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SAMSONITE INTERNATIONAL S.A.
新秀麗國際有限公司

13-15 avenue de la Liberté, L-1931 Luxembourg
R.C.S. LUXEMBOURG: B 159.469

(Incorporated in Luxembourg with limited liability)

(Stock code: 1910)

Interim Results Announcement for the Six Months Ended June 30, 2020

Disclaimer

Non-IFRS Measures

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

Forward-Looking Statements

This document contains forward-looking statements. Forward-looking statements reflect the Group's current views with respect to future events and performance. These statements may discuss, among other things, the Group's net sales, operating profit, Adjusted Net Income, Adjusted EBITDA[2], Adjusted EBITDA margin, cash flow, liquidity and capital resources, impairments, growth, strategies, plans, achievements, distributions, organizational structure, future store openings, market opportunities and general market and industry conditions. The Group generally identifies forward-looking statements by words such as "expect", "seek", "believe", "plan", "intend", "estimate", "project", "anticipate", "may", "will", "would" and "could" or similar words or statements. Forward-looking statements are based on beliefs and assumptions made by management using currently available information. These statements are only predictions and are not guarantees of future performance, actions or events. Forward-looking statements are subject to risks and uncertainties. If one or more of these risks or uncertainties materialize, or if management's underlying beliefs and assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. Forward-looking statements speak only as of the date on which they are made. The Company's shareholders, potential investors and other interested parties should not place undue reliance on these forward-looking statements. The Group expressly disclaims any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable securities laws and regulations.

The outbreak of the novel coronavirus disease 2019 ("COVID-19") has caused a global health emergency. In response to the pandemic, governments around the world, including in countries in which the Group operates, have adopted various measures to contain the spread of the disease. While the Group has been and will continue to be adversely affected by the pandemic, given the inherent uncertainty about the future impacts of COVID-19, it is not possible for the Company to reliably predict the extent to which its business, results of operations, financial condition or liquidity will ultimately be impacted. A further discussion about the impact of the COVID-19 pandemic in 2020 is disclosed in the Management Discussion and Analysis - Impact of COVID-19.

Rounding

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

Notes
(1) International Financial Reporting Standards as issued by the International Accounting Standards Board.
(2) Earnings before interest, taxes, depreciation and amortization.

Summary Financial Results and Highlights

The Board of Directors of Samsonite International S.A. (the "Company"), together with its consolidated subsidiaries (the "Group"), is pleased to announce the consolidated interim results of the Group for the six months ended June 30, 2020 together with comparative figures for the six months ended June 30, 2019. The following financial information, including comparative figures, has been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The COVID-19 pandemic has caused a global health emergency and significant disruptions to travel, tourism and economies worldwide. The pandemic has had a significant negative impact on the Group's performance for the first six months of 2020 and will adversely impact full-year 2020 results. The Company continues to aggressively implement cost cutting measures to navigate the current and anticipated impacts and has a strong record of managing through past travel disruptions (see Management Discussion and Analysis - Impact of COVID-19 for further discussion).

The following table sets forth summary financial results for the six months ended June 30, 2020 and June 30, 2019.

	Six months ended June 30,			
(Expressed in millions of US Dollars, except per share data)	**2020**	2019	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[1]
Net sales	**802.3**	1,755.7	(54.3)%	(53.4)%
Operating profit (loss)[2]	**(1,062.9)**	124.0	*nm*	*nm*
Operating profit (loss) excluding impairment charges, restructuring charges and costs related to profit improvement initiatives[2],[3]	**(156.9)**	163.6	*nm*	*nm*
Profit (loss) for the period[2]	**(975.9)**	58.3	*nm*	*nm*
Profit (loss) attributable to the equity holders[2]	**(974.0)**	49.1	*nm*	*nm*
Adjusted Net Income (Loss)[4]	**(173.1)**	97.0	*nm*	*nm*
Adjusted EBITDA[5]	**(122.9)**	213.5	*nm*	*nm*
Adjusted EBITDA margin[6]	**(15.3)%**	12.2%		
Basic and diluted earnings (loss) per share[2] *(Expressed in US Dollars per share)*	**(0.680)**	0.034	*nm*	*nm*
Adjusted basic and diluted earnings (loss) per share[7] *(Expressed in US Dollars per share)*	**(0.121)**	0.068	*nm*	*nm*

Notes

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

(2) Results for the six months ended June 30, 2020 included US$877.2 million of non-cash impairment charges recorded during the first half of 2020, comprised of US$732.0 million related to goodwill and tradename intangible assets and US$145.2 million related to lease right-of-use assets and property, plant and equipment at certain retail locations. Results also included restructuring charges of US$28.8 million recorded during the first half of 2020. Results for the six months ended June 30, 2019 included US$29.7 million of non-cash impairment charges recorded during the first half of 2019, related to lease right-of-use assets and property, plant and equipment at certain retail locations, as well as costs related to profit improvement initiatives totaling US$9.8 million. See Impairment Charges, Restructuring Charges and Other Income (Expenses) sub-sections, respectively, in Management Discussion and Analysis for further discussion.

