options outstanding '000**	**Weighted average remaining contractual life (years)**	Number of options outstanding '000	Weighted average remaining contractual life (years)
2.01–3.00	**3,300**	**8.62**	3,300	9.62
3.01–4.00	**7,428**	**1.99**	7,728	3.00
4.01–5.00	**8,343**	**3.67**	10,122	4.53
5.01–6.00	**20,965**	**4.72**	22,962	5.67
6.01–7.00	**1,758**	**2.13**	1,758	3.13
7.01–8.00	**1,288**	**0.27**	1,288	1.27
8.01–9.00	**1,243**	**0.21**	1,243	1.21
	44,325	**4.00**	48,401	4.95

26. SHARE-BASED COMPENSATION (CONTINUED)

(a) Share options of the Company (continued)

Fair value estimates of the share options under the 2019 Equity Award Plan

The fair value of each option grant was estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Year ended December 31, 2023	2022
Expected volatility	—	43.7%
Expected life (years)	—	7.2
Risk-free annual interest rate	—	2.7%
Expected dividends	—	—
Weighted average share price at the date of grant (US$)	—	2.28
Weighted average exercise price (US$)	—	2.28
Weighted average fair value of each share option granted by the Company (US$)	—	1.13

(b) Restricted share units of the Company

Under the 2009 Equity Award Plan and the 2019 Equity Award Plan, the Company granted certain restricted share units (under which no new Shares will be issued) to eligible participants. Such restricted share units generally vest over three years or other periods subject to approval. Grantees are entitled to a future cash payment from our Group that is equivalent to the fair value of the vested restricted share units and any accumulated dividends in cash upon vesting.

A summary of the restricted share units under the 2009 Equity Award Plan and the 2019 Equity Award Plan is presented below:

	Year ended December 31, 2023		2022	
	Number of restricted share units '000	**Weighted average grant date fair value US$**	Number of restricted share units '000	Weighted average grant date fair value US$
Unvested at January 1	**21,402**	**2.80**	15,322	3.40
Granted	**6,792**	**3.44**	9,393	2.32
Vested	**(9,560)**	**2.92**	(2,344)	4.74
Forfeited	**(743)**	**2.79**	(969)	3.00
Unvested at December 31	**17,891**	**2.98**	21,402	2.80

26. SHARE-BASED COMPENSATION (CONTINUED)

(b) Restricted share units of the Company (continued)

The fair value of each restricted share unit on its grant date is the closing price of the Shares on its grant date. The fair value of each restricted share unit is re-measured at the end of each reporting period until its vesting date. Upon vesting of each restricted share unit, the Group will pay the grantees an amount in cash calculated based on the official closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the vesting date or the higher of (i) the official closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the vesting date, and (ii) the average official closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange for the five trading days immediately preceding the vesting date, in addition to any accumulated cash and dividends equivalents paid by the Company in respect of one Share. If the vesting date falls within a black out period or is not a trading day, the first trading day immediately following the scheduled vesting date that is also not a black out date shall be considered as the vesting date. Compensation cost for all restricted share units, which all have graded vesting, is recognized on an accelerated granted attribution approach over the restricted share units' respective requisite service periods. As at December 31, 2023, the accrued liability associated with these cash-settled restricted share units was US$32 million (2022: US$34 million). For the year ended December 31, 2023, the gain on re-measurement of the liability was US$2 million (2022: loss of US$5 million).

(c) Share options of LVS

The Group participates in the equity-settled share-based compensation plan of LVS which provides for the granting of share options to purchase LVS common stock (the "LVS Equity Plan"). LVS' compensation committee may grant awards of non-qualified share options, incentive (qualified) share options, share appreciation rights, restricted share awards, restricted share units, share bonus awards, performance compensation awards or any combination of the foregoing. Share option awards are granted with an exercise price equal to the fair market value (as defined in the LVS Equity Plan) of LVS' share on the date of grant. The outstanding share options generally vest over three to four years and have ten-year contractual terms. Compensation cost for all share option grants, which generally have graded vesting, is recognized on an accelerated granted attribution approach over the awards' respective requisite service periods. LVS estimates the fair value of share options using the Black-Scholes option-pricing model. Expected volatilities are based on LVS' historical volatility for a period equal to the expected life of the share options. The expected option life is based on the contractual term of the option as well as historical exercise and forfeiture behavior. The risk-free interest rate for periods equal to the expected term of the share option is based on the U.S. Treasury yield curve in effect at the time of grant. The expected dividend yield is based on the estimate of annual dividends expected to be paid at the time of the grant.

During the year ended December 31, 2023, no share options were granted, exercised nor expired. As at December 31, 2023, there were 507,525 share options outstanding with a weighted average exercise price of US$45.81, and 132,525 share options were exercisable at a weighted average exercise price of US$65.53.

During the year ended December 31, 2022, 375,000 share options were granted at a weighted average exercise price of US$38.84, no share options were exercised nor expired. As at December 31, 2022, there were 507,525 share options outstanding with a weighted average exercise price of US$45.81, and 121,269 share options were exercisable at a weighted average exercise price of US$65.10.

The expense allocated to the Group in relation to the LVS' share options during the year ended December 31, 2023 was US$1.0 million (2022: US$0.6 million).

26. SHARE-BASED COMPENSATION (CONTINUED)

(d) Restricted share units of LVS

The grant date fair value of the restricted share units is the share price of the ordinary shares of LVS at the respective grant date. The number of unvested restricted share units represents the number of ordinary shares of LVS to be given to the employees upon vesting. The restricted share units vest over 3 years.

During the year ended December 31, 2023, 25,915 restricted share units were granted, 18,793 restricted share units were vested and no restricted share units were forfeited. As at December 31, 2023, there were 45,275 unvested restricted share units with a weighted average grant date fair value of US$50.78.

During the year ended December 31, 2022, no restricted share units were granted, 18,793 restricted share units were vested and no restricted share units were forfeited. As at December 31, 2022, there were 38,153 unvested restricted share units with a weighted average grant date fair value of US$41.27.

The expense allocated to the Group in relation to the LVS' restricted share units during the year ended December 31, 2023 was US$1.4 million (2022: US$1.2 million).

27. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose itself to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall financial risk management program, mainly carried out by a central treasury department and approved by the Board of Directors, focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group's primary exposures to market risk are interest rate risk associated with variable rate borrowings and foreign currency exchange rate risk associated with the Group's operations. The Group has a policy aimed at managing interest rate risk associated with its current and anticipated future borrowings and foreign currency exchange rate risk associated with operations of its foreign subsidiaries. This policy enables the Group to use any combination of interest rate swaps, futures, options, caps, forward contracts and similar instruments. The Group does not hold or issue financial instruments for trading purposes and does not enter into derivative transactions that would be considered speculative positions.

(i) Market risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates.

Interest rate risk

The Group's primary exposure to market risk is interest rate risk associated with its variable rate borrowings. Management monitors interest rate exposures and will consider hedging significant interest rate risk should the need arise.

The Group did not held any variable rate borrowings as at December 31, 2023 and therefore there was no exposure to interest rate risk with its variable rate borrowings for the year ended December 31, 2023.

The Group held variable rate borrowings of US$186 million and HK$13.82 billion (US$1.77 billion based on exchange rates on December 31, 2022) as at December 31, 2022. A hypothetical 100 basis points change in interest rates would cause the annual interest expense of the variable rate long-term borrowings to change by US$20 million.

Foreign exchange risk

During the years ended December 31, 2023 and 2022, the Group held derivative financial instruments which consisted of two foreign currency swap contracts. The objective of both agreements is to manage the risk of changes in cash flows resulting from foreign currency gains/losses realized upon remeasurement of US$ denominated Senior Notes by swapping a specified amount of HK$ for US$ at the contractual spot rate. The terms in one of the contracts did not effectively match the terms of the related Senior Notes; thus, it was not designated as hedging (the "Non-Hedging Swap"). The remaining contract was designated as a hedge of the cash flows related to a portion of the Senior Notes (the "Hedging Swap," and together with the Non-Hedging Swap, the "FX Swaps"). The Non-Hedging Swap and the Hedging Swap have a total notional value of US$500 million and US$1.0 billion, respectively. The Non-Hedging Swap expired in August 2023 and the Hedging swap expires in August 2025.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(i) Market risk (continued)

Foreign exchange risk (continued)

The Group's financial assets and financial liabilities are denominated in the following currencies:

	HK$	US$	MOP	RMB	Other	Total
			In US$ millions			
At December 31, 2023						
Financial assets						
Amortized costs:						
Trade and other receivables, net	207	1	22	—	—	230
Restricted bank deposit	—	—	124	—	—	124
Cash and cash equivalents	1,039	164	135	13	10	1,361
Deposits	1	—	—	—	—	1
Total financial assets	1,247	165	281	13	10	1,716
Financial liabilities						
Amortized costs:						
Trade and other payables	426	204	698	3	2	1,333
Borrowings	6	8,171	151	—	—	8,328
	432	8,375	849	3	2	9,661
Fair value through other comprehensive income:						
Derivative financial instrument	—	3	—	—	—	3
Total financial liabilities	432	8,378	849	3	2	9,664

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(i) Market risk (continued)

Foreign exchange risk (continued)

	HK$	US$	MOP	RMB	Total
		In US$ millions			
At December 31, 2022					
Financial assets					
Amortized costs:					
Trade and other receivables, net	61	6	26	—	93
Restricted bank deposit	—	—	125	—	125
Restricted cash and cash equivalents	—	—	912	—	912
Cash and cash equivalents	239	485	52	14	790
Deposits	1	—	1	—	2
	301	491	1,116	14	1,922
Fair value through profit or loss:					
Derivative financial instrument	—	1	—	—	1
Total financial assets	301	492	1,116	14	1,923
Financial liabilities					
Amortized costs:					
Trade and other payables	306	171	215	2	694
Borrowings	5	10,049	165	—	10,219
	311	10,220	380	2	10,913
Fair value through other comprehensive income:					
Derivative financial instrument	—	3	—	—	3
Total financial liabilities	311	10,223	380	2	10,916

Note: Certain prior period comparatives have been restated to conform with the current period presentation (refer to Note 2 for details).

The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognizes assets and liabilities denominated in a currency other than MOP, which is the functional currency of the major operating companies within the Group. The Group's foreign currency transactions are mainly denominated in US$. For companies with MOP as their functional currency, as at December 31, 2023, a hypothetical 1% weakening of the US$/MOP exchange rate would cause a foreign currency transaction loss of approximately US$71 million, net of the impact from the foreign currency swap agreements (2022: US$57 million), mainly as a result of the translation of US$ denominated debt held by SCL (2022: same). The MOP is pegged to the HK$ and the HK$ is pegged to the US$ (within a narrow range), therefore the Group does not expect fluctuations in the values of these currencies to have a material impact on the operations.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(ii) Credit risk

The Group is potentially subject to concentrations of credit risk from financial instruments, which consist principally of cash and cash equivalents, restricted bank deposit and trade and other receivables.

The Group maintains cash and cash equivalents and restricted bank deposit with various creditworthy financial institutions and trade receivables with its customers. Management monitors this credit risk on an on-going basis and does not believe that the Group has any other significant exposure to any individual or institution not provided for as at December 31, 2023 and 2022. Refer to Note 16 for details of credit risk related to trade receivables.

(iii) Liquidity risk

Liquidity risk is the financial risk arising from the difficulty in meeting obligations associated with financial liabilities settled by cash or other financial assets.

The 2018 SCL Credit Facility, as amended, contains various financial covenants, which include maintaining a maximum leverage ratio or net debt, as defined, to trailing twelve-month adjusted EBITDA, as defined. In May 2023, the Company entered into an amended and restated facility agreement, pursuant to which lenders, among other things, extended the waiver on the Company's requirement to ensure the leverage ratio does not exceed 4.0x and the interest coverage ratio is greater than 2.50x, through January 1, 2024. The compliance with the financial covenants for periods beyond December 31, 2023 could be affected by certain factors beyond the Company's control, such as travel, quarantine and border restrictions resuming in the future.

The Directors of the Company are of the opinion that, taking into account the Group's available borrowing capacity and the Group's cash flow forecast for the coming year, the Group will have sufficient capital to meet its cash flow requirements in the next twelve months from December 31, 2023. Refer to Note 1 for further information.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(iii) Liquidity risk (continued)

The Group's financial liabilities, based on the contractual undiscounted cash flows are as follows:

	Within the first year	In the second year	In the third to fifth year	Over the fifth year	Total
			US$ in millions		
At December 31, 2023					
Senior Notes principal	**—**	**1,800**	**3,400**	**1,950**	**7,150**
Senior Notes interest	**329**	**328**	**585**	**122**	**1,364**
LVS Term Loan(i)	**—**	**—**	**1,061**	**—**	**1,061**
LVS Term Loan interest(i)	**53**	**53**	**134**	**—**	**240**
Other borrowings	**1**	**—**	**—**	**—**	**1**
Lease liabilities	**17**	**14**	**20**	**262**	**313**
Trade and other payables(ii)	**777**	**31**	**33**	**11**	**852**
Gaming license liability					
Concession annual premium	**40**	**40**	**119**	**159**	**358**
Handover Record fees	**13**	**13**	**126**	**168**	**320**
At December 31, 2022					
Senior Notes principal	—	—	3,300	3,850	7,150
Senior Notes interest	346	346	773	320	1,785
Bank loans	1,958	—	—	—	1,958
Bank loans interest	86	—	—	—	86
LVS Term Loan(iii)	—	—	—	1,126	1,126
LVS Term Loan interest(iii)	—	—	169	56	225
Other borrowings	1	1	—	—	2
Lease liabilities	15	17	26	321	379
Trade and other payables	629	30	26	9	694

Note: Certain prior period comparatives have been restated to conform with the current period presentation (refer to Note 2 for details).

(i) The Company elected cash interest payment since July 2023 and hence no capitalization of interest from July 2023 onwards and a decrease in interest rate from 6.0% to 5.0%.

(ii) Excludes contractual undiscounted cash flows relating to Concession annual premium and Handover Record fees.

(iii) Assumed the Company elected payment-in-kind interest in the first two years and therefore an interest rate of 6.0% and capitalization of interest to principal.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of debt (including current and non-current interest-bearing borrowings as shown in the consolidated balance sheet), net of cash and cash equivalents, and equity attributable to Shareholders, comprising issued share capital and reserves as disclosed in Notes 19 and 20, respectively.

The Group actively and regularly reviews and manages its capital structure to maintain the net debt-to-capital ratio (gearing ratio) at an appropriate level based on its assessment of the current risk and circumstances. This ratio is calculated as net debt divided by total capital. Net debt is calculated as interest bearing borrowings, net of deferred financing costs, less cash and cash equivalents and restricted cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

	December 31,	
	2023	2022
	US$ in millions	
Interest bearing borrowings, net of deferred financing costs	**8,170**	10,047
Less: cash and cash equivalents	**(1,361)**	(790)
restricted cash and cash equivalents[i]	**—**	(912)
Net debt	**6,809**	8,345
Total deficit	**(4)**	(700)
Total capital	**6,805**	7,645
Gearing ratio	**100.1%**	109.2%

(i) Restricted cash and cash equivalents of US$912 million as at December 31, 2022 was made available for use in early January 2023 and hence included in the calculation of net debt.

28. COMPANY BALANCE SHEET

	Note	December 31, 2023	2022
		US$ in millions	
ASSETS			
Non-current assets			
Interests in subsidiaries		**1,285**	1,255
Note receivables from subsidiaries		**7,980**	9,549
Other assets		**25**	—
Total non-current assets		**9,290**	10,804
Current assets			
Other assets		**—**	1
Other receivables and prepayments		**50**	77
Restricted cash and cash equivalents		**—**	289
Cash and cash equivalents		**232**	474
Total current assets		**282**	841
Total assets		**9,572**	11,645
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**81**	81
Reserves	28(a)	**1,129**	1,319
Total equity		**1,210**	1,400
LIABILITIES			
Non-current liability			
Borrowings		**8,170**	8,099
Current liabilities			
Other payables		**192**	198
Borrowings		**—**	1,948
Total current liabilities		**192**	2,146
Total liabilities		**8,362**	10,245
Total equity and liabilities		**9,572**	11,645
Net current assets/(liabilities)		**90**	(1,305)
Total assets less current liabilities		**9,380**	9,499

28. COMPANY BALANCE SHEET (CONTINUED)

(a) Movement of reserves

	Capital reserve	Share premium	Share-based compensation reserve	Currency translation reserve	Hedge reserve	Retained earnings/ (Accumulated losses)	Total
				US$ in millions			
Balance at January 1, 2022	106	1,515	55	(16)	(4)	198	1,854
Loss for the year	—	—	—	—	—	(533)	(533)
Fair value adjustment on cash flow hedge	—	—	—	—	(2)	—	(2)
Other comprehensive expense for the year, net of tax	—	—	—	(3)	—	—	(3)
Total comprehensive expense	—	—	—	(3)	(2)	(533)	(538)
Forfeiture of share options	—	—	(3)	—	—	3	—
Share-based compensation of the Company	—	—	3	—	—	—	3
Balance at December 31, 2022	**106**	**1,515**	**55**	**(19)**	**(6)**	**(332)**	**1,319**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**(189)**	**(189)**
Fair value adjustment on cash flow hedge	**—**	**—**	**—**	**—**	**(3)**	**—**	**(3)**
Other comprehensive expense for the year, net of tax	**—**	**—**	**—**	**(1)**	**—**	**—**	**(1)**
Total comprehensive expense	**—**	**—**	**—**	**(1)**	**(3)**	**(189)**	**(193)**
Exercise of share options	**—**	**1**	**—**	**—**	**—**	**—**	**1**
Forfeiture of share options	**—**	**—**	**(5)**	**—**	**—**	**5**	**—**
Share-based compensation of the Company	**—**	**—**	**2**	**—**	**—**	**—**	**2**
Balance at December 31, 2023	**106**	**1,516**	**52**	**(20)**	**(9)**	**(516)**	**1,129**

29. PRINCIPAL SUBSIDIARIES

Details of the Group's principal subsidiaries as at December 31, 2023 are as follows:

Name	Place of incorporation or establishment/ operations and date of incorporation or establishment	Principal activities	Particulars of issued share capital/ registered capital	Effective interests held
Directly held:				
Venetian Venture Development Intermediate Limited	Cayman Islands, June 21, 2002	Investment holding	US$100	100%
Venetian Concession Holding Limited	Cayman Islands, July 11, 2022	Investment holding	US$100	100%
Indirectly held:				
Cotai Ferry Company Limited	Macao/Macao and Hong Kong, July 19, 2007	High speed ferry transportation services	MOP10,000,000	100%
Cotai Strip Lot 2 Apart Hotel (Macau) Limited	Macao, October 27, 2008	Hotel apartments	MOP6,498,900 MOP722,100 (preference shares)	100%
Cotai Services (HK) Limited	Hong Kong, July 11, 2007	Business support services, marketing and operation of ferry business	HK$749,025,708.72	100%
CotaiJet 1 (HK) Limited	Hong Kong/Macao, December 12, 2019	Ferry leasing	HK$1	100%
CotaiJet 2 (HK) Limited	Hong Kong/Macao, December 12, 2019	Ferry leasing	HK$1	100%
CotaiJet 3 (HK) Limited	Hong Kong/Macao, December 12, 2019	Ferry leasing	HK$1	100%
CotaiJet 4 (HK) Limited	Hong Kong/Macao, December 12, 2019	Ferry leasing	HK$1	100%
CotaiJet 5 (HK) Limited	Hong Kong/Macao, December 12, 2019	Ferry leasing	HK$1	100%
CotaiJet 6 (HK) Limited	Hong Kong/Macao, December 12, 2019	Ferry leasing	HK$1	100%
CotaiJet 7 (HK) Limited	Hong Kong/Macao, December 12, 2019	Ferry leasing	HK$1	100%

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or establishment/ operations and date of incorporation or establishment	Principal activities	Particulars of issued share capital/ registered capital	Effective interests held
CotaiJet 10 (HK) Limited	Hong Kong/Macao, December 12, 2019	Ferry leasing	HK$1	100%
CotaiJet 11 (HK) Limited	Hong Kong/Macao, December 12, 2019	Ferry leasing	HK$1	100%
CotaiJet 12 (HK) Limited	Hong Kong/Macao, December 12, 2019	Ferry leasing	HK$1	100%
CotaiJet 14 (HK) Limited	Hong Kong/Macao, December 12, 2019	Ferry leasing	HK$1	100%
Cotaiwaterjet Sea Bridge 1 (HK) Limited	Hong Kong/Macao, December 12, 2019	Pontoon leasing	HK$1	100%
Cotaiwaterjet Sea Bridge 2 (HK) Limited	Hong Kong/Macao, December 12, 2019	Pontoon leasing	HK$1	100%
Sands Cotai West Holdings Limited	Cayman Islands/Macao, May 25, 2011	Holder of hotel franchise agreement	US$1	100%
Sands Venetian Security Limited	Macao, June 22, 2011	Security services	MOP1,000,000	100%

29. PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or establishment/ operations and date of incorporation or establishment	Principal activities	Particulars of issued share capital/ registered capital	Effective interests held
Venetian Cotai Hotel Management Limited	Macao, March 12, 2008	Human resources administration	MOP500,000	100%
Venetian Cotai Limited	Macao, November 11, 2004	Hotels, restaurants, shopping mall, and conference and convention	MOP200,000,000	100%
Venetian Macau Limited (Note (i))	Macao, June 21, 2002	Gaming and other related activities	MOP5,000,000,000	100%
Venetian Orient Limited	Macao, February 2, 2006	Hotels, restaurants, shopping mall, and conference and convention	MOP100,000	100%
Venetian Retail Limited	Macao, June 15, 2007	Mall management	MOP1,500,000	100%
Venetian Travel Limited	Macao, October 16, 2006	Travel and tourism agency services	MOP2,400,000	100%
Venetian Transportation Services Limited	Macao, January 7, 2019	Transportation services and other related activities	MOP25,000	100%
Zhuhai Cotai Information Services Outsourcing Co., Ltd. (Note (ii))	China, September 30, 2010	Outsourcing services, including information technology, accounting, hotel management and marketing	US$800,000	100%
Zhuhai Hengqin Cotai Information Services Co., Ltd. (Note (ii))	China, September 24, 2019	Outsourcing services, including information technology, accounting, hotel management and marketing	US$2,000,000	100%

Notes:

(i) On December 8, 2022, the registered share capital of VML increased from 200 million patacas to 5.0 billion patacas to fulfill the requirements of the Gaming Law. As at December 31, 2023 and 2022, 15% of VML's issued capital is held by Mr. Sun MinQi (Dave), the managing director of VML, representing 15% of the voting rights and de minimis economic rights in VML. As such, SCL through VVDIL and VCHL, indirectly hold the remaining 85% of issued capital, representing 85% of the voting rights and 100% of the economic rights in VML.