(3) Operating profit (loss) excluding impairment charges, restructuring charges and costs related to profit improvement initiatives is a non-IFRS measure and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered comparable to operating profit (loss) for the period in the Group's consolidated income statements.

(4) Adjusted Net Income (Loss), a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, along with their respective tax effects, that impact the Group's reported profit (loss) for the period, which the Group believes helps to give securities analysts, investors and other interested parties a better understanding of the Group's underlying financial performance. See Management Discussion and Analysis - Adjusted Net Income (Loss) for a reconciliation from the Group's profit (loss) for the period to Adjusted Net Income (Loss).

(5) Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. The Group believes these measures provide additional information that is useful in gaining a more complete understanding of its operational performance and of the underlying trends of its business. See Management Discussion and Analysis - Adjusted EBITDA for a reconciliation from the Group's profit (loss) for the period to Adjusted EBITDA.

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

(7) Adjusted basic and diluted earnings (loss) per share, both non-IFRS measures, are calculated by dividing Adjusted Net Income (Loss) by the weighted average number of shares used in the basic and diluted earnings (loss) per share calculations, respectively.

nm Not meaningful.

Financial Highlights

- Net sales were US$802.3 million for the six months ended June 30, 2020, compared to US$1,755.7 million for the six months ended June 30, 2019, a decrease of 54.3% (-53.4% constant currency). The net sales decrease was due to the negative impacts from the COVID-19 pandemic.
- Gross profit margin was 49.4% for the six months ended June 30, 2020 compared to 56.0% for the same period in the previous year. The decrease in the gross profit margin was primarily related to a US$586.5 million, or 59.7% (-58.8% constant currency), decrease in gross profit as a result of the decrease in net sales year-on-year caused primarily by the negative impacts from the COVID-19 pandemic, including the impact of fixed manufacturing costs on lower net sales and production, as well as increased inventory reserves.
- The Group spent US$44.5 million on marketing during the six months ended June 30, 2020 compared to US$103.1 million for the six months ended June 30, 2019, a decrease of US$58.6 million, or 56.8% (-56.0% constant currency) as the Group reduced advertising to help conserve cash and to offset the negative impacts of COVID-19 on the Group's business. As a percentage of net sales, marketing expenses decreased by 40 basis points to 5.5% for the six months ended June 30, 2020 from 5.9% for the six months ended June 30, 2019.
- As a result of overall market conditions caused by the COVID-19 pandemic, the Group recognized non-cash impairment charges during the first half of 2020 (the "1H 2020 Impairment Charges") of US$877.2 million, of which US$819.7 million was recorded during the first quarter of 2020 and US$57.4 million, primarily attributable to the under-performance of certain retail locations, was recorded during the second quarter of 2020. The 1H 2020 Impairment Charges were comprised of a US$732.0 million non-cash impairment of goodwill and tradename intangible assets, US$113.9 million for lease right-of-use assets and US$31.2 million for property, plant and equipment, primarily attributable to the under-performance of certain retail locations. Based on an evaluation of loss-making stores in the six months ended June 30, 2019, the Group recognized non-cash impairment charges (the "1H 2019 Impairment Charges") totaling US$29.7 million during the first half of 2019, comprised of the impairment of US$21.0 million of lease right-of-use assets associated with such stores and a US$8.7 million impairment for property, plant and equipment of such stores.
- During the six months ended June 30, 2020, the Group incurred restructuring charges (the "1H 2020 Restructuring Charges") of US$28.8 million, which primarily consisted of severance associated with permanent headcount reductions and store closure costs as the Group took meaningful actions to reduce its fixed cost base in response to the impact of COVID-19 on the Group's business. During the six months ended June 30, 2019, the Group recorded costs related to profit improvement initiatives included in Other Expenses totaling US$9.8 million, which positioned the business for stronger profitability in the second half of 2019 and into 2020 before the COVID-19 pandemic.
- The Group incurred an operating loss of US$1,062.9 million for the six months ended June 30, 2020, compared to an operating profit of US$124.0 million for the same period in the previous year. The Group incurred an operating loss of US$156.9 million(1) when excluding the 1H 2020 Impairment Charges and 1H 2020 Restructuring Charges. The year-on-year decrease in operating profit was primarily due to the decrease in net sales resulting from the negative impacts from the COVID-19 pandemic.
- The Group incurred a loss for the period of US$975.9 million for the six months ended June 30, 2020, compared to a profit for the period of US$58.3 million for the same period in the previous year. The Group incurred a loss for the period of US$171.5 million(1) when excluding the 1H 2020 Impairment Charges and 1H 2020 Restructuring Charges, both of which are net of the related tax impact, incurred during the six months ended June 30, 2020. The year-on-year decrease in profit for the period was primarily due to the negative impacts from the COVID-19 pandemic.
- The Group incurred a loss attributable to the equity holders of US$974.0 million for the six months ended June 30, 2020, compared to profit attributable to the equity holders of US$49.1 million for the same period in the previous year. The Group incurred a loss attributable to the equity holders of US$169.7 million(1) when excluding the 1H 2020 Impairment Charges and 1H 2020 Restructuring Charges, both of which are net of the related tax impact, incurred during the six months ended June 30, 2020. The year-on-year decrease in profit attributable to the equity holders was primarily due to the negative impacts from the COVID-19 pandemic.
- The Group used US$173.0 million of cash in operating activities during the six months ended June 30, 2020 compared to US$192.6 million of cash generated from operating activities for the same period in the previous year. As of June 30, 2020, the Group had cash and cash equivalents of US$1,589.8 million and outstanding financial debt of US$3,221.7 million (excluding deferred financing costs of US$44.8 million), putting the Group in a net debt position of US$1,631.9 million compared to US$1,305.3 million as of December 31, 2019. Total cash burn(2) was US$(288.9) million for the six months ended June 30, 2020.
- On March 16, 2020, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into an amendment to the Group's credit agreement with certain lenders and financial institutions (the “Second Amended Credit Agreement”). The Second Amended Credit Agreement provided for (1) an amended US$800.0 million senior secured term loan A facility and (2) an amended US$850.0 million revolving credit facility. The Second Amended

Credit Agreement extended the maturity for the senior secured term loan A facility and the revolving credit facility by approximately two years, reduced the interest rate margin for such facilities by 12.5 basis points (subject to the terms of the Third Amended Credit Agreement as described below), reset the principal amortization schedule for the term loan A facility and provided additional liquidity through a US$200.0 million increase in the revolving credit facility. The Second Amended Credit Agreement did not affect the terms of the Group's US$665.0 million term loan B facility (see Management Discussion and Analysis - Indebtedness - Second Amended Credit Agreement for further discussion).

- On March 20, 2020, the Company borrowed US$810.3 million under its amended revolving credit facility (see Management Discussion and Analysis - Indebtedness - Second Amended Credit Agreement for further discussion) to ensure access to the Group's liquidity, given the uncertainties and challenges caused by the COVID-19 pandemic.
- On April 29, 2020, the Group and its lenders entered into a further amendment (the “Third Amended Credit Agreement”) to the Second Amended Credit Agreement in order to suspend the requirement for the Group to test the Financial Covenants thereunder from the beginning of the second quarter of 2020 through the end of the second quarter of 2021 (see Management Discussion and Analysis - Indebtedness - Third Amended Credit Agreement for further discussion).
- On May 7, 2020, the Group and its lenders entered into a further amendment (the "Fourth Amended Credit Agreement") to the Third Amended Credit Agreement to provide for an additional term loan B facility (the “2020 Incremental Term Loan B Facility”) having an aggregate principal amount of US$600.0 million. The proceeds from the 2020 Incremental Term Loan B Facility, which were borrowed on May 7, 2020, were used to (i) provide the Group with additional cash resources (to be used for general corporate purposes and working capital needs) and (ii) pay fees and expenses incurred in connection with the 2020 Incremental Term Loan B Facility (see Management Discussion and Analysis - Indebtedness - Fourth Amended Credit Agreement for further discussion). These amendments and the borrowings thereunder further strengthened the Company's financial flexibility in order to navigate the challenges from COVID-19.

Notes

(1) See reconciliations in Management Discussion and Analysis below.

(2) Total cash burn is calculated as the total increase (decrease) in cash and cash equivalents per the consolidated statements of cash flows less total cash flow attributable to (i) total loans and borrowings and (ii) deferred financing costs.

Chairman's Statement

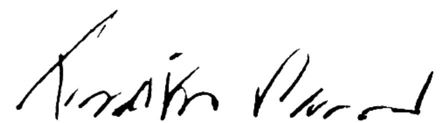
Samsonite has shown remarkable agility in adapting its organization and cost base in the face of unprecedented challenges presented by the COVID-19 pandemic, and I want to thank our people around the globe for their dedication, drive and perseverance during this very trying time. We are taking a measured and prudent approach as we re-open our operations around the world, continuing to prioritize the health and safety of our employees and their families, as well as our customers and business partners.

The Group's net sales decreased by US$953.4 million, or 53.4%[(1)], to US$802.3 million during the first half of 2020, with North America, Asia, Europe and Latin America recording net sales declines of 50.9%[(1)], 55.1%[(1)], 56.3%[(1)] and 46.3%[(1)], year-on-year, respectively. This sharp decline in net sales had a significant impact on the Group's Adjusted EBITDA[(2)], which decreased by US$336.4 million to a loss of US$122.9 million for the six months ended June 30, 2020, compared to earnings of US$213.5 million for the same period in 2019. The Group recorded an Adjusted Net Loss[(3)] of US$173.1 million for the first half of 2020, compared to an Adjusted Net Income[(3)] of US$97.0 million for the six months ended June 30, 2019.