(ii) These entities are wholly foreign owned enterprises established in China.

4.4 FINANCIAL SUMMARY

CONSOLIDATED INCOME STATEMENT

	Year ended December 31,				
	2019	2020	2021	2022	**2023**
	US$ in millions				
Net revenues	8,808	1,687	2,874	1,605	**6,534**
Operating profit/(loss)	2,275	(1,239)	(537)	(1,163)	**1,225**
Profit/(loss) before income tax	2,033	(1,507)	(1,045)	(1,588)	**741**
Income tax (expense)/benefit	—	(16)	(3)	6	**(49)**
Profit/(loss) for the year attributable to equity holders of the Company	2,033	(1,523)	(1,048)	(1,582)	**692**

CONSOLIDATED BALANCE SHEET

	December 31,				
	2019	2020	2021	2022	**2023**
	US$ in millions				
Assets					
Non-current assets	9,053	9,466	9,202	8,695	**8,575**
Current assets	3,047	1,082	892	1,867	**1,683**
Total assets	12,100	10,548	10,094	10,562	**10,258**
Equity and liabilities					
Equity/(deficit)	4,446	1,929	888	(700)	**(4)**
Non-current liabilities	5,756	7,205	8,112	8,391	**8,890**
Current liabilities	1,898	1,414	1,094	2,871	**1,372**
Total liabilities	7,654	8,619	9,206	11,262	**10,262**
Total equity/(deficit) and liabilities	12,100	10,548	10,094	10,562	**10,258**

APPENDIX II

REPRODUCTION OF THE ANNUAL FINANCIAL STATEMENTS OF THE ISSUER AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023 AND ITS AUDITOR'S REPORT

The information set out below is a reproduction of the annual financial statements of the Issuer as at and for the year ended 31 December 2023 and its auditor's report.

SG Issuer
Société Anonyme

Financial statements,
Report of the Executive Board and Corporate Governance Statement and
Report of the Réviseur d'entreprises agréé

As at and for the year ended 31 December 2023

15, Avenue Emile Reuter
L-2420 Luxembourg
R.C.S. Luxembourg : B121.363

Table of Contents

EXECUTIVE BOARD MEMBERS 1
SUPERVISORY BOARD MEMBERS 2
AUDIT COMMITTEE MEMBERS 3
MANAGEMENT AND ADMINISTRATION 4
LEGAL ADVISERS AND RÉVISEUR D'ENTREPRISES AGRÉÉ 5
REPORT OF THE EXECUTIVE BOARD AND CORPORATE GOVERNANCE STATEMENT 6
GLOBAL STATEMENT FOR THE FINANCIAL STATEMENTS 11
Independent auditor's report 12
Statement of Financial Position 17
Statement of Profit and Loss and Other Comprehensive Income 18
Statement of Changes in Equity 19
Statement of Cash Flows 20

NOTE 1 – CORPORATE INFORMATION 21

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES 21

2.1 Basis of preparation 21
2.2 New accounting standards 22
2.3 Summary of significant accounting policies 25
2.4 Crises: Covid-19 and war in Ukraine 34

NOTE 3 – CASH AND CASH EQUIVALENTS 34

NOTE 4 – FINANCIAL INSTRUMENTS 34

4.1 Financial assets measured at fair value through profit or loss 34
4.2 Financial liabilities measured at fair value through profit or loss 35
4.3 Financial liabilities measured at amortised cost 37

NOTE 5 – LOANS AND RECEIVABLES 37

NOTE 6 – OTHER ASSETS AND OTHER LIABILITIES 38

NOTE 7 – TAXATION 38

NOTE 8 – SHAREHOLDERS' EQUITY 38

8.1 Share capital and share premium 38
8.2 Reserves 39

NOTE 9 – INTEREST INCOME AND EXPENSES 39

NOTE 10 – COMMISSION INCOME 40

NOTE 11 – PERSONNEL EXPENSES 40

NOTE 12 – OTHER OPERATING EXPENSES 40

NOTE 13 – OFF-BALANCE SHEET 41

NOTE 14 – RISK MANAGEMENT 44

14.1 Market risk 44
14.2 Credit risk 44
14.3 Interest rate risk 45
14.4 Liquidity risk 45
14.5 Fair Value measurement 46
14.6 Operational risk 51

NOTE 15 – RELATED PARTIES 52

NOTE 16 – REMUNERATION, ADVANCES AND LOANS GRANTED TO MEMBERS OF THE ADMINISTRATIVE OR SUPERVISORY BODY 55

NOTE 17 – INFORMATION ON LITIGATIONS 55

NOTE 18 – SUBSEQUENT EVENTS 55

SG Issuer S.A.

Executive Board Members
As at 31 December 2023

EXECUTIVE BOARD MEMBERS

Chairman:

Mr Yves CACCLIN
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Members:

Mr Thierry BODSON
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Mr François CARALP
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Mr Alexandre GALLICHE (until 13 January 2023)
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Julien BOUCHAT (since 13 January 2023)
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Pascal JACOB (until 28 April 2023)
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Youenn LE BRIS (since 28 April 2023)
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Laurent SIMONET
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Mrs Estelle STEPHAN JASPARD
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Supervisory Board Members
As at 31 December 2023

SUPERVISORY BOARD MEMBERS

Chairman:

Mr Laurent WEIL
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Vice-president:

Mr Olivier BLANC (until 28 April 2023)
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Mrs Peggy VENIANT COTTIN (since 20 June 2023)
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Members:

Mr Angelo BONETTI
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

Mr Gregory CLAUDY
Independent Director
225A, rue du Burgknapp, B-6717 Heinstert, Belgium

Mr Emanuele Maiocchi
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Audit Committee Members
As at 31 December 2023

AUDIT COMMITTEE MEMBERS

Chairman:

Mr Gregory CLAUDY
Independent Director
225A, rue du Burgknapp, B-6717 Heinstert, Belgium

Members:

Mr Olivier BLANC (until 28 April 2023)
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Emanuele MAIOCCHI
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Mrs Peggy VENIANT COTTIN (since 20 June 2023)
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

MANAGEMENT AND ADMINISTRATION

Issuer
SG Issuer
15, Avenue Emile Reuter, L-2420 Luxembourg, Luxembourg

Guarantor (if applicable, as specified in the Final Terms)
Société Générale
29, boulevard Haussmann, F-75009 Paris, France

Arranger and Dealer
Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Security Trustee and Security Agent Trustee
The Bank of New York Mellon Corporate Trustee Services Limited
One Canada Square, London E14 5AL, United Kingdom

Collateral Custodian
The Bank of New York Mellon S.A., Luxembourg Branch
Vertigo Building, Polaris, 2-4, rue Eugène Ruppert, L-2453 Luxembourg, Luxembourg

Collateral Monitoring Agent
The Bank of New York Mellon London Branch
One Canada Square, London E14 5AL, United Kingdom

Custodian Agent, Issuing and Paying Agent, Registrar, Exchange Agent and Transfer Agent
Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg, Luxembourg

Paying Agents
Société Générale
29, boulevard Haussmann, F-75009 Paris, France
&
Société Générale, New York Branch
1221, avenue of the Americas, New York NY 10020, United States of America

Warrant Agent
Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg, Luxembourg

LEGAL ADVISERS AND RÉVISEUR D'ENTREPRISES AGRÉÉ

Legal advisers

To the Arranger as to English, French and U.S. laws
Allen & Overy LLP
52, avenue Hoche, CS 90005, 75379 Paris Cedex 08, France

To the Trustee as to English Law
Allen & Overy LLP
1 Bishops Square, London E1 6AD, United Kingdom

To the Arranger as to Luxembourg Law
Allen & Overy Luxembourg
5, avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg

Independent Auditor (Réviseur d'entreprises agréé)
Ernst & Young S.A.
35E, Avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg

REPORT OF THE EXECUTIVE BOARD AND CORPORATE GOVERNANCE STATEMENT

The Directors of SG Issuer (the "Company" or "SGIS") (each a « Director », collectively the « Executive Board ») present the financial statements and the Report of the Executive Board and Corporate Governance Statement of the Company for the year ended 31 December 2023.

1. ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

The purpose of SG Issuer is to issue Notes and Warrants with all types of underlyings including, without restriction, Shares, Index, Interest Rate, Dividend, Credit Risk, Foreign Exchange, Commodities, Funds, Warrants, allowing investors to access to the full pricing capabilities of Société Générale, which proposes an extensive range of investment strategies linked to these various asset classes.

Notes and Warrants issued by the Company can be sold in either Private Placements or Public Offerings. Notes are mainly Debt Securities, Bonds, Certificates. Issuing Proceeds raised by the sale of the Notes are transferred to Société Générale Paris S.A. ("Société Générale") through a Fully Funded Swap ("FFS"), which perfectly hedges SGIS for the full issue size.

Warrants are financial products like Turbos, inline Warrants, daily Leverage Certificates, which aim to replicate the same financial exposure as buying (Call) or selling (Put) an asset such as a share or an index, at a predetermined price (strike price) on a predetermined date (expiry) and to offer different pay-off or exposures to investors.

Payments in respect of the Notes and Warrants issued by the Company are unconditionally and irrevocably guaranteed by Société Générale.

On request of investors, the Company can issue Collateralised Notes or Warrants (respectively "secured Notes" or "secured Warrants") in order to propose an additional layer of protection to investors in case of default of Société Générale.

Notes and Warrants issuances are governed by the programs prepared by Société Générale.

The main programs for Notes are (i) the Debt Instruments Issuance Program, the Base Prospectus of which has been updated and approved by the CSSF on 31 May 2023 and (ii) the "Programme d'Emission de Titres de Créance", the Base Prospectus of which has been updated and approved by the CSSF on 12 June 2023. Similarly, the main program for Warrants is the Warrants Issuance Program, for which the last updates have been approved by the CSSF on 26 June 2023.

In addition, (i) the German law Dual Language Debt Instruments Issuance Program has been updated and approved by the CSSF on 12 June 2023 and (ii) the Dual Language Leveraged and Tracking Products Issuance Program has been updated and approved by the CSSF on 3 July 2023.
The UK Securities Issuance Program has been approved by the CSSF on 31 May 2023 and the Swiss Securities Issuance Program on 3 July 2023 by the SIX Exchange Regulation Ltd.

The newly created German Debt Instruments Issuance Program was approved by the CSSF on 9 November 2022.

The state of business of the Company at the closing of the financial year is adequately presented in the financial statements published hereby.

During 2023, 16 749 new Notes were issued (among which 70 new secured Notes) and 3 226 new Warrants were issued. The net profit for the period from 1 January 2023 to 31 December 2023 amounts to KEUR 15.

The Company did not exercise any research and development activity, does not have any branch, and did not acquire any own shares.

2. RISKS AND UNCERTAINTIES

The risks associated with the investment in the Notes or Warrants depend on several factors. Such factors will vary depending on the characteristics of the Notes or Warrants issued, in particular depending on the underlying type, the maturity, the secured / unsecured status of the Notes or Warrants, the interest rates incurred, the volatility of the underlying.

For each Note, the Company systematically hedges its position by contracting a FFS with Société Générale, with strictly identical characteristics. Also, for each Warrant, the Company systematically hedges its position by contracting an option with Société Générale, with strictly identical characteristics.

The legal documentation and the derivative instruments have been put in place in order to make sure that the assets match the liabilities at any time. Therefore, no market risk is supported by the Company. The risk management in relation to the Notes and Warrants is also described in Note 10 hereafter.

3. FUTURE DEVELOPMENTS AND PERSPECTIVES

Following the acquisition by the Société Générale Group (SG Group) of the listed warrants activities from CommerzBank, Société Générale decided to centralize the new warrants issuances into another vehicle of the SG Group. So, as expected by the Executive Board, the 2023 commission income of the Company related to Warrants issuance decreased by more than half compared to previous year. The Company however pursue specific warrants issuance activity on the Asian markets

4. INFORMATION ON LITIGATIONS

During the year ended 31 December 2020, SG Issuer, as the Issuer of Notes linked to the credit risk of a French corporate, and Société Générale, as the Guarantor, were brought before the Courts of Paris (alongside other French financial institutions) by end investors to obtain compensation for the financial loss they suffered on their investment in these securities. The French corporate was the subject of a "safeguard procedure", which constitutes a credit event under the terms of the Notes which had a strong impact on the value of the Notes. These investors rely on unfounded allegations according to which SG Issuer and Société Générale were aware of the difficulties of the French corporate when setting up and marketing these Notes and that in doing so, they failed to meet their regulatory obligations (to act in an honest, fair and professional manner, to provide information on the product risks and to determine the suitability of the Notes for retail investors).
For this litigation, along with any other litigation relating to securities issued by SG Issuer, SG Issuer is entitled to an indemnification by Société Générale in respect of any sum due by SG Issuer regarding potential damages or attorneys' fees.

5. CORPORATE GOVERNANCE STATEMENT

The Executive Board of the Company is committed to maintaining the standards of corporate governance enforced at the level of the European Union and at level of the Société Générale Group. This statement describes the Company's governance principles and practices.

In compliance with its status, the Company is governed by an Executive Board and supervised by a dedicated Supervisory Board.

5.1 Executive Board

The Executive Board supervises and controls the Management and operations of the Company and is responsible for the Company system of risk management and internal control.
The Executive Board meetings are held on demand several times during the year.

The Board has quorum when more than half of its members are present. An opinion supported by more than half of the members present becomes a decision.

Key tasks of the Executive Board:

- Ensures that the supervision of accounting is organized and monitored appropriately;
- Reviews and approves the Company's financial statements and condensed interim financial information;
- Supervises and controls operative management.

5.2 Supervisory Board

The Supervisory Board ensures permanently and by all means suited the control of the Management of the Company carried out by the Executive Board. However, this supervision has to be translated in no way by an intervention in the Management of the Company. The Supervisory Board can mandate advisory committees comprised of members of the Supervisory Board and/or of other non-members to lead different missions. The Supervisory Board can confer these advisory committees of the power or mandates permanently or temporary. These advisory committees cannot have the effect of restricting the powers of the Executive Board.

5.3 Audit Committee

The mission of the Audit Committee is to monitor the issues related to the preparation and control of accounting and financial information, to monitor the independence of the statutory auditors, as well as to monitor the efficiency of the internal control, measurement, supervision, and risk control systems related to the accounting and financial processes. If needed, it gives recommendations and its opinion to the Supervisory Board.

An Audit Committee of the Company took place on 24 April 2024, during which the financial statements for the year ended 31 December 2023 and the external audit results were presented. At least one member of the committee must be independent, which is the case of the Chairman of the Company's Audit Committee.

5.4 Internal Audit

The Internal Audit of both Société Générale Luxembourg and Société Générale support the Company's Executive Board in overseeing the Company's activities and securing its operations by carrying out internal audits and providing consultative assistance. The objective of Internal Audit is to add value by making recommendations designed to improve the Company's functioning. Internal Audit is an independent function, and its activities are based on international professional internal audit standards and rules of ethics.

The central task of Internal Audit is to audit the functioning of SG Issuer on a regular basis and evaluate its internal controls, risk management, and administrative function. The areas to be audited are determined by the projected financial and operational risks concerned. Internal Audit can also carry out special assignments at the request of management.

Internal Audit does not have any direct authority over the activities it reviews.

5.5 Controls framework

First level of controls is related to the execution of the procedures, guidelines and instructions established to ensure the proper and efficient functioning of the Company. They are executed by the involved teams in charge of the production.

A second level of control is ensured by Société Générale Luxembourg: Outsourced Essential Services ("OES") supervision (ensured by the Corporate department), Market Risk and Operational Risk (ensured by the Risk department), "Level 2 permanent control" activity (monitoring and assessment of the level 1 permanent control system)."

The Chief Financial Officer of the Company ensures the completeness of the procedural framework.

5.6 New Products Committee

All the new activities and business of the Company are analysed and authorized by a dedicated New Products Committee (NPC). All involved departments within Société Générale are represented (operations, finance, risk, accounting standards, etc...) to assess the impact for the Company.

5.7 Service level agreements

The Company and several of its service providers are subsidiaries of the Société Générale Group.

Service Level Agreements ("SLAs") were signed by the Company with Société Générale Luxembourg and with Société Générale. The SLAs govern the relations between the entities as well as their respective obligations. The services supplied by Société Générale Luxembourg and Société Générale are listed in the appendices of the agreements (mainly General services, legal services, business continuity management services and financial services from Société Générale Luxembourg and operational services – Middle Office and Back Office – from Société Générale). In particular, the calculation of the remuneration related to the issuance of the Notes is delegated to Société Générale Paris Middle Office within the framework of the SLA.

Luxembourg, 26 April 2024

For the Executive Board

Yves CACCLIN
Chairman of the Executive Board

DocuSigned by:
7831052D58254D9...

Thierry BODSON
Member of the Executive Board

DocuSigned by:
Thierry Bodson
FA6BBE7F77A249C...

GLOBAL STATEMENT FOR THE FINANCIAL STATEMENTS

To the best of our knowledge, the financial statements gives a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and the Report of the Executive Board (management report) includes a fair presentation of the development and performance of the business and the position of the Company, together with a description of the main risks and uncertainties that it faces.

Luxembourg, 26 April 2024

Executive Board Member
For the Executive Board

Yves CACCLIN
Chairman of the Executive Board

DocuSigned by:
7831052D58254D9...

Thierry BODSON
Member of the Executive Board

DocuSigned by:
Thierry Bodson
FA6BBE7F77A249C...

Building a better working world

Ernst & Young
Société anonyme

35E, Avenue John F. Kennedy
L-1855 Luxembourg

Tel: +352 42 124 1

www.ey.com/luxembourg

B.P. 780
L-2017 Luxembourg

R.C.S. Luxembourg B 47 771
TVA LU 16063074

Independent auditor's report

To the sole Shareholder of
SG Issuer
15, Avenue Emile Reuter
L-2420 Luxembourg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SG Issuer S.A. (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "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 EU Regulation Nº 537/2014, 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 financial statements" 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 financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Building a better
working world

Hedging of financial instruments issued

Description

The activity of the Company consists in issuing Notes and Warrants, which are subscribed by investors. These financial instruments are fully hedged with mirror transactions concluded with Société Générale S.A. replicating the financial instruments issued by the Company (see Note 4).

We have considered the hedging of financial instruments issued to be a key audit matter considering the financial risk which would result from inadequate hedging of the financial instruments issued by the Company.