Kyle and his team have taken swift and meaningful actions to navigate the challenges presented by the COVID-19 pandemic and enhance Samsonite's long-term competitive advantages. We have identified and are implementing measures that we expect will result in close to US$600 million of in-year cash savings. These actions include aggressive reductions in marketing and non-marketing SG&A expenses, a virtual freeze on capital expenditures and software purchases, stringent management of product purchases and working capital, and the temporary suspension of the annual cash distribution to shareholders. Additionally, we took a series of actions to increase the Group's liquidity and enhance its financial flexibility. As a result, the Group had liquidity of approximately US$1.6 billion as of June 30, 2020. Our substantial liquidity position, along with our aggressive ongoing cost reduction initiatives and other actions to safeguard cash, puts Samsonite in a solid financial position to manage through the current headwinds effectively. Please refer to Kyle's report for additional details.

Our near-term outlook remains clouded. The pressure on our sales began to moderate in June as markets around the world slowly began to re-open, with the Group's net sales down by 74.1%[(1)] year-on-year, compared to declines of 80.9%[(1)] in April and 79.1%[(1)] in May. Net sales in July decreased by approximately 69.8%[(1)] year-on-year, and this gradual improving trend has continued into August. However, in view of the extent and severity of the COVID-19 pandemic, along with rising geo-political uncertainties, trading conditions are expected to remain difficult during the second half of 2020.

While travel and tourism have invariably bounced back from past disruptions, recovery from the impacts of the COVID-19 pandemic is expected to be protracted compared to prior downturns. Nevertheless, with people around the world placing an increasing value on life experiences, we remain optimistic about the long-term growth prospects for travel and tourism and by extension the bags and luggage industry. In the meantime, we must stay vigilant and nimble to respond to changing conditions across markets globally, a challenge which our decentralized management structure is well-equipped to navigate. I take this opportunity to express my appreciation to Kyle, our CEO, our corporate, regional and country management teams and our business partners around the world. Thanks to their unwavering commitment, together with our global platform, the strength of our brands and the responsiveness of our organization, Samsonite is well-positioned for long-term growth and shareholder value creation when the world starts to travel again.



Timothy Charles Parker
Chairman

August 19, 2020

Notes

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

(2) Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. The Group believes these measures provide additional information that is useful in gaining a more complete understanding of its operational performance and of the underlying trends of its business.

(3) Adjusted Net Income (Loss), a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, along with their respective tax effects, that impact the Group's reported profit (loss) for the period, which the Group believes helps to give securities analysts, investors and other interested parties a better understanding of the Group's underlying financial performance.

Chief Executive Officer's Statement

The COVID-19 pandemic and various government measures, including travel restrictions and mandatory lockdowns, have resulted in an estimated 98%[1] decline in international tourist arrivals in May 2020, and an estimated 56%[1] decrease during the first five months of 2020, year-on-year. This has had a significant impact on customer demand for the Group's products. Compounded by the temporary closure of most of the Group's retail and wholesale points-of-sale globally, the Group experienced a sharp decline in net sales across all regions, brands and distribution channels. As markets around the world begin to emerge from lockdown, we are responsibly re-opening our stores, taking a phased market-by-market approach, following the guidance of local health authorities and continuing to prioritize the health and safety of our employees and their families, as well as our customers and business partners.

The Group's net sales decreased by 26.1%[2] year-on-year during the first quarter of 2020, followed by a 77.9%[2] year-on-year decline during the second quarter when most of the Group's markets entered government mandated lockdowns. For the first half of 2020, the Group's net sales decreased by US$953.4 million, or 53.4%[2], to US$802.3 million, with North America, Asia, Europe and Latin America recording net sales declines of 50.9%[2], 55.1%[2], 56.3%[2] and 46.3%[2], year-on-year, respectively.

The brands within the Group's portfolio that are less travel focused, such as Gregory and Speck, have performed better relative to the Group's core travel brands. Overall, the non-travel product category recorded a year-on-year net sales decline of 46.8%[2] compared to a 57.7%[2] net sales decline for the travel product category for the six months ended June 30, 2020.

The Group's direct-to-consumer ("DTC") e-commerce channel performed better relative to its other channels, with first half 2020 net sales decreasing by 35.6%[2] year-on-year. In comparison, the DTC retail and wholesale channels recorded net sales declines of 60.2%[2] and 53.3%[2], respectively, for the first half of 2020 compared to the same period in 2019.

During the six months ended June 30, 2020, the Group recognized non-cash impairment charges totaling US$877.2 million[3] and restructuring charges of US$28.8 million[4]. For the six months ended June 30, 2019, the Group recognized non-cash impairment charges of US$29.7 million[5] and US$9.8 million[6] in costs related certain profit improvement initiatives. These charges and costs affected the year-on-year comparisons of the Group's first half operating profit (loss)[7] and profit (loss) attributable to the equity holders[8] for 2020 versus 2019. As such, we intend to focus our discussion on the Group's Adjusted EBITDA[9] and Adjusted Net Income[10] which we believe provide a clearer picture of the Group's operational performance and underlying business trends. The Group's Adjusted EBITDA decreased by US$336.4 million to a loss of US$122.9 million for the six months ended June 30, 2020, compared to earnings of US$213.5 million for the same period in 2019. The Group recorded an Adjusted Net Loss of US$173.1 million for the first half of 2020, compared to an Adjusted Net Income of US$97.0 million for the six months ended June 30, 2019.

In response to this unprecedented situation, we aggressively implemented cost reduction initiatives across all regions and all levels of the Group's business, including substantial cuts in marketing spend, headcount reductions, salary reductions and furloughs, temporary and permanent store closures, as well as cuts on discretionary expense items, to mitigate the impact of the COVID-19 pandemic and right-size the business for the future.

We accelerated our actions to streamline the Group's retail store fleet, which had already commenced in 2019. During the first half of 2020, the Group exited a total of 71 stores, which was partially offset by the addition of 22 new stores that were committed to prior to the COVID-19 outbreak, resulting in a net reduction of 49 stores compared to 27 net new stores added during the same period in 2019. The total number of company-operated retail stores was 1,245 as of June 30, 2020, compared to 1,278 on June 30, 2019. The Group continues to seek rental relief and other concessions to reduce its DTC retail channel fixed costs.

We began implementing our cost-cutting initiatives in March 2020, with most of them being executed during the second quarter of 2020. As a result, marketing expenses decreased by 29.7% during the first quarter and by 81.8% in the second quarter, while non-marketing SG&A expenses[11] decreased by 14.8% during the first quarter and by 41.1% in the second quarter, year-on-year. Overall, for the six months ended June 30, 2020, the Group reduced its marketing spending by US$58.6 million, or 56.8%, to US$44.5 million and its non-marketing SG&A expenses by US$198.2 million, or 27.7%, to US$516.1 million compared to same period in 2019.

We also tightly managed our working capital, particularly inventories, and significantly reduced our capital expenditures to conserve cash. Rapid adjustments to our production and sourcing plans resulted in a US$11.8 million reduction in the Group's inventories to US$575.5 million as of June 30, 2020, compared to US$587.3 million at the end of 2019. Net working capital as of June 30, 2020, at US$490.4 million, remained stable compared to US$482.7 million at year-end 2019.

The Group reduced its capital expenditures by US$8.0 million to US$18.0 million for the first half of 2020, compared to US$26.0 million during the same period in the previous year. Separately, investments in software decreased by nearly half to US$3.5 million for the first half of 2020 compared to the same period in 2019. The Group has put a virtual freeze on all non-essential capital projects for the remainder of 2020.

These measures, along with the temporary suspension of the Company's annual cash distribution to shareholders and further savings to be realized during the second half, are expected to result in close to US$600 million of in-year cash savings during 2020, and we continue to identify and act on further cost reduction initiatives.

Separately, we strengthened the Group's liquidity by drawing down US$810.3 million on its revolving credit facility(12) and closing on an additional term loan B facility in the amount of US$600.0 million(13). We also enhanced the Group's financial flexibility with an amendment to the financial covenants under the Group's credit agreement in late April(14). As a result, the Group had liquidity of approximately US$1.6 billion as of June 30, 2020. This substantial liquidity position, along with our aggressive ongoing cost reduction initiatives and other actions to safeguard cash, puts Samsonite in a solid financial position to navigate the challenges from the COVID-19 pandemic.

The decline in net sales has begun to moderate as markets around the world begin to emerge from lockdown, with our net sales in June 2020 decreasing by 74.1%(2) year-on-year, compared to declines of 79.1%(2) in May and 80.9%(2) in April. Net sales in July were down by approximately 69.8%(2) year-on-year, and we continue to see the trend slowly improving in August. That said, with travel restrictions still largely in place and the stop-and-go progress of markets re-opening worldwide, the Group's performance is expected to remain under significant pressure for the remainder of 2020.