How the matter was addressed in our audit

We tested the key controls implemented by the Company in relation with the issuance of financial instruments and the conclusion of mirror transactions with Société Générale S.A., as well as the key controls on the stock of financial instruments to ensure the effectiveness of the hedging.

We verified the intercompany reconciliation process between the Company and Société Générale S.A., and the intercompany reconciliations performed as at 31 December 2023.

For a sample of financial instruments issued by the Company as at 31 December 2023, we verified that the Company has contracted the mirror financial instruments with Société Générale S.A..

Also, we inquired about the existence of operational errors during the year and, if applicable, the related financial impact.

Other information

The Executive Board is responsible for the other information. The other information comprises the information included in the report of the Executive Board and Corporate Governance Statement but does not include the financial statements and our report of "réviseur d'entreprises agréé" thereon.

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

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

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Responsibilities of the Executive Board for the financial statements

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

The Executive Board is also responsible for presenting the financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format, as amended ("ESEF Regulation").

In preparing the financial statements, the Executive Board 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 Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the 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 financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Conclude on the appropriateness of Executive Executive Board 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Assess whether the financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 28 April 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 7 years.

The report of the Executive Board is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the report of the Executive Board, is the responsibility of the Executive Board. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the financial statements of the Company as at 31 December 2023 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Company, it relates to:

- Financial statements prepared in valid xHTML format;

In our opinion, the financial statements of the Company as at 31 December 2023, identified as "SG Issuer S.A. financial statements 12312023 ESEF", have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

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We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Dorian Rigaud

Luxembourg, 26 April 2024

Statement of Financial Position

As at 31 December 2023

	Notes	('000 EUR) 2023	('000 EUR) 2022
Cash and cash equivalents	3	42 010	36 176
Financial assets at fair value through profit or loss			
- *Mandatorily measured at fair value through profit or loss*	4.1	51 118 092	38 757 924
- *Trading derivatives*	4.1	57 316	1 025 209
Loans and receivables	5	50 035	50 023
Other assets	6	2 182 233	343 495
Total assets		**53 449 686**	**40 212 827**
Financial liabilities at amortized cost	4.3	82 741	70 585
Financial liabilities at fair value through profit or loss			
- *Designated at fair value through profit or loss*	4.2	51 112 066	38 754 129
- *Trading derivatives*	4.2, 13	57 148	1 025 105
Other liabilities	6	2 195 502	360 231
Tax liabilities	7	13	201
Total liabilities		**53 447 470**	**40 210 251**
Share capital	8.1	2 000	2 000
Share premium		-	-
Legal reserve	8.2	200	200
Other reserves	8.2	-	(214)
Profit for the financial year		15	590
Total equity		**2 216**	**2 576**
Total liabilities and equity		**53 449 686**	**40 212 827**

The accompanying Notes are an integral part of these financial statements.

Statement of Profit and Loss and Other Comprehensive Income

For the year ended 31 December 2023

	Notes	('000 EUR) 2023	('000 EUR) 2022
Interest income	9	2 685	248
Commission income	10	47 931	34 515
Total revenues		**50 616**	**34 763**
Interest expenses	9	(36 384)	(22 618)
Net gain from financial instruments at fair value through profit or loss		(335)	541
Personnel expenses	11	(303)	(279)
Other operating expenses	12	(13 563)	(11 617)
Cost of risk	5	-	1
Total expenses		**(50 585)**	**(33 972)**
Profit before tax		**31**	**791**
Income tax	7	(16)	(201)
Profit for the financial year		**15**	**590**
Total comprehensive income for the financial year		**15**	**590**

The accompanying Notes are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2023

	('000 EUR) Share capital	('000 EUR) Share premium	('000 EUR) *Legal reserve*	('000 EUR) *Other unavailable reserves*	('000 EUR) *Other available reserves*	('000 EUR) Total reserves	('000 EUR) Profit for the financial year	('000 EUR) Total equity
As at 31 December 2021	**2 000**	-	*200*	-	*1**	**201**	**(215)**	**1 986**
Allocation of the result of the previous year before dividend distribution	-	-	-	-	(215)	**(215)**	**215**	-
Dividend to the sole shareholder	-	-	-	-	-	-	-	-
Capital increase/Allocation to the share premium account (Note 8.1)	-	28 244	-	-	-	-	-	**28 244**
Reimbursement of the share premium (Note 8.1)	-	(28 244)	-	-	-	-	-	**(28 244)**
Profit for the financial year 2022	-	-	-	-	-	-	**590**	**590**
As at 31 December 2022	**2 000**	-	200	-	**(214)**	**(14)**	**590**	**2 576**
Allocation of the result of the previous year before dividend distribution	-	-	-	-	590	**590**	**(590)**	-
Dividend to the sole shareholder	-	-	-	-	*(375)*	**(375)**	-	**(375)**
Capital increase/Allocation to the share premium account (Note 8.1)	-	22 050	-	-	-	-	-	**22 050**
Reimbursement of the share premium (Note 8.1)	-	(22 050)	-	-	-	-	-	**(22 050)**
Profit for the financial year 2023	-	-	-	-	-	-	**15**	**15**
As at 31 December 2023	**2 000**	-	200	-	1	**201**	**15**	**2 216**

* Other reserves as at 31.12.2021 amount to KEUR 1 and relate to the retained earnings which the Company was not able to distribute as a dividend as they were indivisible by the number of shares. Due to rounding in KEUR, the KEUR 1 difference between the 2020 and the dividend distribution does not appear in the above table.

The accompanying Notes are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2023

	Notes	('000 EUR) 2023	('000 EUR) 2022
OPERATING ACTIVITIES			
Profit for the financial year		15	590
Net(increase)/decrease in financial assets	4.1	(6 280 576)	3 484 563
Net increase/(decrease) in financial liabilities	4.2	6 740 308	(3 880 733)
(Increase)/decrease in other assets	6	(1 838 738)	153 772
Increase/(decrease) in tax liabilities and other liabilities	6, 7	1 834 880	(143 376)
Taxes paid	7	201	-
Non cash adjustments :			
Net change in fair value and foreign exchange difference	4.1, 4.2	(427 831)	413 221
Change in cost of risk	5	0	(1)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**28 259**	**28 036**
FINANCING ACTIVITIES			
Payment of capital surplus*	8.1	(22 050)	(28 244)
Dividend paid		(375)	-
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**(22 425)**	**(28 244)**
Cash and cash equivalents as at January 1st	3	36 176	36 384
Net increase/(decrease) in cash and cash equivalents		5 834	(208)
Cash and cash equivalents as at December 31st		**42 010**	**36 176**
Additional information on operational cash flows from interest and dividends			
Interest paid		24 735	28 492
Interest received	9	2 685	248
Dividend received		-	-

** KEUR 22 050 for the year ended 31 December 2023 (and KEUR 28 244 for the year ended 31 December 2022) represent the share premium reimbursed by the Company to the shareholder (refer to Note 8.1).*

The accompanying Notes are an integral part of these financial statements.

NOTE 1 – CORPORATE INFORMATION

SG Issuer (hereafter the "Company" or "SGIS") is a Luxembourg company incorporated on 16 November 2006 as a public limited company ("Société Anonyme") for an unlimited period.

Since April 2013, the Company's corporate objects are to issue debt securities, bonds, certificates, warrants and any other debt securities or acknowledgements of debts or financial securities, whether or not accompanied by guarantees, with any type of underlying security, including, without limitation, company stock, any other capital security or security other than capital, index, currency, exchange rate, interest rate, dividend, credit risk, fund unit, investment company stock, term deposit, life assurance contract, loan, merchandise, term contract, option, Warrant or option coupons, allocated or unallocated precious metals, unit of account, basket or any other factor or any other type of underlying securities and any combination of the latter.

To that effect, the Company may purchase, hold, dispose of, lend, loan or resell, by any means, including in particular the use of trusts, in trust or repurchase, any type of assets whatever their names and forms and whether or not accompanied by guarantees, in particular financial instruments (financial securities - stocks, fund units, bonds, certificates, Warrants - or financial contracts - swaps, options or other) or any other debt securities, acknowledgements of debts or capital securities, receive or issue monetary loans (including loans convertible into shares of the Company) - within the group of companies to which the Company belongs - and to supply guarantees in any form (actual guarantees such as pledges, securities, mortgages or other - personal guarantees or any other form of guarantee) for their own account, for the account of the group of companies to which the Company belongs or on behalf of third parties.

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

The Company's capital is divided into 50 010 shares, of which 49 910 are held by SG Luxembourg and 100 are held by Société Générale.

The accounts of the Company are included in the consolidated accounts of Société Générale S.A. (hereafter "Société Générale" or the "parent Company"), which is the largest body of undertakings of which the Company forms a part as a subsidiary undertaking, and whose head-office is located at 29, boulevard Haussmann, 75009 Paris, France.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

2.1.1 Statement of compliance

The financial statements of the Company as at and for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and interpretations adopted by the International Accounting Standards Board ("IASB").

The financial statements as at and for the year ended 31 December 2023 were authorised for issue by the Supervisory Board on 25 April 2024.

2.1.2 Functional and presentation currency

The financial statements are prepared in Euro ("EUR"), which is the Company's functional currency and the currency of its share capital. Unless stated otherwise, the amounts in the financial statements are expressed in thousands of EUR (KEUR). The value "0" indicates the presence of a number, which is rounded to zero, while "-" represents the value nil.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1.3 Use of estimates and judgments

The preparation of the Company's financial statements requires Executive Board to make judgments, estimates and assumptions that affect the reported amount of figures recorded in the statement of profit and loss, on the unrealised or deferred gains and losses, on the valuation of assets and liabilities in the statement of financial position, and on information disclosed in the notes to the financial statements.

In order to make these assumptions and estimates, the Executive Board uses information available at the date of preparation of the financial statements and can exercise its judgment. By nature, valuations based on estimates include risks and uncertainties relating to their occurrence in the future. Consequently, actual future results may differ from these estimates and may then have a significant impact on the financial statements.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Company's accounting policies, Executive Board has made the following judgments and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond Company's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognized in the financial statements with substantial Executive Board judgment and/or estimates are listed below with respect to judgments/estimates involved.

The use of significant estimates and judgment mainly concerns the following topics:

- Fair value in the statement of financial position of financial instruments not quoted in an active market which are classified as financial assets and liabilities at fair value through profit or loss (see Notes 4.1 and 4.2);
- The analysis of the contractual cash flow characteristics of financial assets (see Note 2.3.3.1).

2.1.4 Segment reporting

No dedicated management reporting information is presented for SGIS to a chief decision maker; only the annual financial statements are presented to the Executive Board of SGIS in analysing the performance of the Company. The company has mainly one geographical area related to its revenue, which is France.

2.2 New accounting standards

2.2.1 New accounting standards applicable as at 1 January 2023

AMENDMENTS TO IAS 1 "DISCLOSURE OF ACCOUNTING POLICIES"

The aim of these amendments is to help companies to clarify the concept of materiality of the information on accounting policies disclosed in the notes to the financial statements and the usefulness of that information to investors and financial statement users.

The Company takes into account these amendments for the preparation of its financial statements.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

AMENDMENTS TO IAS 8 "DEFINITION OF ACCOUNTING ESTIMATES"

These amendments aim to facilitate the distinction between changes in accounting policies and changes in accounting estimates.

The Company takes into account these amendments for the preparation of its financial statements.

AMENDMENTS TO IAS 12 "INCOME TAX – DEFERRED TAX FOR ASSETS AND LIABILITIES RELATED TO THE SAME TRANSACTION"

These amendments clarify and narrow the scope of the exemption provided by the IAS 12 standard allowing institutions to not recognise any deferred tax during the initial recognition of an asset and a liability. All leases and decommissioning obligations for which companies recognize both an asset and a liability and will now have to recognize deferred taxes are excluded from the scope of these amendments.

The aim of these amendments is to reduce heterogeneity in the recognition of the deferred tax related to leases and decommissioning obligations.

The Company does not apply IFRS 16 on its financial statements, as such, this amendment has no effect on the Company's financial statements..

AMENDEMENTS TO IAS 12 INTERNATIONAL TAX REFORM - MODEL PILLAR RULES

These amendments introduce a mandatory temporary exception to the recognition of deferred tax assets and liabilities relating to income taxes arising from OECD Pillar 2 rules, and apply retrospectively to fiscal years beginning on or after January 1, 2023.

The Société Générale Group has set up a project structure to identify the impact of these amendments and to comply with the new accounting requirements in line with the OECD's Pillar 2 international tax reform.

The impact of those amendments on SGIS has been considered at Société Générale Luxembourg level. To date, SGL Group does not anticipate any material impact of this reform in respect of its current tax . Because of the calculation complexity resulting from these rules, the effects of this reform are still being examined for a first application in SGL Group's consolidated accounts as at 30 June 2024.

IFRS 17 "Insurance contracts" – Amendments to IFRS 17 published as at 25 June 2020 and Amendments to IFRS 17 and IFRS9 published as at 9 December 2021

This new standard will replace IFRS 4 "Insurance Contracts" that was issued in 2004 and which currently allows entities to use national requirements for the accounting of insurance contracts.

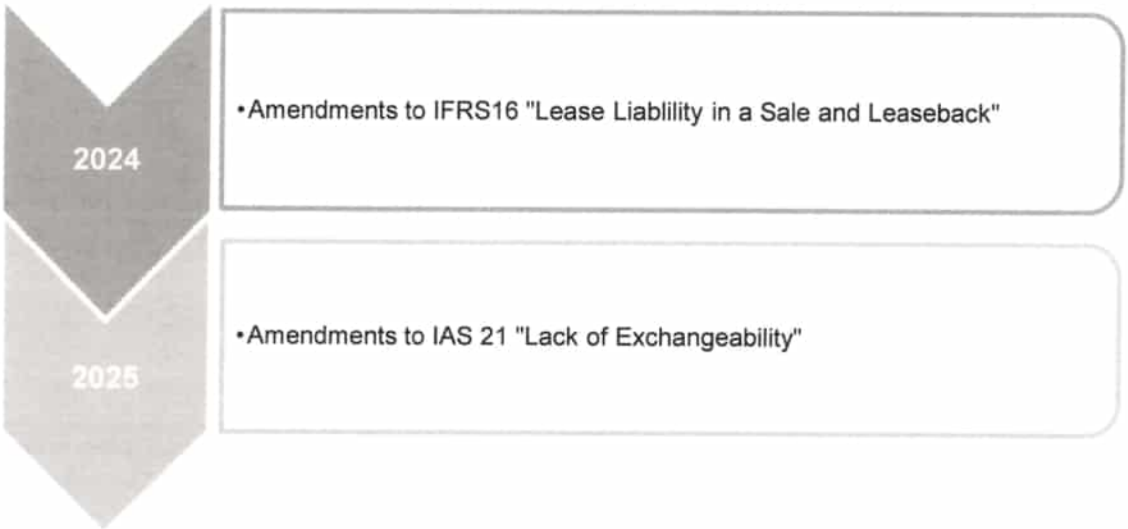
IFRS 17 provides new rules for the recognition, measurement, presentation and disclosure of insurance contracts that belong to its application scope (insurance contracts issued, reinsurance contracts held and investment contracts issued with discretionary participation features). The underwriting reserves currently recognised among liabilities in the statement of financial position will be replaced by a current value measurement of insurance contracts.

This amendment has no impact on the Company financial statements as the Company does not have any insurance contracts.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2.2 Accounting standards, amendments or interpretations to be applied by the Company in the future

The IASB published accounting standards and amendments, some of which have not been adopted by the European Union as at 31 December 2023. Their application is required for the financial years beginning on or after 1 January 2024 at the earliest or on the date of their adoption by the European Union. They have thus not been applied to the Company as at 31 December 2023.These standards are expected to be applied according to the following schedule:



AMENDMENTS TO IFRS 16 "Lease liability in a sale and leaseback"

Published on 22 September 2022.

These amendments clarify the subsequent assessment of sale and leaseback transactions when the initial transfer of the property, plant or equipment meets the criteria of IFRS 15 for recognition as a sale. These amendments specify in particular how to subsequently assess the lease liability resulting from this sale and leaseback transactions, made of payments of variable leases that do not depend on an index or a rate.

This amendment has no impact on the Company financial statements as the Company does not have property, plant or equipment.

Amendments to IFRS 21 "Lack of exchangeability"

Published on 15 August 2023

These amendments specify the situations in which a currency is considered convertible, and the procedure for assessing the exchange rate of a non-convertible currency. They also detail the supplementary information to provide in the Notes to the financial statements for non-convertible currencies.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

These amendments will be consolidated in "IAS 21 — The Effects of Changes in Foreign Exchange Rates" and "IFRS 1 - First-time Adoption of International Financial Reporting Standards" in March 2024.
The impact of these amendments for the Company is currently being analysed.

2.3 Summary of significant accounting policies

2.3.1 Foreign currency transactions

The Company maintains its books in EUR, which is the currency of the capital.

Assets and liabilities denominated in foreign currencies are translated into EUR at the exchange rates ruling at the reporting date. Foreign exchange differences arising on translation and realized exchange gains and losses are recognised in the statement of profit and loss and other comprehensive income in the caption *"Net gains from financial instruments at fair value through profit or loss"* and *"Interest Expenses"*.

Revenues and expenses in foreign currencies are translated into EUR at the exchange rates prevailing at the date of the transactions.

The most important foreign currency positions for the Company are USD, JPY, GBP, HKD and CHF. The following foreign exchange rates were used:

	USD	JPY	GBP	HKD	CHF
31.12.2023	1.1050	156.3300	0.86905	8.6314	0.9260
31.12.2022	1.0666	140.6600	0.88693	8.3163	0.9847

2.3.2 Cash and cash equivalents

Cash and cash equivalents comprise only cash repayable on demand.

Cash and cash equivalents in the Company are subject to impairment under IFRS 9 and are presented net of impairment (cf. Note 2.3.3.3).

2.3.3 Financial instruments

2.3.3.1 Classification of financial instruments

Classification of financial assets

Financial assets are classified under IFRS 9 based on the characteristics of their contractual cash flows and on how they are managed (business models).

For the debt instruments held, SGIS has defined its business model as "hold to collect" for the Fully Funded Swaps, for Cash and cash equivalents and for Loans and receivables. These assets are acquired in order to collect the contractual cash-flows attached to the assets. No sale has been made in the past years and no sale is anticipated in the future.

The Fully Funded Swaps (hereafter "FFS") are economically assimilated to loans with embedded derivatives (the swap embedded in the FFS). This type of financial assets complies with the IFRS definition of debt instruments (fixed maturity, coupon calculated as a rate, no right nor interest/control in an entity). As these financial assets of SGIS contain embedded derivatives that modify the cash flows of the entire contract, the contract does not pass the Solely Payments of Principles and Interest (or "SPPI") test and consequently these financial assets are mandatorily measured at Fair Value through Profit and Loss ("FVTPL").

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents and Loans and receivables are SPPI compliant and are thus measured at amortised cost. Cash and cash equivalents and Loans and receivables are subject to impairment under IFRS 9 and are presented net of impairment.

The Options held, covering the Warrants issued, are Trading derivatives and thus measured at FVTPL.

Purchases and sales of financial assets recorded under financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income are recognised in the statement of financial position at the delivery-settlement date. Changes in fair value between the trade and settlement dates are recorded in the income statement or booked to shareholders' equity depending on the accounting category of the relevant financial assets. Loans and receivables are recorded in statement of financial position on the date they are paid or at the maturity date for invoiced services. The trade date is the date on which the contractual commitment becomes binding and irrevocable for the Company.

Classification of financial liabilities

Financial liabilities are classified into one of the following two categories:

- Financial liabilities at fair value through profit or loss:

These are financial liabilities held for trading purposes, which by default include derivative financial liabilities not qualifying as hedging instruments and non-derivative financial liabilities designated by the Company upon initial recognition to be carried at fair value through profit or loss in accordance with the fair value option.
The Company has designated at fair value through profit or loss the notes issued because mirror transactions (Fully Funded Swaps or "FFS") that are used to hedge those notes are measured mandatorily at fair value through profit and loss and thus reduce the accounting mismatch.

- Financial liabilities at amortised cost:

These include the other non-derivative financial liabilities and are measured at amortized cost.

2.3.3.2 Valuation of financial instruments

Definition of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In the absence of observable prices for identical assets or liabilities, the fair value of financial instruments is determined using another measurement technique that maximises the use of observable market input based on assumptions that market operators would use to set the price of the instrument in question.

Fair value hierarchy

The fair values of financial instruments include accrued interest as applicable.

For information purposes, in the notes to the financial statements, the fair value of financial instruments is classified using a fair value hierarchy that reflects the significance of the inputs used according to the following levels:

Level 1 (L1): instruments valued on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 1 instruments carried at fair value on the statement of financial position include in particular shares listed in an active market, government or corporate bonds priced directly by external brokers/dealers, derivatives traded on organised markets (futures, options), and units of funds (including UCITS) whose net asset value is available on the statement of financial position date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and if they reflect actual and regular market transactions on an arm's length basis.

Determining whether a market is inactive requires the use of indicators such as a sharp decline in trading volume and the level of activity in the market, a sharp disparity in prices over time and among the various above-mentioned market participants, or the fact that the latest transactions conducted on an arm's length basis did not take place recently enough.

Where a financial instrument is traded in several markets to which the Company has immediate access, its fair value is represented by the market price at which volumes and activity levels are highest for the instrument in question.
Transactions resulting from involuntary liquidations or distressed sales are usually not taken into account to determine the market price.

Level 2 (L2): instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

These are instruments measured using a financial model based on observable market inputs. Prices published by an external source derived from the valuation of similar instruments are considered as data derived from prices.

Level 2 instruments include in particular non derivative financial instruments carried at fair value on the statement of financial position that are not directly quoted or do not have a quoted price on a sufficiently active market (e.g. corporate bonds, repos transactions, mortgage-backed securities, units of funds), and firm derivatives and options traded over-the-counter: interest rate swaps, caps, floors, swaptions, equity options, index options, foreign exchange options, commodity options and credit derivatives. The maturities of these instruments are linked to ranges of terms commonly traded in the market, and the instruments themselves can be simple or offer a more complex remuneration profile (e.g. barrier options, products with multiple underlying instruments), with said complexity remaining limited however. The valuation techniques used in this category are based on common methods shared by the main market participants.

Level 3 (L3): instruments valued using inputs that are not based on observable market data (referred to as unobservable inputs)

Level 3 instruments carried at fair value on the statement of financial position are predominantly instruments for which the sales margin is not immediately recognized in profit or loss.
In the context of SGIS, this sales margin is not applicable and hence not recognised because there is a corresponding offsetting margin on the funded swap.

Accordingly, Level 3 financial instruments include derivatives with longer maturities than those usually traded and/or with specifically tailored return profiles. Similarly, debt measured at fair value is classified as Level 3 where the valuation of the associated embedded derivatives is also based on unobservable inputs.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

The main L3 complex derivatives are:

- Equity derivatives: options with long maturities and/or incorporating bespoke remuneration mechanisms. These instruments are sensitive to market inputs (volatility, dividend rates, correlations, etc.). In the absence of market depth and an objective approach made possible by regularly observed prices, their valuation is based on proprietary methods (e.g. extrapolation from observable data, historical analysis). Hybrid equity instruments (i.e. having at least one non-equity underlying instrument) are also classified as L3 insofar as correlations between the different underlyings are generally unobservable;
- Interest rate derivatives: long-term and/or exotic options, products sensitive to correlation between different interest rates, different exchange rates, or between interest rates and exchange rates, for example for quanto products (in which the instrument is settled in a currency different from the currency of the underlying); they are liable to be classified as L3 because the valuation inputs are unobservable due to the liquidity of the correlated pair and the residual maturity of the transactions (e.g. exchange rate correlations are deemed unobservable for the USD/JPY);
- Credit derivatives: L3 credit derivatives mainly include baskets of instruments exposed to time to default correlation ("N to default" products in which the buyer of the hedge is compensated as of the Nth default, which are exposed to the credit quality of the issuers comprising the basket and to their correlation, or CDO Bespoke products, which are Collateralised Debt Obligations created specifically for a group of investors and structured according to their needs), as well as products subject to credit spread volatility;
- Commodity derivatives: this category includes products involving unobservable volatility or correlation inputs (i.e. options on commodity swaps or instruments based on baskets of underlyings).

At the level of SG Group, valuation models are determined in order to fully embed the impact of IFRS 13 as described above and use appropriate parameters and methodologies in order to determine L3 instruments valuation. Counterparty credit risk estimates relies on Credit Value Adjustments (CVA) and Debit Value Adjustments (DVA) calculations.

Different calculation methods can exist regarding the CVA-DVA / OCA (Own Credit Adjustment) impact calculation: derived from the yield discounting methodology, other from the Monte-Carlo EPE/ENE (Expected Positive / Negative Exposure). The methodology for calculation of CVA-DVA (OCA not applicable to the Company) applied to SGIS (the same as the SG Group) is the yield discounting methodology.

The valuation methods used by the Company to establish the fair value of financial instruments are detailed below.

The fair values of financial instruments include accrued interest as applicable.

- For Unsecured Notes and Fully Funded Swaps

The fair value for both the unsecured Notes (liabilities) and the Fully Funded Swap (FFS) (assets) is calculated by discounting the expected future cash flows with the risk-free curve. To take the credit adjustment into account, the risk-free curve is adjusted with Société Générale Group's credit spread curve. A dedicated process has been implemented using Société Générale Group and SGIS operational teams' input. This process is fully functional, constantly monitored as of today.

- For Secured and Repack Notes

Secured Notes are Notes which are collateralized with assets deposited on segregated or pooled accounts with external custodian (The Bank of New York Mellon S.A., Luxembourg Branch, hereafter "BNY Mellon Luxembourg") and pledged in favor of the Note holders.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Repack Notes are Notes which allow investors to calibrate the funding yield of their structure by selecting a bond (the "Reference Bond") issued by a third-party issuer (the "Reference Bond Issuer").

The collateral assets are composed of eligible securities.

Should Société Générale defaults, the pledge on the assets is to be enforced; the Notes holders are exposed to credit risk of the collateral (external securities). Therefore, as Société Générale and SGIS are mere risk pass-through, the credit risk premium (external bonds issuers) shall not be adjusted with Société Générale credit spread. Thus, no additional credit adjustment is needed for the secured Notes.

The fair value of the Secured Notes and the Repack Notes and the associated FFS is computed, for each accounting period, by discounting the expected future cash flows by a composite Repo rate curve.

- For Warrants and Options

For financial instruments recognised at fair value in the statement of financial position, fair value is determined primarily on the basis of the prices quoted in an active market. These prices can be adjusted if none are available on the statement of financial position date or if the clearing value does not reflect transaction prices.

However, due especially to the varied characteristics of financial instruments traded over the counter on the financial markets, a large number of financial products traded by the Company does not have quoted prices in the markets.

The base models may not fully capture all factors relevant to the valuation of SGIS on these financial instruments such as credit risk (CVA), own credit (DVA) and/or funding costs (FVA). Therefore, SGIS applies various techniques (from the Group) to estimate the credit risk associated with its financial instruments measured at fair value.

The revaluation differences attributable to the Company's credit risk are thus determined using valuation models which take into account the most recent financing terms and conditions on the markets along with the residual maturity of the related liabilities.

- For secured notes issued by the Company, as investors are not exposed to the Company's risk, no own credit risk should impact the fair value of the instruments and as such, no adjustment has to be calculated.
- For unsecured notes, investors are not contractually exposed to the Company's credit risk but to Société Générale Group's own credit risk.

SGIS valuation models therefore reflects the absence of credit risk, and structured bonds are not impacted by Own Credit Adjustments within the entity.

Deferred margin related to main unobservable inputs

The Company does not apply deferred margin related to its main unobservable inputs as margin on Notes and Warrants issued are offset by a similar margin on Fully Funded Swaps and Options purchased.

2.3.3.3 Impairments and provisions

Some financial assets involve credit risk which exposes the Company to a potential loss if the counterparties were to be unable to respect their financial commitments. The Company is remunerated for bearing this risk by a portion of the contractual interest that it receives on those assets; this is known as the credit margin.

This potential loss, or expected credit loss, is recognised in profit or loss without waiting for the occurrence of a default event on a specific counterparty.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

For loans and receivables measured at amortised cost or fair value through other comprehensive income, the expected credit loss, as assessed by the Company, is recognised in profit or loss. On the statement of financial position, this potential loss is recognised as an impairment that reduces the carrying amount of assets measured at amortised cost. Impairments are written-back in case of a subsequent decrease of credit risk. No impairment is recognised on cash and cash equivalents, as the credit risk is immaterial. The Company does not have loan commitments or financial guarantees contracts.

Impairment and provisions for credit risk

To determine the amount of impairment or loss allowances to be recorded at each reporting date, these exposures are classified into one of three categories based on the increase in credit risk observed since initial recognition. An impairment or loss allowance shall be recognised for the exposures in each category as follows:

- Exposures classified in Stage 1: At the initial recognition date, the exposures are systematically classified in Stage 1, unless they are underperforming/credit-impaired on acquisition and during the lifetime of the credit. Stage 1 exposures are impaired for the amount of credit losses that the Company expects to incur within 12 months (12-month expected credit losses), based on past data and the current situation;
- Exposures classified in Stage 2: To identify Stage 2 exposures, the significant increase in credit risk is assessed by the Company, taking into account the counterparty's credit risk rating, the magnitude of the change in the counterparty's credit rating and the existence of payments delays of more than 30 days;
- Exposures classified in Stage 3 (doubtful outstanding): The Company determines whether or not there is objective evidence of impairment (default event).

Stage 2 and 3 exposures are impaired for the amount of credit losses that the Company expects to incur over the life of the exposures (lifetime expected credit losses), taking into consideration past data, the present situation and reasonable forecast changes in economic conditions, and relevant macroeconomic factors through to maturity.

Impairments / Reversal of impairments

Impairments / Reversal of impairments includes net reversals of impairment and loss allowances for credit risk, losses on irrecoverable loans and amounts recovered on amortised receivables.

2.3.3.4 Offsetting financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount presented on the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. The legal right to set off the recognised amounts must be enforceable in all circumstances, in both the normal course of business and in the event of default of one of the counterparties.

The financial instruments issued by the Company are subscribed by the investors through Société Générale as a lead manager during the issuance period and as a market maker for a secondary market. The instruments which are unsold are held by SG.

The treatment is applied based on IAS 32 paragraph 42: "A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

- Currently has a legally enforceable right to set off the recognized amounts; and
- Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously."

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

In December 2014, a cash netting clause was added in the legal framework with Société Générale Personne Morale and the Company consequently acquired a legally enforceable right to offset the recognized amount with the same counterparty (Société Générale). The assets (the Fully Funded Swaps) and the liabilities (the Notes) are settled (and intended to be settled) simultaneously.

In June 2017, the Company added a new cash netting clause in the legal framework with Société Générale Personne Morale and the Company consequently acquired a legally enforceable right to offset the recognized amount with the same counterparty (Société Générale). The assets (OTC Options) and the liabilities (the Warrants) are settled (and intended to be settled) simultaneously.

In application of IAS 32 - Offsetting a financial asset and a financial liability, the Company proceeds to the accounting netting of the non-sold amounts. The impact of the off-setting for the non-sold Notes and the corresponding Fully Funded Swaps and impact of the off-setting for the non-sold Warrants and the corresponding options are described in Note 4.1 and Note 4.2.

2.3.4 Other assets and other liabilities

Settlement accounts for trades are included in other assets or other liabilities and are presented separately in distinctive captions on assets or liabilities side (cf. Note 6).

2.3.5 Shareholders' equity

Equity are the resources contributed to the Company by external shareholders as capital, as well as the cumulative and undistributed results (retained earnings).

The statement "Changes in Shareholders' Equity" presents the various changes that affect the components of equity over the reporting period.

2.3.6 Interest income and expense

Interest is recognized as expense or income over the life of the financing service granted or received, proportionally to the principal amount outstanding.

Interest income and expense are recorded in the statement of profit and loss under Interest and similar income and Interest and similar expense for all financial instruments measured using the effective interest method (instruments at amortised cost and debt instruments at fair value through other comprehensive income).

The effective interest rate is taken to be the rate used to net discount future cash inflows and outflows over the expected life of the instrument in order to establish the net book value of the financial asset or liability.

The calculation of this rate considers the future cash flows estimated on the basis of the contractual provisions of the financial instrument without taking account of possible future credit losses and also includes commissions paid or received between the parties where these may be assimilated to interest, directly linked transaction costs, and all types of premiums and discounts.

Where a financial asset is classified in Stage 3 for impairment, subsequent interest income is measured at the effective interest rate applied to the net carrying amount of the financial asset with an offsetting entry equal to the outstanding financial asset before impairment.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3.7 Fee income and expense

Fee income and Fee expense combine fees on services rendered and received, as well as fees on pledge security granted that cannot be assimilated to interest. Fees that can be assimilated to interest are integrated into the effective interest rate on the associated financial instrument and are recorded under Interest income and Interest expenses.

The Company recognizes fee income or expense for an amount equivalent to the remuneration for the service provided and depending on the progress transferring control of these services:

- Fees for ongoing services, such as custody fees and administration costs are recognized as income over the life of the service;
- Fees for one-off services, such as issuance and listing fees are recognized as income when the service is provided.

The possible mismatch between the payment date of the service provided and the date of execution of the service gives assets and liabilities depending on the type of contract and mismatch which are recognized under Other Assets and Other Liabilities. For example: supplier contracts generate trade payables, accrued expenses or prepaid expenses.

Income related to the issuance of Notes and Warrants falls under the scope of IFRS 15 and as such, is considered separately as income generated by 2 services when the Company performs its activities:

- The issuing fee recognized upfront for the initiation and the structuration of the issuance;
- Account and security servicing during the lifecycle of the security.

2.3.8 Other operating expenses

The Company records operating expenses according to the type of services to which they refer.

Other operating expenses mainly include lease payments, building maintenance and other costs, travel and business expenses, outsourcing and advisory fees and marketing and advertising expenses. Detail is provided in Note 12.

2.3.9 Income tax

Income tax includes current taxes and deferred taxes:

- Current taxes correspond to the amount of taxes due (or refundable) as calculated according to the taxable profit base for the reporting period;
- Deferred taxes correspond to the amount of taxes resulting from past transactions and that will be payable (or refundable) in a future reporting period.

2.3.9.1 Current tax

Current tax is based on the taxable profit and determined in accordance with the rules established by the local taxation authorities, upon which income taxes are payable. This tax expense also includes net allowances for tax adjustments pertaining to income tax.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the year. The related tax charge is included under Income tax in the statement of profit and loss.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3.9.2 Deferred tax

Deferred taxes are recognized whenever the Company identifies a temporary difference between the accounting base and tax base for assets and liabilities that will affect future tax payments or from tax loss carried forward.

The amount is based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realized, or the liability settled. These deferred taxes are adjusted in the event of changes to tax rates. This amount is not discounted to present value. The Company off-sets its deferred tax assets against liabilities as there is both legal rights to offset its current tax assets and liabilities and it is the Company's intention to settle on a net basis.

2.3.10 Other commitments linked to secured notes

In relation to each Serie of Secured Notes, in order to secure its obligations in respect of such Notes, the Company enters into a pledge agreement which is governed by the Luxembourg act dated 5 August 2005 on financial collateral arrangements, as amended. Under each pledge agreement, the Company grants first ranking security over the Collateral Assets contained in one or more accounts held by the Company with BNY Mellon Luxembourg (or such other custodian or account bank as is specified in the applicable Final Terms, pursuant to the terms of a custodian agreement between, inter alia, the Company and the collateral custodian).

The security granted under each pledge agreement is granted either in favour of:

- (i) in the case of English Law Notes, The Bank of New York Mellon Corporate Trustee Services Limited or such other security trustee as is specified in the applicable Final Terms as security trustee on behalf of itself and the relevant Noteholders and the other relevant Secured Parties (as defined in the Additional Terms and Conditions for Secured Notes) or,
- (ii) in the case of French Law Notes, directly in favour of the relevant Noteholders and the other relevant Secured Parties as represented by The Bank of New York Mellon Corporate Trustee Services Limited or such other security agent as is specified in the applicable Final Terms as security agent.

Following the occurrence of a Secured Note Acceleration Event (as defined in the Additional Terms and Conditions for Secured Notes), all Noteholders whose Notes have become immediately due and payable is first entitled to claim for any outstanding amounts due to them under the terms of the Guarantee. If neither the Issuer nor the Guarantor (pursuant to the terms of the Guarantee) has paid all amounts due to Noteholders within a period of 3 Collateral Business Days following the occurrence of a Secured Note Acceleration Event, Noteholders may send a notice in writing to the Security Trustee (in the case of English Law Notes) or the Security Agent (in the case of French Law Notes) requesting that the relevant Pledge Agreement be enforced in accordance with the terms of the Base Prospectus.

The Company borrows the securities to be pledged from Société Générale Group. In accordance with IFRS 9, the borrowing of the securities to be pledged by the Company is not assimilated to the transfer of assets and thus does not result in recognition in the interim statement of financial position. The risks and rewards associated to the securities remain in Société Générale Group and as such are not presented in the Company's interim statement of financial position.

The pledged securities are accounted as an off balance-sheet commitment "Securities pledged". The committed amount is re-measured at each closing to reflect the value of the securities pledged.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Geopolitical Crises and Macroeconomic Context

2023 was a year of cumulative uncertainties, with the war in Ukraine, the situation in the Middle-East at the very end of the year and also earlier, tensions in the banking sector in the United States of America and Europe. Monetary policies were clearly restrictive. Focusing on inflation control, central banks increased interest rates rapidly and significantly.

In the euro area:

- the slowdown in economic activity observed during the first half of 2023 continued and was accentuated during the second half of the year;
- inflation remained high in 2023; it is expected to drop down to around 3% in 2024 and fall back to the target in the mid-term.

In the U.S.A., the economy performed better than expected by most forecasters.

Warning signs point to a sharper slowdown already apparent towards the end of the year.

In this context, the Group Société Générale updated the macroeconomic scenarios chosen for the preparation of the consolidated financial statements and maintained some adjustments applied to its models.

These macroeconomic scenarios are taken into account in the credit loss measurement models including forward-looking data and are also used in tests of the recoverability of deferred tax assets.

The methodological framework defined by the Group Société Générale is applied at the level of the Company.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to KEUR 42 010 as at 31 December 2023 (31 December 2022: KEUR 36 176) and are mainly composed of cash held with Société Générale Luxembourg and Société Générale.

As of 31 December 2023, and 2022, this caption only contained cash that was repayable on demand.

NOTE 4 – FINANCIAL INSTRUMENTS

4.1 Financial assets measured at fair value through profit or loss

	31.12.2023 ('000 EUR)	31.12.2022 ('000 EUR)
Financial assets at fair value through profit or loss		
- Mandatorily at fair value through profit or loss (Fully Funded Swaps)	51 118 092	38 757 924
- Trading derivatives (Options)	57 316	1 025 209
Total	**51 175 408**	**39 783 133**

The accompanying Notes are an integral part of these financial statements.

NOTE 4 – FINANCIAL INSTRUMENTS (continued)

As at 31 December 2023, financial assets mandatorily at fair value through profit or loss (Fully Funded Swaps) amount to KEUR 51 118 092 (31 December 2022: KEUR 38 757 924) and replicate all the Notes issued by the Company (see Note 4.2). Differences between the fair value of Fully Funded Swaps and Notes arise due to late settlements.

As at 31 December 2023, Trading derivatives (Options) amount to KEUR 57 316 (31 December 2022: KEUR 1 025 209) and replicate all the Warrants issued by the Company (see Note 4.2). Differences between the fair value of Options and Warrants arise due to late settlements.

As at 31 December 2023, the impact of the offsetting of financial assets and financial liabilities (decrease in the balance sheet) is KEUR 27 385 976 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2022: KEUR 28 592 180) and KEUR 4 020 277 for the non-sold Warrants and the corresponding Options (31 December 2022: KEUR 4 462 437) (see Note 4.2).