Looking ahead, our business is well-positioned for when economies re-open and global travel disruptions ease. We will continue to leverage our core strengths, including our global platform, diverse set of categories and complementary brands with products tailored to each region's preferences to extend our leadership and drive long-term growth. 2020 marks Samsonite's 110th anniversary, and we continue to deliver on our century-plus heritage of innovation and our commitment to sustainability with launches of new products. Among the new product launches slated for 2020, we are most excited about the Proxis™ hard-shell suitcase collection. This is our first travel collection utilizing an innovative material called Roxkin™, a proprietary multi-layered material developed by Samsonite that bounces back into shape, creating - as its name indicates - a protective skin that is as strong as a rock yet thin and lightweight. Furthermore, the Roxkin material can be recycled(15), allowing the recycling and repurposing of used Proxis suitcases once the product reaches the end of its life. This is just one initiative under 'Our Responsible Journey' - Samsonite's global strategy and commitment to lead the industry in sustainability. We believe that our continued commitment to innovation and sustainability will strengthen the Group's long-term growth prospects.

In closing, I wish to thank our Chairman, Tim Parker, and the Board for their valuable counsel and steadfast support. My heartfelt thanks also go out to our country, regional and corporate teams as well as our business partners around the globe for their commitment, drive and perseverance during this very trying time. It has been especially difficult to have had to restructure the organization in order to help the organization navigate the challenges from COVID-19. As we continue to move forward and operate during uncertain times, as always we will follow our motto to "Do unto others as you would have them do unto you" and treat our stakeholders with consideration and respect. I have no doubt that Samsonite will come out the other side poised for long-term growth and profitability.

Kyle Francis Gendreau
Chief Executive Officer
August 19, 2020

Notes

(1) United Nations World Tourism Organization ("UNWTO") World Tourism Barometer, July 2020.
(2) Results stated on a constant currency basis, a non-International Financial Reporting Standards ("IFRS") measure, are calculated by applying the average exchange rate of the comparable period in the previous year to current period local currency results.
(3) As a result of overall market conditions caused by the COVID-19 pandemic, the Group recognized non-cash impairment charges during the first half of 2020 (the "1H 2020 Impairment Charges") of US$877.2 million, comprised of US$732.0 million related to goodwill and tradename intangible assets, US$113.9 million for lease right-of-use assets and US$31.2 million for property, plant and equipment, attributable to the under-performance of certain retail locations.

(4) During the six months ended June 30, 2020, the Group incurred restructuring charges (the "1H 2020 Restructuring Charges") of US$28.8 million, which primarily consisted of severance associated with permanent headcount reductions and store closure costs as the Group took meaningful actions to reduce its fixed cost base in response to the impact of COVID-19 on the Group's business.
(5) Based on an evaluation of loss-making stores in the six months ended June 30, 2019, the Group recognized non-cash impairment charges (the "1H 2019 Impairment Charges") totaling US$29.7 million during the first half of 2019, comprised of the impairment of US$21.0 million of lease right-of-use assets associated with such stores and a US$8.7 million impairment for property, plant and equipment of such stores.
(6) During the six months ended June 30, 2019, the Group recorded costs related to profit improvement initiatives included in Other Income (Expenses) totaling US$9.8 million.
(7) The Group reported an operating loss of US$1,062.9 million for the six months ended June 30, 2020, compared to operating profit of US$124.0 million for the same period in the previous year. The adjusted operating loss was US$156.9 million when excluding the 1H 2020 Impairment Charges and 1H 2020 Restructuring Charges, compared to an adjusted operating profit of US$163.6 million for the same period in the previous year when excluding the 1H 2019 Impairment Charges and the costs to implement profit improvement initiatives.
(8) The Group reported a loss attributable to the equity holders of US$974.0 million for the six months ended June 30, 2020, compared to profit attributable to the equity holders of US$49.1 million for the same period in the previous year. The adjusted loss attributable to the equity holders was US$169.7 million when excluding the 1H 2020 Impairment Charges and 1H 2020 Restructuring Charges, both of which are net of the related tax impact, incurred during the six months ended June 30, 2020, compared to an adjusted profit attributable to the equity holders of US$86.1 million for the same period in the previous year when excluding the 1H 2019 Impairment Charges and the costs to implement profit improvement initiatives, both of which are net of the related tax impact.
(9) Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. The Group believes these measures provide additional information that is useful in gaining a more complete understanding of its operational performance and of the underlying trends of its business.
(10) Adjusted Net Income (Loss), a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, along with their respective tax effects, that impact the Group's reported profit (loss) for the period, which the Group believes helps to give securities analysts, investors and other interested parties a better understanding of the Group's underlying financial performance.
(11) Non-marketing SG&A expenses comprise distribution expenses and general and administrative expenses.
(12) On March 16, 2020, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into an amendment to the Group's credit agreement, which provided for an amended US$800.0 million senior secured term loan A facility and an amended revolving credit facility that was increased by US$200.0 million to US$850.0 million. On March 20, 2020, the Company borrowed US$810.3 million under its amended revolving credit facility to enhance the Company's cash position.
(13) On May 7, 2020, the Group closed on an additional term loan B facility with an aggregate principal amount of US$600.0 million.
(14) On April 29, 2020, the Group entered into an amendment to its credit agreement which suspends the requirement to comply with its net leverage ratio and interest coverage ratio covenants from the beginning of the second quarter of 2020 through the end of the second quarter of 2021 and provides more flexibility in the calculation of such covenants beginning with the third quarter of 2021 through the end of the first quarter of 2022.
(15) Where commercial facilities exist.

Independent Auditors' Review Report

The Board of Directors and Shareholders
Samsonite International S.A.:

Report on the Financial Statements
We have reviewed the accompanying consolidated statement of financial position of Samsonite International S.A. and its subsidiaries as of June 30, 2020, the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and the consolidated statements of cash flows for the six-month periods ended June 30, 2020 and June 30, 2019.

Management's Responsibility
The Company's management is responsible for the preparation and fair presentation of the interim financial information in accordance with IAS 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in accordance with IAS 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board.

Auditors' Responsibility
Our responsibility is to conduct our reviews in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information and in accordance with International Standards on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing, the objective of which is the expression of an opinion regarding the financial information. Accordingly, we do not express such an opinion.

Conclusion
Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial information for it to be in accordance with IAS 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board.

KPMG LLP

Boston, Massachusetts
August 19, 2020

Consolidated Income Statements

(Expressed in millions of US Dollars, except per share data)	Note	Six months ended June 30, 2020	2019
Net sales	4	**802.3**	1,755.7
Cost of sales		**(405.8)**	(772.7)
Gross profit		**396.5**	983.0
Distribution expenses		**(408.1)**	(600.5)
Marketing expenses		**(44.5)**	(103.1)
General and administrative expenses		**(107.9)**	(113.8)
Impairment Charges	7 , 8 , 17(a)	**(877.2)**	(29.7)
Restructuring Charges	18	**(28.8)**	—
Other income (expenses)	21	**7.1**	(11.9)
Operating profit (loss)		**(1,062.9)**	124.0
Finance income	20	**1.8**	0.9
Finance costs	20	**(48.5)**	(51.0)
Net finance costs	20	**(46.7)**	(50.1)
Profit (loss) before income tax		**(1,109.6)**	73.9
Income tax benefit (expense)	19(a)	**133.7**	(15.6)
Profit (loss) for the period		**(975.9)**	58.3
Profit (loss) attributable to equity holders		**(974.0)**	49.1
Profit (loss) attributable to non-controlling interests		**(1.9)**	9.2
Profit (loss) for the period		**(975.9)**	58.3
Earnings (loss) per share			
Basic and diluted earnings (loss) per share			
(Expressed in US Dollars per share)	12	**(0.680)**	0.034

The accompanying notes form part of the consolidated interim financial statements.

Consolidated Statements of Comprehensive Income (Loss)

(Expressed in millions of US Dollars)	Note	Six months ended June 30, 2020	2019
Profit (loss) for the period		**(975.9)**	58.3
Other comprehensive income (loss):			
Items that are or may be reclassified subsequently to profit or loss:			
Changes in fair value of hedges, net of tax	13 (a), 19 (b)	**(22.7)**	(16.9)
Foreign currency translation gains (losses) for foreign operations	19 (b), 20	**(27.5)**	3.4
Other comprehensive loss		**(50.2)**	(13.5)
Total comprehensive income (loss) for the period		**(1,026.1)**	44.8
Total comprehensive income (loss) attributable to equity holders		**(1,021.2)**	35.1
Total comprehensive income (loss) attributable to non-controlling interests		**(4.9)**	9.7
Total comprehensive income (loss) for the period		**(1,026.1)**	44.8

The accompanying notes form part of the consolidated interim financial statements.

Consolidated Statements of Financial Position

(Expressed in millions of US Dollars)	Note	**June 30, 2020**	December 31, 2019
Non-Current Assets			
Property, plant and equipment	7	**211.1**	267.1
Lease right-of-use assets	17 (a)	**437.9**	613.5
Goodwill	8	**841.3**	1,339.0
Other intangible assets	8	**1,442.0**	1,691.1
Deferred tax assets		**62.0**	31.7
Derivative financial instruments	13 (a)	**3.1**	10.7
Other assets and receivables		**44.8**	45.0
Total non-current assets		**3,042.2**	3,998.1
Current Assets			
Inventories	9	**575.5**	587.3
Trade and other receivables	10	**144.1**	396.0
Prepaid expenses and other assets		**116.1**	97.3
Cash and cash equivalents	11	**1,589.8**	462.6
Total current assets		**2,425.5**	1,543.2
Total assets		**5,467.7**	5,541.3
Equity and Liabilities			
Equity:			
Share capital		**14.3**	14.3
Reserves		**929.0**	1,936.7
Total equity attributable to equity holders		**943.3**	1,951.0
Non-controlling interests		**42.1**	50.5
Total equity		**985.4**	2,001.5
Non-Current Liabilities			
Loans and borrowings	13 (a)	**3,075.9**	1,693.9
Lease liabilities	17 (b)	**424.2**	475.1
Employee benefits	14	**25.9**	25.3
Non-controlling interest put options		**39.1**	64.8
Deferred tax liabilities		**116.0**	223.0
Derivative financial instruments	13 (a)	**26.1**	0.3
Other liabilities		**6.5**	7.0
Total non-current liabilities		**3,713.7**	2,489.4
Current Liabilities			
Loans and borrowings	13 (b)	**68.4**	23.6
Current portion of long-term loans and borrowings	13 (b)	**32.7**	37.7
Current portion of lease liabilities	17 (b)	**166.1**	174.9
Employee benefits	14	**53.7**	84.2
Trade and other payables	15	**386.3**	675.9
Current tax liabilities		**61.4**	54.1
Total current liabilities		**768.6**	1,050.4
Total liabilities		**4,482.3**	3,539.8
Total equity and liabilities		**5,467.7**	5,541.3
Net current assets		**1,656.9**	492.8
Total assets less current liabilities		**4,699.1**	4,490.9