The movements in financial assets at fair value through profit or loss were as follows:

	('000 EUR) Mandatorily at fair value through profit or loss	('000 EUR) Trading derivatives	('000 EUR) Total
As at 1 January 2023	**38 757 924**	**1 025 209**	**39 783 133**
Acquisition	43 969 898	2 868 449	46 838 347
Maturity/Disposal/Liquidation/Cancellation	(38 218 082)	(3 987 700)	(42 205 782)
Change in fair value and foreign exchange difference	5 402 148	(290 436)	5 111 712
Offsetting of Assets and Liabilities (Change)	1 206 204	441 794	1 647 998
As at 31 December 2023	**51 118 092**	**57 316**	**51 175 408**

	('000 EUR) Mandatorily at fair value through profit or loss	('000 EUR) Trading derivatives	('000 EUR) Total
As at 1 January 2022	**40 322 401**	**714 838**	**41 037 239**
Acquisition	40 385 254	35 456 241	75 841 495
Maturity/Disposal/Liquidation/Cancellation	(42 593 531)	(36 732 528)	(79 326 059)
Change in fair value and foreign exchange difference	(5 675 247)	1 475 158	(4 200 089)
Offsetting of Assets and Liabilities (Change)	6 319 047	111 500	6 430 547
As at 31 December 2022	**38 757 924**	**1 025 209**	**39 783 133**

4.2 Financial liabilities measured at fair value through profit or loss

	31.12.2023 ('000 EUR)	31.12.2022 ('000 EUR)
Financial liabilities at fair value through profit or loss		
- Mandatorily at fair value through profit or loss (Fully Funded Swaps)	51 112 066	38 754 129
- Trading derivatives (Options)	57 148	1 025 105
Total	**51 169 214**	**39 779 234**

NOTE 4 – FINANCIAL INSTRUMENTS (continued)

As at 31 December 2023, the Company has issued secured and unsecured Notes for a total amount of KEUR 51 112 066 (31 December 2022: KEUR 38 754 129):

- 22 973 unsecured Notes were issued (stock) for a total amount of KEUR 51 112 066 (31 December 2022: 21 324 unsecured Notes were issued (stock) for a total amount of KEUR 34 578 193);
- 426 secured Notes were issued (stock) for a total amount of KEUR 5 865 142 (31 December 2022: 514 secured Notes were issued (stock) for a total amount of KEUR 4 171 467).

In addition to the guarantee on first demand granted by Société Générale on unsecured and secured Notes, subscribers of the secured Notes issued by the Company benefit from additional collateral assets securing the payment due under the Notes terms, structured in form of a pledge governed by Luxembourg Law. This pledge may only be enforced following a default of the Company or Société Générale in its role of Guarantor.

Pledged collateral assets are deposited on an account held in the name of the Company with an authorised custodian not belonging to the Société Générale Group and are pledged in favour of the Notes holders.

As at 31 December 2023, securities deposited at BNY Mellon Luxembourg as collateral for secured issuances amount to KEUR 5 865 142 (31 December 2022: KEUR 5 280 150).

As at 31 December 2023, the Company also issued Warrants for a total amount of KEUR 57 148 (31 December 2022: KEUR 1 025 105). Refer to Note 13 for further details on Off-balance sheet items related to the Warrants activity.

As at 31 December 2023, the impact of the offsetting of financial assets and financial liabilities (decrease in the balance sheet) is KEUR 27 385 976 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2022: KEUR 28 592 180) and KEUR 4 020 587 for the non-sold Warrants and the corresponding Options (31 December 2022: KEUR 4 462 437) (see Note 4.1).

The movements in financial liabilities at fair value through profit or loss were as follows:

	('000 EUR) Designated at fair value through profit or loss	('000 EUR) Trading derivatives	('000 EUR) Total
As at 1 January 2023	**38 754 129**	**1 025 105**	**39 779 234**
Acquisition	43 969 897	2 868 449	46 838 346
Cancelled/Liquidation/Maturity Disposal	(37 792 481)	(3 987 700)	(41 780 181)
Change in fair value and foreign exchange difference	4 974 318	(290 437)	4 683 881
Offsetting of Assets and Liabilities (Change)	1 206 203	441 731	1 647 934
As at 31 December 2023	**51 112 066**	**57 148**	**51 169 214**

NOTE 4 – FINANCIAL INSTRUMENTS (continued)

	('000 EUR) Designated at fair value through profit or loss	('000 EUR) Trading derivatives	('000 EUR) Total
As at 1 January 2022	**40 323 850**	**714 854**	**41 038 704**
Acquisition	40 391 104	35 350 594	75 741 697
Cancelled/Liquidation/Maturity Disposal	(42 594 180)	(37 050 667)	(79 644 846)
Change in fair value and foreign exchange difference	(5 685 692)	1 898 824	(3 786 868)
Offsetting of Assets and Liabilities (Change)	6 319 047	111 500	6 430 547
As at 31 December 2022	**38 754 129**	**1 025 105**	**39 779 234**

4.3 Financial liabilities measured at amortised cost

As at 31 December 2023 and 2022, financial liabilities at amortised cost are mainly composed of a convertible bond of KEUR 48 000, issued by the Company and fully subscribed by Société Générale Luxembourg, with maturity in 2024. Conversion may occur each year.

On this convertible bond, the Company pays to Société Générale Luxembourg both variable interests calculated on Euribor 3M plus a margin of 0.34% (total rate of 4.304% as at 31 December 2023) and activity related interests. Activity related interests means an amount equal to 100% of the activity related profit generated by the Company.

The convertible bond maturity shall be automatically extended by successive periods of one year, unless either the Issuer or the Holder has exercised its right to terminate the bond on the scheduled maturity date. The conversion option belongs to the Holder.

As at 31 December 2023, the Company also has amounts due to banks related to the Company's overdrafts current accounts for KEUR 7 (31 December 2022: KEUR 517).

NOTE 5 – LOANS AND RECEIVABLES

As at 31 December 2023 and 2022, loans and receivables only consist in deposits with Société Générale Luxembourg, which represent the reinvestment of the Company's share capital, reserves and other available funds.

As at 31 December 2022, expected credit losses calculated on loans and receivables in accordance with IFRS 9 amounted to KEUR 1. As at 31 December 2023, the diminution of the expected credit losses resulted in a reversal of the IFRS9 impairment amounting to KEUR 0, as presented in the Caption reversal of Cost of Risk in the Statements of Profit and Loss.

NOTE 6 – OTHER ASSETS AND OTHER LIABILITIES

As at 31 December 2023 and 2022, other assets and other liabilities are composed of settlement accounts, as presented below:

	('000 EUR) 31.12.2023	('000 EUR) 31.12.2022
Settlement accounts on securities transactions	1 926 198	159 410
Miscellaneous receivables	256 035	184 085
Total other assets	**2 182 233**	**343 495**

	('000 EUR) 31.12.2023	('000 EUR) 31.12.2022
Settlement accounts on securities transactions	1 931 936	164 000
Deferred income	5 218	2 950
Miscellaneous payables	258 347	193 281
Total other liabilities	**2 195 502**	**360 231**

Miscellaneous payables and receivables mainly consist of premium payables on Warrants and receivables on financial instruments replicating the Warrants issued.

NOTE 7 – TAXATION

The Company is liable for all taxes applicable to Luxembourg commercial companies.

Since 2007, the Company has been part of a tax integration group led by SG Luxembourg, as authorised by the article 164 bis LIR and has concluded a Tax Sharing Agreement (the "Agreement") with SG Luxembourg. Under the Agreement, the Company pays to SG Luxembourg, with respect to each financial year, an amount equal to the tax which would be levied on the profits of the Company in the absence of any tax consolidation with the Parent.

The rate of current tax applied as of 31 December 2023 is 22.95 % (31 December 2022: 24.94%). The current tax rate includes the corporate tax and the municipal tax.

For the year ended 31 December 2023, tax expenses amount to KEUR 16 (31 December 2022: KEUR 201).

NOTE 8 – SHAREHOLDERS' EQUITY

8.1 Share capital and share premium

On 30 November 2020, 100 shares were sold by SG Luxembourg to Société Générale for a total amount of EUR 4 000. SG Luxembourg still held 49 907 shares amounting to EUR 1 996 280 for which it waived its entire voting rights. As at 31 December 2021, the subscribed and fully paid share capital amounted to EUR 2 000 320, divided into 50 008 shares with nominal value of EUR 40 each.

By resolution adopted on 14 January 2022, the Executive Board decided to increase the capital of the Company from EUR 2 000 320 to EUR 2 000 360 by the issue of a new share with a nominal value of EUR 40, subscribed by SG Luxembourg. In the context of the capital increase, the 2021 activity related interests amounting to KEUR 28 244 have been allocated to the Share premium. It was then paid to the shareholders in June 2022.

NOTE 8 – SHAREHOLDERS' EQUITY (continued)

As at 31 December 2023, the subscribed and fully paid share capital is EUR 2 000 400, divided into 50 010 shares with nominal value of EUR 40 each.

The Company manages its capital to ensure it will be able to continue as a going concern. The capital amount may be increased, subject to the approval of the Shareholders, if the Company's activity evolves, incurring specific additional risks.

8.2 Reserves

8.2.1 Legal reserve

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

As at 31 December 2023 and 2022, the legal reserve amounts to KEUR 200.

8.2.2 Other reserves

Since 2013, the Company is fiscally integrated in its parent company Société Générale Luxembourg. Société Générale Luxembourg constitutes the Net Wealth Tax reserve for the Company. As a consequence, no additional Net Wealth Tax reserve has been constituted by the Company since 2013.

As at 31 December 2023, the amount of other reserves amounts is KEUR 0 (31 December 2022: KEUR (214)) and is mainly composed of the profit brought forward of KEUR 590 generated during the year ending as at 31 December 2022.

NOTE 9 – INTEREST INCOME AND EXPENSES

	('000 EUR) 31.12.2023	('000 EUR) 31.12.2022
Interest income on cash and cash equivalents	940	203
Interest income on loans and receivables	1 745	45
Total interest income	**2 685**	**248**
Interest expenses on financial liabilities at amortized cost (note 4.3)	(36 063)	(22 235)
Interest expenses on financial liabilities at fair value	(321)	(383)
Total interest expenses	**(36 384)**	**(22 618)**
Net interest margin	**(33 699)**	**(22 370)**

NOTE 10 – COMMISSION INCOME

Commission income can be broken down as follows:

	('000 EUR) 31.12.2023	('000 EUR) 31.12.2022
Issuing upfront fees on Notes	42 133	27 048
Servicing fees on Notes	5 089	6 728
Commission on Warrants	709	739
Commission income	**47 931**	**34 515**

As at 31 December 2023, KEUR 5 218 are retained as deferred income under the caption "other liabilities" (2022: KEUR 2 950) (cf. Note 6).

NOTE 11 – PERSONNEL EXPENSES

	('000 EUR) 31.12.2023	('000 EUR) 31.12.2022
Wages and salaries	(252)	(234)
Social charges and associated costs	(26)	(29)
Pension related costs	(25)	(16)
Total	**(303)**	**(279)**

The Company had 3 full-time equivalents during the year ended 31 December 2023 (2022: 3).

The annual cost of pension is calculated and invoiced by Société Générale Luxembourg, based on SG Luxembourg's group total cost of pensions and according to the number of the Company's full time equivalent employees.

NOTE 12 – OTHER OPERATING EXPENSES

	('000 EUR) 31.12.2023	('000 EUR) 31.12.2022
Issuance fees	(11 109)	(9 536)
Other operating charges	(2 454)	(2 081)
Total	**(13 563)**	**(11 617)**

Issues fees mainly consist of listing fees, collateral monitoring agent fees, maintenance of registers fees and trading fees.

Other operating charges are mainly composed of operating costs related to the Company (including audit fees) as well as activities outsourced to Société Générale S.A. and Société Générale Luxembourg.

Remuneration of the Réviseur d'entreprises agréé

NOTE 12 – OTHER OPERATING EXPENSES (continued)

The fees paid by the Company to its Réviseur d'entreprises agréé were as follows:

	('000 EUR) 31.12.2023	('000 EUR) 31.12.2022
Statutory audit of the financial statements	194	210
Other assurance services	39	42
Total	**233**	**252**

NOTE 13 – OFF-BALANCE SHEET

As at 31 December 2023, financial instruments to be issued (engagement taken before 31 December 2023 with value date after 31 December 2023) amount to KEUR 4 721 740 (31 December 2022: KEUR 3 383 129).

All the Warrants issued are fully hedged by concluding identically equipped OTC options with Société Générale.

NOTE 13 – OFF-BALANCE SHEET (continued)

Warrants issuance summary

The Warrants issued as at 31 December 2023 and 2022 break down as follows:

				31 December 2023			31 December 2022		
Warrant Type	**Category of Underlying**	**Type of Underlying**	**Option Type**	**Quantity**	**Notional ('000 EUR)**	**Fair Value ('000 EUR)**	**Quantity**	**Notional ('000 EUR)**	**Fair Value ('000 EUR)**
Basket warrant	Basket	Index	Call				-	-	-
Commodity Future Warrant	Future	Mutual Fund	Put				-	-	-
		Commodity Future	Call				-	-	-
			Put	-	-	-	1	10 501	6 350
Commodity Warrant	Commodity	Bruts	Call	-	-		6	502 194	-
		Index	Call				-	-	-
		Mutual Fund	Call				-	-	-
			Put				-	-	-
		Precious metals	Call				-	-	-
			Put				-	-	-
		Future Contract	Call				-	-	-
Currency Warrant	Currency	Currency	Call	42	317 609	-	-	-	-
			Put	47	271 723	-	-	-	-
Equity Warrant	Equity	American Depositary Receipt	Call				-	-	-
			Put				-	-	-
		Mutual Fund	Call	2	102 479	1	5	74 186	14
		Ordinary Share	Call	522	9 474 493	11 691	802	7 255 408	269 708
			Put	250	2 437 384	3 412	341	4 466 777	142 467
		Own Share	Call	-	-	-	-	-	-
			Put	-	-	-	-	-	-
		Preference	Call	-	-	-	-	-	-
			Put	-	-	-	-	-	-
		REIT	Call	-	-	-	1	32 817	13
	Fund	Mutual Fund	Put	1	30 883	-	-	-	-

The accompanying Notes are an integral part of these financial statements.

NOTE 13 – OFF-BALANCE SHEET (continued)

				31 December 2023			31 December 2022		
Warrant Type	**Category of Underlying**	**Type of Underlying**	**Option Type**	**Quantity**	**Notional ('000 EUR)**	**Fair Value ('000 EUR)**	**Quantity**	**Notional ('000 EUR)**	**Fair Value ('000 EUR)**
Real Estate Investment Trust	REIT	REIT	Call	-	-	-	-	-	-
			Put	-	-	-	-	-	-
Funds	Fund	Fund	Call	9	37 467	5 006	-	-	-
Index Warrant	Equity	Mutual Fund	Call	2	22 274	413	-	-	-
		Ordinary Share	Call	63	549 667	2 538	-	-	-
			Put	51	430 787	719	-	-	-
		Equity	Call	1	-	-	-	-	-
	Fund	Fund	Call	1	-	-	-	-	-
	Index	Index	Call	365	11 165 363	27 313	417	13 301 522	531 574
			Put	337	13 234 333	6 054	250	9 706 138	69 953
Fund Warrant	Fund	Mutual Fund	Call	-	-	-	5	165 377	12
			Put	-	-	-	-	-	-
		Fund	Call	1	-	-	16	194 050	4 834
Total Call				**1 008**	**21 669 353**	**46 963**	**1 252**	**21 525 553**	**806 335**
Total Put				**686**	**16 405 110**	**10 185**	**592**	**14 183 416**	**218 770**
Total Warrants				**1 694**	**38 074 464**	**57 148**	**1 844**	**35 708 969**	**1 025 105**

The accompanying Notes are an integral part of these financial statements.

NOTE 14 – RISK MANAGEMENT

The Company and several of its service providers are subsidiaries of the Société Générale Group and therefore benefit from Société Générale's internal control systems.

14.1 Market risk

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

The Company issues Notes and Warrants. The Notes are systematically hedged with FFS concluded with Société Générale, with strictly identical characteristics. In the same way, the Warrants issued are hedged with Options concluded with Société Générale, with strictly identical characteristics.

The risks associated with the investment in the Notes and Warrants depend on several factors. Such factors vary depending on the characteristics of the Notes and Warrants issued, in particular depending on the underlying, the maturity of the Notes, the Secured / Unsecured status of the Notes, the interest rates incurred, the volatility of the underlying, etc.

The main risks in relation to investments in Notes and Warrants issued by the Company are described in the Base Prospectus under the section "Risk Factor".

Because of its structure (perfect match between the assets and the liabilities), the impact of an immediate change of a market parameter would have no consequence on the net profit of the Company.

The Company is also exposed to structural interest rate risk, namely through the following transactions: reinvestment of available equity by participating interests or loans to the Company's treasury (SG Luxembourg) with hedged interest rate risk. The structural interest rate risk is monitored via the sensitivity of the economic value of the positions measured through modified duration.

Modified duration is calculated based on the change in the net present value of positions subsequent to a 1% change in the rate curve. Exposure monitoring is based on the determination of modified duration over the short (up to one year), medium (one to five years) and long (more than five years) term.

14.2 Credit risk

Credit risk is the risk that a third party will not be able to meet its contractual obligation.

The Company only contracts financial instruments with SG Luxembourg and Société Générale. Therefore, the credit risk of the Company is limited to the credit risk on SG Luxembourg and Société Générale. Should this situation evolve, specific limits would be proposed to limit the credit risk incurred.

As at 31 December 2023 and 2022, no financial assets were past due nor impaired.

All the Notes and Warrants issued by the Company benefit from a guarantee provided by Société Générale, meaning that payments in respect of the instruments issued by the Company are unconditionally and irrevocably guaranteed by Société Générale (the Guarantor).

As at 31 December 2023, the rating of Société Générale is A from Standard & Poor's and A1 from Moody's.

NOTE 14 – RISK MANAGEMENT (continued)

14.3 Interest rate risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the value of the assets and liabilities of the Company. Due to the financial instruments contracted by the Company with Société Générale to hedge the financial instruments issued, the Company is not significantly exposed to interest rate risk.

14.4 Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet the payment obligations associated with its financial liabilities when they fall due.

The Company does not face any material liquidity risk thanks to the perfect replication between the contractual obligations of:

- The financial instruments issued by the Company; and
- The financial assets replicating the financial instruments issued by the Company.

Analysis per remaining contractual maturities

As at 31 December 2023, analysis per remaining contractual maturities is as follows:

31.12.2023 - EUR' 000	**< 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**> 5 years**	**Without fixed maturity**	**Total**
Cash and cash equivalents	42 010	-	-	-	-	42 010
Financial assets at fair value through profit or loss						
- *Mandatorily at fair value through profit or loss*	4 125 291	6 937 558	19 617 291	20 437 952	-	51 118 092
- *Trading derivatives*	7 211	25 313	24 793	-	-	57 316
Loans and receivables	48 035	200	800	1 000	-	50 035
Other assets	2 182 233	-	-	-	-	2 182 233
Total assets	**6 404 779**	**6 963 071**	**19 642 884**	**20 438 952**	**-**	**53 449 686**
Financial liabilities at amortised cost	331	82 410	-	-	-	82 741
Financial liabilities at fair value through profit or loss						
- *Designated at fair value through profit or loss*	4 129 857	6 936 107	19 615 243	20 430 859	-	51 112 066
- *Trading derivatives*	6 902	25 246	25 000	-	-	57 148
Other liabilities	2 195 502	-	-	-	-	2 195 501
Tax liabilities	13	-	-	-	-	13
Total liabilities	**6 332 604**	**7 043 763**	**19 640 244**	**20 430 859**	**-**	**53 447 470**

NOTE 14 – RISK MANAGEMENT (continued)

As at 31 December 2022 analysis per remaining contractual maturities is as follows:

31.12.2022 - EUR' 000	< 3 months	From 3 months to 1 year	From 1 to 5 years	> 5 years	Without fixed maturity	Total
Cash and cash equivalents	36 176	-	-	-	-	36 176
Financial assets at fair value through profit or loss						
- *Mandatorily at fair value through profit or loss*	3 359 065	5 269 282	16 320 598	13 808 979	-	38 757 924
- *Trading derivatives*	441 726	357 417	226 066	-		1 025 209
Loans and receivables	48 023	200	800	1 000	-	50 023
Other assets	343 495	-	-	-	-	343 495
Total assets	**4 228 485**	**5 626 899**	**16 547 464**	**13 809 979**	**-**	**40 212 827**
Financial liabilities at amortised cost	517	70 068	-	-	-	70 585
Financial liabilities at fair value through profit or loss						
- *Designated at fair value through profit or loss*	3 360 079	5 220 409	16 334 968	13 838 673	-	38 754 129
- *Trading derivatives*	441 621	357 417	226 067	-	-	1 025 105
Other liabilities	360 231	-	-	-	-	360 231
Tax liabilities	-	201	-	-	-	201
Total liabilities	**4 162 448**	**5 648 095**	**16 561 035**	**13 838 673**	**-**	**40 210 251**

14.5 Fair Value measurement

According to the fair value hierarchy established by IFRS 13, Level 3 (L3) comprises products valued using inputs that are not based on observable market data (referred to as unobservable inputs).

For these products, fair value is determined using models based on valuation techniques commonly used by market participants to measure financial instruments, such as discounted future cash flows for Notes or the Black & Scholes formula for certain options and using valuation parameters that reflect current market conditions as at the statement of financial position date. These valuation models are validated independently by the experts from the Market Risk Department of the Group's Risk Division.

Furthermore, the parameters used in the valuation models, whether derived from observable market data or not, are checked by the Finance Division of Société Générale, in accordance with the methodologies defined by the Market Risk Department.

The Notes and the related FFS are classified as Level 3 when the valuation of the associated embedded derivatives (underlying of the Notes) is also based on unobservable market data.

On each element of an identified list of unobservable parameters, it comes to determining the uncertainty of marking, and cross sensitivities with this uncertainty for a confidence interval of the value of the positions.

In parallel, marking the levels of each of these parameters is collected and reported in the Note.

The methods for determining the level of uncertainty, as well as calculating the confidence interval from sensibilities depend on each parameter.

NOTE 14 – RISK MANAGEMENT (continued)

Transfers from Level 2 to Level 3 are determined at the end of each month and occur in case of a modification within a parameter (e.g. no longer linked to the deal, modification of the observability rule of the parameter)

Estimates of Level 3 instruments and other most significant unobservable inputs as at 31 December 2023 (by type of underlyings):

Type of underlyings	Assets In million EUR	Liabilities In million EUR	Main products	Valuation techniques used	Significant unobservable inputs	Range of unobservable inputs Min & Max
Equity / funds	17 159	17 154	Simple and complex derivatives on funds, equities or baskets on stocks	Various option models on funds, equities or baskets on stocks	Equity volatilities	[1.0% ; 623.3%]
					Equity dividends	[0.0% ; 16.0%]
					Unobservable correlations	[-80.1% ; 99.9 %]
					Hedge funds volatilities	[7.6% ; 7.6%]
					Mutual funds volatilities	[1.7% ; 26.8%]
Rates and Forex	5 913	5 913	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	[-80.00% ; 85.0%]
			Forex derivatives	Forex option pricing models	Forex volatilities	[1.0% ; 31.0%]
			Interest rate derivatives whose notional is indexed on the prepayment behaviour on European collateral pools	Prepayement modeling	Constant prepayment rates	[0.0% ; 20.0%]
			Inflation instruments and derivatives	Inflation pricing models	Inflation/ inflation correlations	[72.0% ; 90.0%]
Credit	3 901	3 901	Collateralized Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations	[0% ; 100%]
					Recovery rate variance for single name underlyings	[0% ; 100%]
			Other credit derivatives	Credit default models	Time to default correlations	[0% ; 100%]
					Quanto correlations	[0% ; 100%]
					Unobservable credit spreads	[0.0 bps ; 82.4 bps]
Commodity	-	-	Derivatives on commodities baskets	Option models on commodities	Commodities correlations	0
Total	**26 973**	**26 968**				

NOTE 14 – RISK MANAGEMENT (continued)

Unobservable inputs add a degree of uncertainty in the valuation of Level 3 instruments. However, by its very nature, and considering mirror transactions are concluded with Société Générale to hedge the financial liabilities issued by the Company, the Company has no market risk exposure. The impact of an immediate change in an unobservable parameter would have no consequence on the net profit or net equity of the Company. Moreover, changes in an unobservable parameter would have by underlying a minor effect on both assets and liabilities.

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

31.12.2023 – EUR' 000	**Carrying amount**	**Fair value**
Cash and cash equivalents	42 010	42 010
Financial assets at fair value through profit or loss		
- *Mandatorily at fair value through profit or loss*	51 118 092	51 118 092
- *Trading derivatives*	57 316	57 316
Loans and receivables *	50 035	49 915
Other assets	2 182 233	2 182 233
Total assets	**53 449 686**	**53 449 566**
Financial liabilities at amortised cost *	82 741	82 744
Financial liabilities at fair value through profit or loss		
- *Designated at fair value through profit or loss*	51 112 066	51 112 066
- *Trading derivatives*	57 148	57 148
Other liabilities	2 195 501	2 195 501
Tax liabilities	13	13
Total liabilities	**53 447 470**	**53 447 473**

31.12.2022 - EUR' 000	**Carrying amount**	**Fair value**
Cash and cash equivalents	36 176	36 176
Financial assets at fair value through profit or loss		
- *Mandatorily at fair value through profit or loss*	38 757 924	38 757 924
- *Trading derivatives*	1 025 209	1 025 209
Loans and receivables *	50 023	49 873
Other assets	343 495	343 495
Total assets	**40 212 827**	**40 212 677**
Financial liabilities at amortised cost *	70 585	70 602
Financial liabilities at fair value through profit or loss		
- *Designated at fair value through profit or loss*	38 754 129	38 754 128
- *Trading derivatives*	1 025 105	1 025 105
Other liabilities	360 231	360 232
Tax liabilities	201	201
Total liabilities	**40 210 251**	**40 210 268**

NOTE 14 – RISK MANAGEMENT (continued)

* For Loans and receivables and Financial liabilities at amortised cost, the fair values are calculated by discounting the expected future cash flows under a EUR risk free curve adjusted with Société Générale Group credit spread curve (EUR swap curve from Bloomberg and Société Générale credit spread curve provided by Risk department Paris). Determining fair value is dependent on many factors and can be an estimate of what value may be obtained in the open market at any point in time.

The fair value hierarchy of IFRS 13

As at 31 December 2023, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

31.12.2023 - EUR' 000	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
- ***Mandatorily at fair value through profit or loss***		**24 163 037**	**26 955 055**	**51 118 092**
Commodities instruments	-	5 139	-	5 139
Credit derivatives/securities	-	1 095 924	3 611 352	4 707 276
Equity and index securities	-	17 428 536	17 146 422	34 574 958
Foreign exchange instruments/securities	-	847 056	330 314	1 177 370
Interest rate instruments/securities	-	4 652 926	5 582 430	10 235 356
Other financial instruments	-	133 456	284 537	417 993
- **Trading derivatives**		**39 589**	**17 727**	**57 316**
Equity and Index instruments	-	34 167	12 848	47 015
Foreign exchange instruments / securities	-	-	-	-
Other financial instruments	-	5 422	4 879	10 301
Financial liabilities at fair value through profit or loss				
- **Designated at fair value through profit or loss**		**24 163 037**	**26 949 029**	**51 112 066**
Commodities instruments	-	5 139	-	5 139
Credit derivatives/securities	-	1 095 924	3 611 352	4 707 276
Equity and index securities	-	17 427 697	17 140 396	34 568 093
Foreign exchange instruments/securities	-	847 056	330 314	1 177 370
Interest rate instruments/securities	-	4 652 926	5 582 430	10 235 356
Other financial instrument	-	134 295	284 537	418 832
- **Trading derivatives**		**39 024**	**18 124**	**57 148**
Equity and Index instruments	-	38 611	13 118	51 729
Foreign exchange instruments / securities	-	-	-	-
Other financial instruments	-	413	5 006	5 419

NOTE 14 – RISK MANAGEMENT (continued)

As at 31 December 2022, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

31.12.2022 - EUR' 000	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
- ***Mandatorily at fair value through profit or loss***		**13 596 360**	**25 161 564**	**38 757 924**
Commodities instruments	-	30 733	-	30 733
Credit derivatives/securities	-	803 553	3 465 041	4 268 594
Equity and index securities	-	8 793 626	17 551 097	26 344 723
Foreign exchange instruments/securities	-	629 111	259 004	888 115
Interest rate instruments/securities	-	3 212 257	3 643 974	6 856 231
Other financial instruments	-	127 080	242 448	369 528
- **Trading derivatives**		**1 000 904**	**24 306**	**1 025 209**
Equity and Index instruments	-	994 397	17 630	1 012 027
Foreign exchange instruments / securities	-	-	-	-
Other financial instruments	-	6 507	6 676	13 182
Financial liabilities at fair value through profit or loss				
- **Designated at fair value through profit or loss**		**13 592 564**	**25 161 564**	**38 754 129**
Commodities instruments	-	30 733	-	30 733
Credit derivatives/securities	-	803 734	3 465 041	4 268 775
Equity and index securities	-	8 791 638	17 551 097	26 342 735
Foreign exchange instruments/securities	-	629 220	259 004	888 224
Interest rate instruments/securities	-	3 210 159	3 643 974	6 854 133
Other financial instrument	-	127 080	242 448	369 529
- **Trading derivatives**		**1 000 799**	**24 306**	**1 025 105**
Equity and Index instruments	-	994 292	17 630	1 011 922
Foreign exchange instruments / securities	-	-	-	-
Other financial instruments	-	6 507	6 676	13 183

NOTE 14 – RISK MANAGEMENT (continued)

The following table describes the variation in Level 3 by financial instruments (in KEUR):

Financial liabilities at fair value through profit or loss	Balance at 01.01.2023	Acquisitions (Issuance)	Change in fair value	Reimbursements	Transfers from L2 to L3	Transfers from L3 to L2	Offsetting of the assets and liabilities	Balance 31.12.2023
Designated at fair value through P&L	**25 161 564**	**8 669 759**	**(2 681 285)**	**(2 791 786)**	**58 227**	**(4 355 907)**	**2 888 409**	**26 948 981**
Equity and index instrument	17 551 097	5 591 484	3 561 408	(10 859 490)	35 592	(4 194 698)	5 454 954	**17 140 347**
Commodity instruments	-	-	-	-	-	-	-	-
Credit derivatives	3 465 041	921 363	(4 646 477)	3 917 299	23 466	(138 201)	68 863	**3 611 354**
Foreign exchange instruments	259 004	176 752	(103 001)	(24 028)	1 003	(3 937)	24 520	**330 313**
Interest rate instruments	3 643 974	1 833 905	(1 465 856)	4 264 285	(1 834)	(13 175)	(2 678 869)	**5 582 430**
Others financial instruments	242 448	146 255	(27 359)	(89 852)	-	(5 896)	18 941	**284 537**
Trading derivatives	**24 306**	**18 124**	**43 046**	**(2 595 349)**	-	-	**2 527 997**	**18 124**
Equity and index instruments	17 630	13 118	32 988	(2 786 943)	-	-	2 736 325	**13 118**
Foreign exchange instruments	-	-	-	-	-	-	-	-
Other financial instruments	6 676	5 006	10 058	191 594	-	-	(208 328)	**5 006**

The above figures are valued on the liabilities side at fair value through profit or loss. Variations of Level 3 of financial instruments in assets are not presented because the figures are similar.

Transfers from Level 3 to Level 2
The consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For high maturities, these consensus data are not observable. This is the case for the implied volatility used for the valuation of options with maturities of more than five years. However, when the residual maturity of the instrument falls below five years, its fair value becomes sensitive to observable parameters.

Transfers from Level 2 to Level 3

Transfers from Level 2 to Level 3 can occur in case of a modification within a parameter (no longer linked to the deal, modification of the observability rule of the parameter, etc...).

14.6 Operational risk

Operational risk is the risk of loss or fraud caused by defects or failures in internal procedures or systems, human error or external events, including IT risk and management risk. Particular attention is paid to compliance risk, which receives enhanced monitoring.

NOTE 14 – RISK MANAGEMENT (continued)

The Company participates in the effort to strengthen the management and monitoring of operational risk led by the Société Générale Group. This effort is guided by the Operational Risk Department, which reports to the Société Générale Group Risk Department, and is relayed by different Group operational risk monitoring units responsible for implementing the policies and directives issued by the Société Générale Group and monitoring and controlling operational risks.

The monitoring arrangement mainly relies on four processes supervised by the operational risk departments: periodic risk and control self-assessment (RCSA), collect of internal data on losses due to operational errors with exhaustive real-time reporting of incidents, pattern analyses, and permanent control system.

These procedures are supplemented by a crisis management unit and a business continuity plan.

NOTE 15 – RELATED PARTIES

During the year, the Company entered into transactions with related parties. Those transactions along with related balances as at 31 December 2023 and 2022 are presented below. Related parties are considered to be a party that has the ability to control the Company or exercise significant influence over the Company in making financial or operational decisions. The Company has a related party relationship with SG Luxembourg, its parent company (SG) and with its Executive Board Members, Supervisory Board Members and Executive Officers. As disclosed below in the table, the Company entered into transactions with SG Luxembourg, its parent company (SG) and other SG Group entities.

The issued Notes are sold to Société Générale as market maker, such Notes being expected to be subscribed *in fine* by third party investors, either for their own account or via distribution network. Moreover, all Notes are guaranteed by Société Générale.

Also, the Company borrows securities from Société Générale, which serve as collateral for the secured Notes issued by the Company.

NOTE 15 – RELATED PARTIES (continued)

As at 31 December 2023 **EUR' 000**	**Société Générale (Parent Company)**	**SG Luxembourg**	**Other SG Group entities**
Cash and cash equivalents	38 451	2 002	704
Financial assets at fair value through profit or loss			
- *Mandatorily at fair value through profit or loss*	51 118 092	-	-
- *Trading derivatives*	57 316	-	-
Loans and receivables	-	50 035	-
Other assets	2 182 232	-	-
Total assets	**53 396 091**	**52 037**	**704**
Financial liabilities at amortised cost	294 444	84 679	314 875
Financial liabilities at fair value through profit or loss			
- *Designated at fair value through profit or loss**	-	-	-
- *Trading derivatives**	-	-	-
Other liabilities	256 240	2 108	-
Tax liabilities	-	-	-
Total liabilities	**550 684**	**86 787**	**314 875**
Interest income	-	1 745	-
Commission income	47 931	-	-
Total revenues	**47 931**	**1 745**	**-**
Interest expenses	-	(38 331)	-
Personnel expenses	-	(303)	-
Other operating charges	(1 049)	(5 468)	-
Total expenses	**(1 049)**	**(44 102)**	**-**
Total comprehensive income for the financial year	**46 882**	**(42 357)**	**-**
Financial commitments	**4 721 740**	**-**	**-**
			-
Financial commitments-collateral to be returned	**5 865 142**	**-**	**-**

*The financial liabilities at fair value through profit or loss appearing on the statement of financial position are the financial instruments issued by the Company and subscribed by investors, who are not related parties.

NOTE 15 – RELATED PARTIES (continued)

As at 31 December 2022 EUR' 000	Société Générale (Parent Company)	SG Luxembourg	Other SG Group entities
Cash and cash equivalents	33 211	1 363	20
Financial assets at fair value through profit or loss			
- *Mandatorily at fair value through profit or loss*	38 757 924	-	-
- *Trading derivatives*	1 025 210	-	-
Loans and receivables	-	50 023	-
Other assets	343 495	-	-
Total assets	**40 159 840**	**51 386**	**20**
Financial liabilities at amortised cost	26	70 069	517
Financial liabilities at fair value through profit or loss			
- *Designated at fair value through profit or loss**	-	-	-
- *Trading derivatives**	-	-	-
Other liabilities	347 975	5 616	-
Tax liabilities	-	-	-
Total liabilities	**348 001**	**75 685**	**517**
Interest income	5	255	-
Commission income	34 515	-	-
Total revenues	**34 520**	**255**	**-**
Interest expenses	(107)	(20 280)	-
Personnel expenses	-	(279)	-
Other operating charges	(836)	(6 014)	(1 343)
Total expenses	**(943)**	**(26 573)**	**(1 343)**
Total comprehensive income for the financial year	**33 577**	**(26 318)**	**(1 343)**
Financial commitments	**3 383 129**	**-**	**-**
Financial commitments-collateral to be returned	**5 280 150**	**-**	**-**

* The financial liabilities at fair value through profit or loss appearing on the statement of financial position are the financial instruments issued by the Company and subscribed by investors, who are not related parties.

NOTE 16 – REMUNERATION, ADVANCES AND LOANS GRANTED TO MEMBERS OF THE ADMINISTRATIVE OR SUPERVISORY BODY

The independent director of the Company, earned a remuneration of EUR 28 000 for his services related to the year ended 31 December 2023 (31 December 2022: EUR 28 000).

As at 31 December 2023 and 2022, no other payment, advance or loans were given to members of the administrative or supervisory body.

NOTE 17 – INFORMATION ON LITIGATIONS

During the year ended 31 December 2020, SG Issuer, as the Issuer of Notes linked to the credit risk of a French corporate, and Société Générale, as the Guarantor, were brought before the Courts of Paris (alongside other French financial institutions) by end investors to obtain compensation for the financial loss they suffered on their investment in these securities. The French corporate was the subject of a "safeguard procedure", which constitutes a credit event under the terms of the Notes which had a strong impact on the value of the Notes. These investors rely on unfounded allegations according to which SG Issuer and Société Générale were aware of the difficulties of the French corporate when setting up and marketing these Notes and that in doing so, they failed to meet their regulatory obligations (to act in an honest, fair and professional manner, to provide information on the product risks and to determine the suitability of the Notes for retail investors).

On 27 July 2021, the Company received a new letter from end investors in order to obtain compensation for the financial loss they suffered on their investment in securities issued by the Company. This letter relates to the same litigation described above.

For this litigation, along with any other litigation relating to securities issued by SG Issuer, SG Issuer is entitled to an indemnification by Société Générale in respect of any sum due by SG Issuer regarding potential damages or attorneys' fees. There are no decisions to be made in 2023 concerning the current litigation. Litigation is in progress with the courts.

NOTE 18 – SUBSEQUENT EVENTS

By resolution adopted on 15 January 2024, the Executive Board decided to increase the capital of the Company from EUR 2 000 400 to EUR 2 000 440 by the issue of a new share with a nominal value of EUR 40, subscribed by Société Générale Luxembourg S.A.. After this increase, the subscribed and fully paid share capital is EUR 2 000 440, divided into 50 011 shares with a nominal value of EUR 40 each. Such increase resulted in an allocation of EUR 34 360 868,70 to the share premium account.

APPENDIX III

REPRODUCTION OF THE PRESS RELEASE DATED 3 MAY 2024 CONTAINING THE GUARANTOR'S CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2024

The information set out below is a reproduction of the press release dated 3 May 2024 containing the Guarantor's consolidated financial results for the first quarter ended 31 March 2024.

SOCIETE GENERALE

RESULTS AT 31 MARCH 2024

Press release
Paris, 3 May 2024

QUARTERLY RESULTS

Quarterly revenues of EUR 6.6 billion, stable vs. Q1 23 (-0.4%), driven by very good performances of Global Banking and Investor Solutions, Private Banking and International Retail Banking, an increase in revenues and net interest income in France compared with Q4 23, despite a shift from sight deposits to remunerated savings, and a stabilisation of margins as well as the normalisation of used car sales' results at Ayvens

Cost-to-income ratio at 74.9% in Q1 24, operating expenses down -1.5% vs. Q1 23, transformation charges of around EUR 350 million

Cost of risk at 27 basis points in Q1 24, provision outstanding on performing loans of EUR 3.3[1] billion

Group net income of EUR 680 million

Reported ROTE at 4.1%

SOLID CAPITAL AND LIQUIDITY PROFILE

CET 1 ratio of 13.2%[2] at end-Q1 24, around 300 basis points above the regulatory requirement

Liquidity Coverage Ratio at 159% at end-Q1 24

Provision for distribution of EUR 0.32[3] per share, at end-March 2024

Launch after the AGM of the 2023 share buy-back programme of around EUR 280 million

ACHIEVEMENTS IN THE EXECUTION OF THE STRATEGIC ROADMAP

Agreements for the disposals of Societe Generale Equipment Finance[4], Société Générale Marocaine de Banques and La Marocaine Vie[5]

Streamlining project of the French head office to simplify its operations and structurally improve its operating efficiency

Launch of Bernstein, a new leader in research and cash equities, allowing the Group to offer its clients a wide range of international services on the whole equity value chain

Slawomir Krupa, the Group's Chief Executive Officer, commented:
"We are progressing in the execution of our strategic plan. Our operating performance improved thanks to a strong contribution from Global Banking and Investor Solutions and solid revenues from International Retail Banking. The rebound of retail banking in France is underway with an increase in the net interest income compared to last quarter, despite an increase in deposit beta in the French market. Similarly, the stabilisation of Ayvens's margins has already begun, in a context of normalisation of used car sales prices. Costs are under control, in line with the trajectory presented at our Capital Markets Day. Our capital position is stronger. In terms of strategic initiatives, we launched the Bernstein joint venture, creating a new leader in research and cash equity and we announced the planned disposals of Societe Generale Equipment Finance and subsidiaries in Morocco. These first positive results demonstrate the mobilisation of all the teams to shape a more synergetic and efficient model, a source of sustainable profitability."

[1] Excluding SG Equipment Finance, SG Marocaine de Banques and La Marocaine Vie in application of IFRS 5 accounting norm

[2] Phased-in ratio, proforma including Q1 24 results

[3] Based on a pay-out ratio of 50% of the Group net income, at the high-end of the 40%-50% payout ratio, as per regulation, restated from non-cash items and after deduction of interest on deeply subordinated notes and undated subordinated notes

[4] As announced in the press release dated 11 April 2024

[5] As announced in the press release dated 12 April 2024

1. GROUP CONSOLIDATED RESULTS

In EURm	Q1 24	Q1 23	Change	
Net banking income	6,645	6,671	-0.4%	-4.8%*
Operating expenses	(4,980)	(5,057)	-1.5%	-6.3%*
Gross operating income	1,665	1,614	+3.2%	+0.0%*
Net cost of risk	(400)	(182)	x 2.2	x 2.1*
Operating income	1,265	1,432	-11.7%	-15.1%*
Net profits or losses from other assets	(80)	(17)	n/s	n/s
Income tax	(274)	(328)	-16.4%	-12.2%*
Net income	917	1,092	-16.0%	-22.8%*
O.w. non-controlling interests	237	224	+5.8%	-12.8%*
Group net income	680	868	-21.7%	-25.5%*
ROE	3.6%	5.0%		
ROTE	4.1%	5.7%		
Cost to income	74.9%	75.8%		

Asterisks* in the document refer to data at constant perimeter and exchange

Societe Generale's Board of Directors, which met on 2 May 2024 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q1 24.

Net banking income

Net banking income stood at EUR 6.6 billion, globally stable vs. Q1 23 (-0.4%).

Revenues of **French Retail, Private Banking and Insurance** were down by -3.5% vs. Q1 23 at EUR 2.0bn in Q1 24. The net interest income continued to be impacted by short-term hedges (around EUR -0.3 billion) and by the shift from sight deposits to financial savings and interest-bearing deposits which share continues to increase. Assets under management from **Private Banking and Insurance** strongly increased which contributed to higher financial fees for the pilar by around +10% in Q1 24 vs. same quarter of last year. Lastly, **BoursoBank** pursues its strong growth with 457k new clients in Q1 24 and a cost of acquisition which still weighs on service fees.

Global Banking and Investor Solutions posted a solid performance, with quarterly revenues of EUR 2.6 billion, down -5.1% relative to a historically high Q1 23 performance. Revenues **at Global Markets and Investor Services** were down by -8.8% vs. Q1 23 owing notably to Global Markets which posted however very solid revenues at EUR 1.6bn, down by -7.0% compared to a high Q1 23 base. This decline lies with fixed-income activities, down by -17% amid less conducive market conditions than last years, equity activities posting a higher performance by +3% thanks notably to strong results of equity derivatives. The **Financing and Advisory** business posted solid revenues of EUR 859 million, up by +3.5% in Q1 24 vs. Q1 23, with strong activity in Asset Finance, good commercial momentum in Natural Resources and a rebound in Debt Capital Markets, while volumes remain low in merger and acquisition activities as well as in Equity Capital Markets. **Global Transaction & Payment Services**' revenues were up by +7.8% relative to Q1 23, driven by a robust commercial performance and higher margins in Cash Management activities.

International Retail, Mobility and Leasing Services' revenues increased by +3.9% vs. Q1 23. Those of **International Retail Banking** stood at EUR 1.0 billion, which is stable compared to the Q1 23 performance, on the back of robust commercial activity in both regions. Revenues for the **Mobility and Leasing Services** businesses grew by +8.1%, mainly due to the EUR 417 million contribution from LeasePlan, while Ayvens' margins continued to stabilise and the used car sale's market keeps on normalising.

The **Corporate Centre** recorded revenues of EUR -137 million in Q1 24.

Operating expenses

Operating expenses came to EUR 4,980 million in Q1 24, down -1.5% vs. Q1 23. The cost-to-income ratio stood at 74.9%, down relative to Q1 23 (75.8%) and Q4 23 (78.3%).

They include EUR 254 million for the integration of LeasePlan and EUR 352 million in transformation costs, up EUR +106 million compared to Q1 23, notably due to transformation plan in the French head office, the transformation of Ayvens following the LeasePlan acquisition, as well as the ongoing projects in Global Banking and Investor Solutions. The Group recorded EUR 302 million in IFRIC 21 charges in Q1 24, down by EUR -608 million relative to Q1 23 as a result of the end of the contribution to the Single Resolution Fund. Restated from these items, the operating expenses increased moderately by EUR +171 million in Q1 24 vs. Q1 23 (by ~+3.4%, a level below inflation for the period).

Cost of risk

The cost of risk stood at 27 basis points in Q1 24, or EUR 400 million, which is within the guidance of between 25 and 30 basis points for 2024. It breaks down as a EUR 499 million provision for doubtful loans (around 34 basis points) which includes the impact of the entry into defaults of several market-specific files in France and a EUR -99 million reversal of performing loan outstanding (around -7 basis points), notably related to reversals on the Russian offshore portfolio that is continuing to amortise.

The Group's provisions on performing loans amounted to EUR 3,286 million, down EUR -286 million relative to 31 December 2023, mainly due to the application of IFRS 5 accounting norms for activities under disposal.

The gross coverage ratio stood at 2.85%[1], at 31 March 2024. The net coverage ratio on the Group's non-performing loans stood at 82%[2] at 31 March 2024 (after netting of guarantees and collateral). At 31 March 2024, the Group again reduced its offshore exposure to Russia to around EUR 0.7 billion of EAD (Exposure at Default), compared with EUR 0.9 billion at end 2023 (-22%). The maximum risk exposure on this portfolio is estimated at around EUR 0.2 billion before provision. Total provisions stood at EUR 0.1 billion at end-March 2024. Furthermore, the Group divested the LeasePlan subsidiary in Russia in February 2024 and no longer operates any business locally in the country.

Net profits or losses from other assets

Pursuant notably to IFRS 5, the Group recorded in Q1 24 a net loss from other assets of EUR 84 million in the Corporate Centre mainly following the announcement of the agreement for the disposals of Société Générale Marocaine de Banques, including its subsidiaries and La Marocaine Vie[3].

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[1] Ratio calculated according to European Banking Authority (EBA) methodology published on 16 July 2019, excluding loans outstanding of companies currently being disposed of in compliance with IFRS 5 (in particular Société Générale Equipment Finance, SG Marocaine de Banques and La Marocaine Vie)

[2] Sum of S3 provisions guarantees and collateral divided by gross book value of NPL

[3] As announced in the press release dated 12 April 2024

Group net income

Group net income stood at EUR 680 million in Q1 24[1], i.e. Return on Tangible Equity (ROTE) of 4.1%.

Financial structure

At 31 March 2024, the Group's **Common Equity Tier 1** ratio stood at 13.2%[2], or around 300 basis points above the regulatory requirement. Likewise, the Liquidity Coverage Ratio (LCR) was well above regulatory requirements at 159% at end-March 2024 (an average of 167% for the quarter), while the Net Stable Funding Ratio (NSFR) stood at 117% at end-March 2024.

All liquidity and solvency ratios are well above the regulatory requirements.

	31/03/2024	31/12/2023	Requirements
CET 1[(1)]	13.2%	13.1%	10.22%
CET 1 fully loaded	13.2%	13.0%	10.22%
Tier 1 ratio[(1)]	15.8%	15.6%	12.14%
Total Capital[(1)]	18.7%	18.2%	14.71%
Leverage ratio	4.2%	4.3%	3.6%
TLAC (%RWA) [(1)]	32.5%	31.9%	22.28%
TLAC (%leverage) [(1)]	8.6%	8.7%	6.75%
MREL (%RWA)[(1)]	34.2%	33.7%	27.24%
MREL (%leverage)[(1)]	9.1%	9.2%	6.08%
End of period LCR	159%	160%	>100%
Period average LCR	167%	155%	>100%
NSFR	117%	119%	>100%

In EURbn	31/03/2024	31/12/2023
Total consolidated balance sheet	1,591	1,554
Group shareholders' equity	67	66
Risk-weighted assets	388	389
o.w credit risk	326	326
Total funded balance sheet[3]	961	970
Customer loans	468	497
Customer deposits	606	618

As of 18 April 2024, the parent company had issued a total of EUR 28.5 billion in medium/long-term debt, of which EUR 17.4 billion of vanilla notes. The subsidiaries had issued EUR 3.3 billion. In all, the Group has issued a total of EUR 31.8 billion in medium/long-term notes.

The Group is rated by four rating agencies: (i) FitchRatings - long-term rating "A-", positive outlook, senior preferred debt rating "A", short-term rating "F1" (ii) Moody's - long-term rating (senior preferred debt) "A1", stable outlook, short-term rating "P-1" (iii) R&I - long-term rating (senior preferred debt) "A", stable outlook; and (iv) S&P Global Ratings - long-term rating (senior preferred debt) "A", stable outlook, short-term rating "A-1".

[1] After recognition of a quarterly income tax of EUR 274m, adjusted based on an estimated annual Effective Tax Rate of around 23%, in application of IFRS 34

[2] Phased-in ratio, proforma including Q1 24 results

[3] Items restated in application of IFRS 5 regarding the announced disposals of SG Equipment Finance and Moroccan activities have been netted in "Other assets" (EUR 22bn in customer loans and EUR 9bn in client deposits)

Societe Generale has set itself a new alignment target on the aviation sector as part of its work with the Net Zero Banking Alliance (NZBA). The Group is targeting a -18% reduction in carbon emissions intensity by 2030 vs. 2019 (i.e., 775g of CO_2e per RTK in 2030 vs. 943g CO_2e per RTK in 2019), the base year selected to eliminate the effects of the Covid crisis on aviation transport, using the Pegasus Guidelines methodology[12].

Societe Generale is a founding member of the Pegasus Guidelines, in partnership with RMI (Rocky Mountain Institute) and four other banks. This first-of-its-kind framework enables banks to measure and disclose their aviation lending portfolios' emissions in a consistent and comprehensive manner.

Furthermore, BRD and International Finance Corporation (IFC), a member of the World Bank Group, completed a landmark synthetic risk transfer (SRT) transaction: IFC will provide a risk guarantee on a portfolio of small and medium enterprises (SMEs) granted by BRD. This transaction is part of the agreement signed in early 2024 between Societe Generale and IFC to strengthen support for sustainable finance projects and contribute to the United Nations' Sustainable Development Goals (SDGs).

Evidence of its leadership, Societe Generale was again singled out for a number of prestigious awards, including IFR's "Bank for Sustainability" for having "successfully accelerated and embedded change across its businesses" and Global Finance's "World's Best Bank for Sustainable Finance 2024". These awards are recognition of the efforts made by the Group to transform, build, accelerate and embed ESG into all aspects of its operations.

[1] This target corresponds to an alignment score lower than the Mission Possible Partnership Prudent (MPP PRU) scenario. An alignment of the portfolio with a 1.5°C trajectory would have led to an intensity target of 781 gCO2e/RTK

3. FRENCH RETAIL, PRIVATE BANKING AND INSURANCE

In EURm	Q1 24	Q1 23	Change
Net banking income	2,010	2,083	-3.5%
Net banking income excl. PEL/CEL	*2,011*	*2,093*	*-3.9%*
Operating expenses	(1,728)	(1,837)	-5.9%
Gross operating income	282	246	+14.6%
Net cost of risk	(247)	(89)	x2.8
Operating income	35	157	-77.7%
Net profits or losses from other assets	0	5	-100.0%
Group net income	27	121	-77.7%
RONE	0.7%	3.1%	
Cost to income	86.0%	88.2%	

SG Network, Private Banking and Insurance

Average outstanding loans of SG Network decreased by -1.2% vs. Q4 23 (-5% vs. Q1 23) to EUR 199 billion. Outstanding loans to corporate and professional clients rose by +1.2% vs. Q1 23, excluding government-guaranteed PGE loans, driven by short-term lending (PGE loans being down by -33% vs. Q1 23). In line with a proactive recovery in home loan origination, home loan production grew sharply doubling vs. Q4 23, off a low point.

Average outstanding deposits, which include corporate and professional clients of the SG Network, amount to EUR 233 billion in Q1 24. Deposits are stable compared to Q4 23 despite a continued shift from sight deposits to interest-bearing deposits and financial savings (-5.0% vs. Q1 23).

As a result, the average loan to deposit ratio came to 85.4% in Q1 24, stable vs. Q1 23.

Private Banking activities, which include French and International activities, posted record assets under management (AuM) of EUR 149 billion in Q1 24. The net asset gathering pace (net new money divided by AuM) rose by an average of +6%, with net asset inflows totalling EUR 2.1 billion at Q1 24. Net banking income came at EUR 375 million in Q1 24, an increase of +2.5% vs. Q1 23.

Insurance, which includes French and international activities, posted solid commercial performances. Life insurance outstandings increased by +6% vs. Q1 23 to reach a record EUR 141 billion at end-March 2024. The unit-linked portion of 39% remains at a high level and rose by +2 percentage points vs. Q1 23. Gross savings life insurance inflows amounted to EUR 6.1 billion in Q1 24, up by +68% vs. Q1 23.

Protection insurance premiums were by +4% vs. Q1 23, with strong commercial momentum in property and casualty premiums.

BoursoBank

The number of clients at France's leading online bank reached 6.3 million at end-March 2024, representing an increase of 1.4 million net vs. Q1 23, thanks to the high onboarding (457 000 new clients in the first quarter of 2024). The churn rate stayed at a low level and continued to decrease this quarter.

For the fifth consecutive year, BoursoBank ranked No. 1 for client satisfaction in the French banking sector[1].

[1] Jointly with another bank, Bain and Company March 2024

Whereas BoursoBank's average loan outstandings (EUR 15 billion in Q1 24) are down -2.5% vs. Q1 23, due to the selective origination policy endorsed until last year, home loans production began its rebound (+13% vs. Q4 23). Consumer loan outstandings were down -1.7% vs. Q4 23 (-11.9% vs. Q1 23).

Average outstanding savings, including deposits and financial savings, registered a sharp rise to EUR 58 billion (+14% vs. Q1 23). Deposits increased by +18% vs. Q1 23 on back of record deposit inflows, enabling gain in market share. Life insurance savings outstandings increased by +4.0% vs. Q1 23 to EUR 12 billion (with the unit-linked share accounting for 46%, +4.4 percentage points vs. Q1 23), and a sharp rebound in organic gross insurance inflows in Q1 24 (+20% vs. Q1 23).

At end-March 2024, BoursoBank posted an increase in revenues of +20% (excluding PEL/CEL and new client acquisition costs) compared with Q1 23.

Net banking income

In Q1 24, revenues came to EUR 2,010 million, down -3.9% vs. Q1 23, excluding PEL/CEL.

Net interest income excluding PEL/CEL for French Retail, Private Banking and Insurance increased by +3.1% vs. Q4 23 at EUR 822 million (-2.9% vs. Q1 23). The pace of the increase is at the lower-end of the range of the projected scenarios notably following decreasing sight deposits outstanding due to the shift towards interest-bearing deposits and financial savings. Fees including insurance revenues were up by +1.6% relative to Q1 23 and +8.0% vs. Q4 23.

Operating expenses

In Q1 24, operating expenses came to EUR 1,728 million, down -5.9% vs. Q1 23. Operating expenses include around 80 million euros of transformation costs. The cost-to-income ratio reached 86.0% in Q1 24 and improved by 2.2 percentage points vs. Q1 23.

Cost of risk

In Q1 24, the cost of risk amounted to EUR 247 million or 41 basis points, which was higher than in Q4 23 (27 basis points) and Q1 23 (14 basis points), due notably to entry into default of specific market files in France.

Group net income

In Q1 24, Group net income totalled EUR 27 million.

4. GLOBAL BANKING AND INVESTOR SOLUTIONS

In EURm	Q1 24	Q1 23	Change	
Net banking income	2,623	2,764	-5.1%	-5.0%*
Operating expenses	(1,757)	(2,072)	-15.2%	-15.0%*
Gross operating income	866	692	+25.1%	+24.9%*
Net cost of risk	19	(5)	n/s	n/s
Operating income	885	687	+28.8%	+28.4%*
Group net income	690	546	+26.4%	+25.9%*
RONE	18.6%	13.8%		
Cost to income	67.0%	75.0%		

Net banking income

Global Banking and Investor Solutions continued to deliver a strong performance in the first quarter, posting revenues of EUR 2,623 million, down -5.1% with respect to a record Q1 23.

Global Markets & Investor Services recorded durably robust revenues of EUR 1,764 million in Q1 24, down -8.8% on a high Q1 23 owing to an unfavourable base effect notably following very strong market revenues and revaluations of equity participations in the Securities Services business in Q1 23.

Global Market posted a solid performance overall with revenues at EUR 1,603 million in Q1 24, down by -7.0% vs. Q1 23 amid a normalising market environment notably for Fixed income and Currencies.

The Equities business posted a very good performance, recording Q1 24 revenues of EUR 870 million, up +3.1% vs. Q1 23. The business was driven by the rise in equity indices and by strong commercial momentum in derivatives.

Fixed Income and Currencies registered a good performance with revenues of EUR 733 million, notably owing to supportive client activity in the investment solutions business. However, revenues contracted by -16.7% compared with Q1 23 owing to less conducive market conditions, with lower volatility on rates, which notably impacted flow activities.

Securities Services' revenues decreased by -23.3% at EUR 161 million due to a base effect in Q1 23 linked to revaluations and dividends of equity participations. Excluding the impact of these one-off items, revenues were down by -4.8% vs. Q1 23. Assets under Custody and Assets under Administration amounted to EUR 4,944 billion and EUR 582 billion, respectively.

The Financing and Advisory business posted robust revenues of EUR 859 million, up +3.5% vs. Q1 23.

The **Global Banking and Advisory business** continued to record solid revenues, up +2.1% relative to Q1 23. The business was notably driven by strong demand in the Asset-Backed Products platform and good commercial momentum in the Natural Resources platform. In the Investment Banking business, activity continued to rebound in the Debt Capital Markets business, but volumes remain low in the Merger & Acquisitions and Equity Capital Markets activities.

Global Transaction & Payment Services turned in a very robust performance compared with last year, posting a +7.8% increase in revenues driven by strong commercial momentum and still favourable market conditions.

Operating expenses

Operating expenses came to EUR 1,757 million in Q1 24 and included around EUR 150 million in transformation costs. Operating expenses were down by a sharp -15.2% relative to Q1 23 notably due to the end of contribution to the Single Resolution Fund which weighed on operating expenses in the amount of EUR 491 million in Q1 23. Accordingly, the cost-to-income ratio came to 67.0% in Q1 24.

Cost of risk

In Q1 24, the cost of risk recorded a net reversal of EUR 19 million, representing -5 basis points vs. 1 basis point in Q1 23 owing to the write backs of Stage 1 and 2 provisions on the Russian offshore portfolio.

Group net income

Group net income was **EUR 690 million** in Q1 24, up by +26.4% vs. Q1 23.

Global Banking and Investor Solutions reported **RONE of 18.6% for the quarter**.

5. INTERNATIONAL RETAIL, MOBILITY AND LEASING SERVICES

In EURm	Q1 24	Q1 23	Change	
Net banking income	2,149	2,068	+3.9%	-13.2%*
Operating expenses	(1,352)	(1,088)	+24.3%	+2.6%*
Gross operating income	797	980	-18.7%	-30.9%*
Net cost of risk	(181)	(91)	+98.9%	+82.5%*
Operating income	616	889	-30.7%	-43.0%*
Net profits or losses from other assets	4	(1)	n/s	+19.2%*
Group net income	272	476	-42.9%	-52.2%*
RONE	10.4%	20.8%		
Cost to income	62.9%	52.6%		

International Retail Banking[1] recorded loan outstandings of EUR 66 billion, up +1.6% relative to Q1 23 (+5.8%* vs. Q1 23). Outstanding deposits totalled EUR 81 billion, an increase of +2.5% compared with Q1 23 (+7.3%* vs. Q1 23).

In **Europe**, outstanding loans totalled EUR 41 billion at end-March 2024, stable vs. Q1 23 but up +6.3%* at constant perimeter and exchange rates. Loans were up across both client segments, individual and corporate clients, in both countries (+11.7%* vs. Q1 23 in Romania and +4.9%* vs. Q1 23 in the Czech Republic). Outstanding deposits rose by +2.3% vs. Q1 23 (+8.5%* vs. Q1 23), to total EUR 54 billion at end-March 2024. The increase was driven by Romania (+13.6%* vs. Q1 23) and corporate clients in the Czech Republic (+17.1%* vs. Q1 23).

Africa, Mediterranean Basin and French Overseas Territories[1] recorded robust commercial performances. Loan outstandings were up by +5.1%* and deposits +4.8%* relative to end-March 2023, totalling EUR 25 billion and EUR 27 billion respectively.

Mobility and Leasing Services recorded a solid performance. **Ayvens**' earning assets grew by +12.5% to EUR 53 billion at end-March 2024 vs. EUR 47 billion at end-March 2023 (+1.4% vs. end-December 2023).

The **Consumer Finance** business posted loans outstanding of EUR 24 billion at end-March 2024. They were slightly down -2.3% relative to end-March 2023, due to a still uncertain economic and inflationary environment.

The **Equipment Finance** business showed solid commercial momentum with leasing outstandings continuing to increase by +2.7% vs. Q1 23 (to EUR 15 billion in Q1 24) and by +34.6% for deposits (to EUR 2 billion in Q1 24).

Net banking income

In Q1 24, International Retail, Mobility and Leasing Services' revenues increased by +3.9% vs. Q1 23 to EUR 2,149 million, driven by a EUR 417 million contribution to revenues by LeasePlan during the quarter (as LeasePlan was only integrated from the end of May 2023, no revenue was recognised in Q1 23).

International Retail Banking's net banking income was stable for the quarter at EUR 1,033 million vs. Q1 23 and up by +3.4%* at constant perimeter and exchange rate.

[1] Including outstandings in Morocco

Europe posted solid revenues of EUR 490 million during the first quarter of 2024, up by +1%* vs. Q1 23 (-3.2% including FX impact). This performance demonstrates the ongoing increase in net interest income in Romania (up by +4.3%* vs. Q1 23), and its normalisation in Czech Republic.

Net banking income in **Africa, Mediterranean Basin and French Overseas Territories** rose by +5.9%* vs. Q1 23 to stand at EUR 543 million in Q1 24, driven by a +8.1%* increase in net interest income vs. Q1 23 and +8.4%* in fees.

Mobility and Leasing Services' revenues grew by +8.1% in Q1 24 vs. Q1 23, to EUR 1,116 million.

Ayvens recorded a +14.0% increase in net banking income in Q1 24 vs. Q1 23 with margins[1] at 522 basis points[2], up by +3.7% vs. Q4 23 in euros. The average result for used car sales (UCS) was at a high level of EUR 1,661 per unit in Q1 24 (excluding the impact of reduction in depreciation costs and Purchase Price Allocation) amid a normalising used car market (compared with EUR 1,706 in Q4 23 and EUR 3,102 in Q1 23). In this context of normalisation, fleet revaluation and impact of reduction in depreciation costs were limited during the quarter (EUR 18 million in Q1 24 vs. EUR 174 million in Q1 23).

The integration of LeasePlan is on schedule, with first revenue synergies of EUR 20 million generated during the quarter, on track to achieve the EUR 120 million target for 2024.

Net banking income for the **Consumer Finance** business decreased by -5.2% in Q1 24 relative to Q1 23. Revenues from the **Equipment Finance** business were down by -2.0% vs. Q1 23.

Operating expenses

In Q1 24, operating expenses came to EUR 1,352 million, up by +24.3% vs. Q1 23 (+2.6%* at constant perimeter and exchange rates). They were impacted by LeasePlan costs of around EUR 250 million and by transformation costs of around EUR 70 million. The cost-to-income ratio stood at 62.9% in Q1 24.

International Retail Banking's operating expenses grew by +2.5% in Q1 24 to EUR 650 million vs. Q1 23 amid an inflationary environment.

Operating expenses for **Mobility and Leasing Services** rose by +54.6% over the quarter to EUR 702 million notably due to LeasePlan integration and associated transformation costs. They decreased by -4.2%* vs. Q1 23 at constant exchange rates.

Cost of risk

In Q1 24, the cost of risk at EUR 181 million increased to 43 basis points vs. a particularly low level of 27 basis points in Q1 23.

Group net income

In Q1 24, Group net income came to EUR 272 million, a -42.9% contraction vs. Q1 23. RONE stood at 10.4% in Q1 24. RONE was 12.3% in International Retail Banking, and 9.2% in Mobility and Leasing Services in Q1 24.

[1] Excluding non-recurring items and Purchase Price Allocation (impact of setting the financial components of the LeasePlan acquisition price)
[2] Annualised and as a percentage of average earning assets

6. CORPORATE CENTRE

In EURm	Q1 24	Q1 23
Net banking income	(137)	(244)
Operating expenses	(143)	(60)
Gross operating income	(280)	(304)
Net cost of risk	9	3
Net profits or losses from other assets	(84)	(21)
Impairment losses on goodwill	-	-
Income tax	83	73
Group net income	(309)	(275)

The Corporate Centre includes:

- the property management of the Group's head office,
- the Group's equity portfolio,
- the Treasury function for the Group,
- certain costs related to cross-functional projects, as well as several costs incurred by the Group that are not re-invoiced to the businesses.

Net banking income

The Corporate Centre's net banking income totalled EUR -137 million in Q1 24 vs. EUR -244 million in Q1 23.

Operating expenses

Operating expenses totalled EUR -143 million in Q1 24 vs. EUR -60 million in Q1 23. They comprise in particular around EUR 50 million of transformation charges.

Net losses from other assets

Pursuant to IFRS 5, the Group recognised a **EUR -84 million** expense notably due to the disposals of subsidiaries Société Générale Marocaine de Banques and La Marocaine Vie which were announced on 12 April 2024.

Group net income

The Corporate Centre's net income totalled EUR -309 million in Q1 24 vs. EUR -275 million in Q1 23.

7. 2024 AND 2025 FINANCIAL CALENDAR

2024 and 2025 Financial communication calendar	
May 22nd, 2024	Combined General Meeting
May 27, 2024	Dividend detachment
May 29, 2024	Dividend payment
August 1st, 2024	Second quarter and first half 2024 results
October 31st, 2024	Third quarter and nine month 2024 results
February 6th, 2025	Fourth quarter and full year 2024 results

The Alternative Performance Measures, notably the notions of net banking income for the pillars, operating expenses, cost of risk in basis points, ROE, ROTE, RONE, net assets, tangible net assets, and the amounts serving as a basis for the different restatements carried out are presented in the methodology notes, as are the principles for the presentation of prudential ratios.

This document contains forward-looking statements relating to the targets and strategies of the Societe Generale Group.
These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union, as well as the application of existing prudential regulations.

These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to:
- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences;
- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in Societe Generale's markets in particular, regulatory and prudential changes, and the success of Societe Generale's strategic, operating and financial initiatives.

More detailed information on the potential risks that could affect Societe Generale's financial results can be found in the section "Risk Factors" in our Universal Registration Document filed with the French Autorité des Marchés Financiers (which is available on https://investors.societegenerale.com/en).

Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, Societe Generale does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal.

8. APPENDIX 1: FINANCIAL DATA

GROUP NET INCOME BY CORE BUSINESS

In EURm	Q1 24	Q1 23	Variation
French Retail, Private Banking and Insurance	27	121	-77.7%
Global Banking and Investor Solutions	690	546	+26.4%
International Retail, Mobility and Leasing Services	272	476	-42.9%
Core Businesses	989	1,143	-13.5%
Corporate Centre	(309)	(275)	-12.4%
Group	680	868	-21.7%

MAIN EXCEPTIONAL ITEMS

In EURm	Q1 24	Q1 23
Operating expenses - Total one-off items and transformation charges	352	246
Transformation charges	352	246
Of which French Retail, Private Banking and Insurance	*81*	*150*
Of which Global Banking & Investor Solutions	*154*	*29*
Of which International Retail, Mobility and Leasing Services	*69*	*67*
Of which Corporate Centre	*47*	*0*
Other one-off items - Total	(80)	0
Net profits or losses on other assets - Disposals	(80)	0

CONSOLIDATED BALANCE SHEET

In EUR m	31.03.2024	31.12.2023
Cash, due from central banks	217,727	223,048
Financial assets at fair value through profit or loss	531,406	495,882
Hedging derivatives	9,450	10,585
Financial assets at fair value through other comprehensive income	89,666	90,894
Securities at amortised cost	28,363	28,147
Due from banks at amortised cost	82,980	77,879
Customer loans at amortised cost	459,254	485,449
Revaluation differences on portfolios hedged against interest rate risk	(973)	(433)
Insurance and reinsurance contracts assets	400	459
Tax assets	4,545	4,717
Other assets	73,061	69,765
Non-current assets held for sale	28,581	1,763
Investments accounted for using the equity method	228	227
Tangible and intangible fixed assets	60,927	60,714
Goodwill	4,946	4,949
Total	**1,590,561**	**1,554,045**

In EUR m	31.03.2024	31.12.2023
Due to central banks	10,642	9,718
Financial liabilities at fair value through profit or loss	399,512	375,584
Hedging derivatives	17,530	18,708
Debt securities issued	166,617	160,506
Due to banks	113,207	117,847
Customer deposits	530,947	541,677
Revaluation differences on portfolios hedged against interest rate risk	(6,432)	(5,857)
Tax liabilities	2,274	2,402
Other liabilities	95,428	93,658
Non-current liabilities held for sale	18,151	1,703
Insurance contracts related liabilities	144,868	141,723
Provisions	4,236	4,235
Subordinated debts	15,798	15,894
Total liabilities	**1,512,778**	**1,477,798**
Shareholder's equity	-	-
Shareholders' equity, Group share	-	-
Issued common stocks and capital reserves	21,277	21,186
Other equity instruments	9,847	8,924
Retained earnings	35,196	32,891
Net income	680	2,493
Sub-total	**67,000**	**65,494**
Unrealised or deferred capital gains and losses	342	481
Sub-total equity, Group share	**67,342**	**65,975**
Non-controlling interests	10,441	10,272
Total equity	**77,783**	**76,247**
Total	**1,590,561**	**1,554,045**

9. APPENDIX 2: METHODOLOGY

1 –The financial information presented for the first quarter 2024 was examined by the Board of Directors on May 2nd, 2024 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. This information has not been audited.

2 - Net banking income

The pillars' net banking income is defined on page 42 of Societe Generale's 2024 Universal Registration Document. The terms "Revenues" or "Net Banking Income" are used interchangeably. They provide a normalised measure of each pillar's net banking income taking into account the normative capital mobilised for its activity.

3 - Operating expenses

Operating expenses correspond to the "Operating Expenses" as presented in note 5 to the Group's consolidated financial statements as of December 31st, 2023. The term "costs" is also used to refer to Operating Expenses. The Cost/Income Ratio is defined on page 42 of Societe Generale's 2024 Universal Registration Document.

4 - Cost of risk in basis points, coverage ratio for doubtful outstandings

The cost of risk is defined on pages 43 and 770 of Societe Generale's 2024 Universal Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases.

In EURm		Q1 24	Q1 23
French Retail Banking	Net Cost Of Risk	247	89
	Gross loan Outstandings	238,394	252,689
	Cost of Risk in bp	**41**	**14**
Global Banking and Investor Solutions	Net Cost Of Risk	(19)	5
	Gross loan Outstandings	162,457	177,590
	Cost of Risk in bp	**(5)**	**1**
International Banking, Mobility and Leasing Solutions	Net Cost Of Risk	181	91
	Gross loan Outstandings	167,892	134,988
	Cost of Risk in bp	**43**	**27**
Corporate Centre	Net Cost Of Risk	(9)	(3)
	Gross loan Outstandings	23,365	16,537
	Cost of Risk in bp	**(15)**	**(6)**
Societe Generale Group	Net Cost Of Risk	400	182
	Gross loan Outstandings	592,108	581,804
	Cost of Risk in bp	**27**	**13**

The **gross coverage ratio for doubtful outstandings** is calculated as the ratio of provisions recognised in respect of the credit risk to gross outstandings identified as in default within the meaning of the regulations, without taking account of any guarantees provided. This coverage ratio measures the maximum residual risk associated with outstandings in default ("doubtful").

5 - ROE, ROTE, RONE

The notions of ROE (Return on Equity) and ROTE (Return on Tangible Equity), as well as their calculation methodology, are specified on pages 43 and 44 of Societe Generale's 2024 Universal Registration Document. This measure makes it possible to assess Societe Generale's return on equity and return on tangible equity.
RONE (Return on Normative Equity) determines the return on average normative equity allocated to the Group's businesses, according to the principles presented on page 44 of Societe Generale's 2024 Universal Registration Document.
Group net income used for the ratio numerator is book Group net income adjusted for "Interest paid and payable to holders if deeply subordinated notes and undated subordinated notes, issue premium amortisation". For ROTE, income is also restated for goodwill impairment.
Details of the corrections made to book equity in order to calculate ROE and ROTE for the period are given in the table below:

ROTE calculation: calculation methodology

End of period (in EURm)	Q1 24	Q1 23
Shareholders' equity Group share	67,342	68,747
Deeply subordinated and undated subordinated notes	(10,166)	(10,823)
Interest payable to holders of deeply & undated subordinated notes, issue premium amortisation[1]	(71)	(102)
OCI excluding conversion reserves	696	640
Distribution provision[2]	(256)	(421)
Distribution N-1 to be paid	(999)	(1,803)
ROE equity end-of-period	56,545	56,238
Average ROE equity	56,522	56,072
Average Goodwill[3]	(4,006)	(3,652)
Average Intangible Assets	(2,956)	(2,876)
Average ROTE equity	49,560	49,544
Group net Income	680	868
Interest paid and payable to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisation	(166)	(163)
Cancellation of goodwill impairment	-	-
Adjusted Group net Income	514	705
ROTE	4.1%	5.7%

RONE calculation: Average capital allocated to Core Businesses (in EURm)

In EURm	Q1 24	Q1 23	Change
French Retail , Private Banking and Insurance	15,471	15,586	-0.7%
Global Banking and Investor Solutions	14,835	15,793	-6.1%
International Retail, Mobility and Leasing Services	10,420	9,160	+13.8%
Core Businesses	40,726	40,539	+0.5%
Corporate Center	15,796	15,533	+1.7%
Group	56,522	56,072	+0.8%

[1] Interest net of tax

[2] The dividend to be paid is calculated based on a pay-out ratio of 50%, restated from non-cash items and after deduction of interest on deeply subordinated notes and on undated subordinated notes

[3] Excluding goodwill arising from non-controlling interests

6 - Net assets and tangible net assets

Net assets and tangible net assets are defined in the methodology, page 45 of the Group's 2024 Universal Registration Document. The items used to calculate them are presented below:

End of period (in EURm)	Q1 24	2023	2022
Shareholders' equity Group share	67,342	65,975	66,970
Deeply subordinated and undated subordinated notes	(10,166)	(9,095)	(10,017)
Interest of deeply & undated subordinated notes, issue premium amortisation[1]	(71)	(21)	(24)
Book value of own shares in trading portfolio	54	36	67
Net Asset Value	57,158	56,895	56,996
Goodwill	(4,004)	(4,008)	(3,652)
Intangible Assets	(2,958)	(2,954)	(2,875)
Net Tangible Asset Value	50,196	49,933	50,469
Number of shares used to calculate NAPS[2]	799,161	796,244	801,147
Net Asset Value per Share	71.5	71.5	71.1
Net Tangible Asset Value per Share	62.8	62.7	63.0

7 - Calculation of Earnings Per Share (EPS)

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 44 of Societe Generale's 2024 Universal Registration Document). The corrections made to Group net income in order to calculate EPS correspond to the restatements carried out for the calculation of ROE and ROTE.
The calculation of Earnings Per Share is described in the following table:

Average number of shares (thousands)	Q1 24	2023	2022
Existing shares	802,980	818,008	845,478
Deductions			
Shares allocated to cover stock option plans and free shares awarded to staff	5,277	6,802	6,252
Other own shares and treasury shares	0	11,891	16,788
Number of shares used to calculate EPS[1]	797,703	799,315	822,437
Group net Income (in EUR m)	680	2,493	1,825
Interest on deeply subordinated notes and undated subordinated notes (in EUR m)	(166)	(759)	(596)
Adjusted Group net income (in EUR m)	514	1,735	1,230
EPS (in EUR)	0.64	2.17	1.50

8 - The Societe Generale Group's Common Equity Tier 1 capital is calculated in accordance with applicable CRR2/CRD5 rules. The fully loaded solvency ratios are presented pro forma for current earnings, net of dividends, for the current financial year, unless specified otherwise. When there is reference to phased-in ratios, these do not include the earnings for the current financial year, unless specified otherwise. The leverage ratio is also calculated according to applicable CRR2/CRD5 rules including the phased-in following the same rationale as solvency ratios.

[1] Interest net of tax

[2] The number of shares considered is the number of ordinary shares outstanding as at end of period, excluding treasury shares and buybacks, but including the trading shares held by the Group.

[1] The number of shares considered is the average number of ordinary shares outstanding during the period, excluding treasury shares and buybacks, but including the trading shares held by the Group.

9 – Funded balance sheet, loan to deposit ratio

The funded balance sheet is based on the Group financial statements. It is obtained in two steps:

- A first step aiming at reclassifying the items of the financial statements into aggregates allowing for a more economic reading of the balance sheet. Main reclassifications:

  Insurance: grouping of the accounting items related to insurance within a single aggregate in both assets and liabilities.

  Customer loans: include outstanding loans with customers (net of provisions and write-downs, including net lease financing outstanding and transactions at fair value through profit and loss); excludes financial assets reclassified under loans and receivables in accordance with the conditions stipulated by IFRS 9 (these positions have been reclassified in their original lines).

  Wholesale funding: Includes interbank liabilities and debt securities issued.

  Financing transactions have been allocated to medium/long-term resources and short-term resources based on the maturity of outstanding, more or less than one year.

  Reclassification under customer deposits of the share of issues placed by French Retail Banking networks (recorded in medium/long-term financing), and certain transactions carried out with counterparties equivalent to customer deposits (previously included in short term financing).

  Deduction from customer deposits and reintegration into short-term financing of certain transactions equivalent to market resources.
- A second step aiming at excluding the contribution of insurance subsidiaries, and netting derivatives, repurchase agreements, securities borrowing/lending, accruals and “due to central banks”.

The Group **loan/deposit ratio** is determined as the division of the customer loans by customer deposits as presented in the funded balance sheet.

NB (1) The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding rules.
(2) All the information on the results for the period (notably: press release, downloadable data, presentation slides and supplement) is available on Societe Generale’s website www.societegenerale.com in the “Investor” section.

Societe Generale

Societe Generale is a top tier European Bank with more than 126,000 employees serving about 25 million clients in 65 countries across the world. We have been supporting the development of our economies for nearly 160 years, providing our corporate, institutional, and individual clients with a wide array of value-added advisory and financial solutions. Our long-lasting and trusted relationships with the clients, our cutting-edge expertise, our unique innovation, our ESG capabilities and leading franchises are part of our DNA and serve our most essential objective - to deliver sustainable value creation for all our stakeholders.

The Group runs three complementary sets of businesses, embedding ESG offerings for all its clients:

- **French Retail, Private Banking and Insurance**, with leading retail bank SG and insurance franchise, premium private banking services, and the leading digital bank BoursoBank.
- **Global Banking and Investor Solutions**, a top tier wholesale bank offering tailored-made solutions with distinctive global leadership in equity derivatives, structured finance and ESG.
- **International Retail, Mobility & Leasing Services**, comprising well-established universal banks (in Czech Republic, Romania and several African countries), Ayvens (the new ALD I LeasePlan brand), a global player in sustainable mobility, as well as specialized financing activities.

Committed to building together with its clients a better and sustainable future, Societe Generale aims to be a leading partner in the environmental transition and sustainability overall. The Group is included in the principal socially responsible investment indices: DJSI (Europe), FTSE4Good (Global and Europe), Bloomberg Gender-Equality Index, Refinitiv Diversity and Inclusion Index, Euronext Vigeo (Europe and Eurozone), STOXX Global ESG Leaders indexes, and the MSCI Low Carbon Leaders Index (World and Europe).

For more information, you can follow us on Twitter/X @societegenerale or visit our website societegenerale.com.

REGISTERED OFFICE OF THE ISSUER

SG Issuer
15, avenue Emile Reuter
L-2420 Luxembourg
Luxembourg

REGISTERED OFFICE OF THE GUARANTOR

Société Générale
29, boulevard Haussmann
75009 Paris
France

ISSUER'S AUDITORS

Ernst & Young Société Anonyme
35E, avenue John F. Kennedy
L-1855 Luxembourg
Luxembourg

GUARANTOR'S AUDITORS

Ernst & Young et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex
France

Deloitte & Associés
6, place de la Pyramide
92908 Paris-La Défense Cedex
France

WARRANT AGENT

THE CENTRAL DEPOSITORY (PTE) LIMITED
4 Shenton Way
#02-01 SGX Centre 2
Singapore 068807

LEGAL ADVISERS TO THE ISSUER
(as to Singapore law)

ALLEN & GLEDHILL LLP
One Marina Boulevard #28-00
Singapore 018989