The accompanying notes form part of the consolidated interim financial statements.

Consolidated Statements of Changes in Equity

(Expressed in millions of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Six months ended June 30, 2020										
Balance, January 1, 2020		**1,432,569,771**	**14.3**	**1,055.2**	**(51.6)**	**80.9**	**852.2**	**1,951.0**	**50.5**	**2,001.5**
Loss for the period		**—**	**—**	**—**	**—**	**—**	**(974.0)**	**(974.0)**	**(1.9)**	**(975.9)**
Other comprehensive loss:										
Changes in fair value of hedges, net of tax	13 (a) , 19 (b)	**—**	**—**	**—**	**—**	**(22.6)**	**—**	**(22.6)**	**(0.1)**	**(22.7)**
Foreign currency translation losses for foreign operations	19 (b) , 20	**—**	**—**	**—**	**(24.6)**	**—**	**—**	**(24.6)**	**(2.9)**	**(27.5)**
Total comprehensive loss for the period		**—**	**—**	**—**	**(24.6)**	**(22.6)**	**(974.0)**	**(1,021.2)**	**(4.9)**	**(1,026.1)**
Transactions with owners recorded directly in equity:										
Change in fair value of put options included in equity	22 (b)	**—**	**—**	**—**	**—**	**—**	**10.2**	**10.2**	**—**	**10.2**
Share-based compensation expense	14	**—**	**—**	**—**	**—**	**3.3**	**—**	**3.3**	**—**	**3.3**
Vesting of time-based restricted share awards	14 (b)	**1,144,796**	**0.0**	**2.3**	**—**	**(2.3)**	**—**	**—**	**—**	**—**
Dividends paid to non-controlling interests	12 (c)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(3.5)**	**(3.5)**
Balance, June 30, 2020		**1,433,714,567**	**14.3**	**1,057.5**	**(76.2)**	**59.3**	**(111.6)**	**943.3**	**42.1**	**985.4**

The accompanying notes form part of the consolidated interim financial statements.

Consolidated Statements of Changes in Equity (continued)

(Expressed in millions of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Six months ended June 30, 2019										
Balance, January 1, 2019		1,430,940,380	14.3	1,050.2	(51.4)	83.1	851.6	1,947.8	43.3	1,991.1
Profit for the period		—	—	—	—	—	49.1	49.1	9.2	58.3
Other comprehensive income (loss):										
Changes in fair value of hedges, net of tax	13 (a) , 19 (b)	—	—	—	—	(16.9)	—	(16.9)	—	(16.9)
Foreign currency translation gains for foreign operations	19 (b) , 20	—	—	—	2.9	—	—	2.9	0.5	3.4
Total comprehensive income (loss) for the period		—	—	—	2.9	(16.9)	49.1	35.1	9.7	44.8
Transactions with owners recorded directly in equity:										
Change in fair value of put options included in equity	22 (b)	—	—	—	—	—	(1.9)	(1.9)	—	(1.9)
Cash distributions declared to equity holders	12 (c)	—	—	—	—	—	(125.0)	(125.0)	—	(125.0)
Share-based compensation expense	14	—	—	—	—	7.0	—	7.0	—	7.0
Exercise of share options	14 (b)	68,372	0.0	0.2	—	0.0	—	0.2	—	0.2
Dividends paid to non-controlling interests	12 (c)	—	—	—	—	—	—	—	(9.1)	(9.1)
Balance, June 30, 2019		1,431,008,752	14.3	1,050.4	(48.5)	73.2	773.8	1,863.2	43.9	1,907.1

The accompanying notes form part of the consolidated interim financial statements.

Consolidated Statements of Cash Flows

(Expressed in millions of US Dollars)	Note	Six months ended June 30, 2020	2019
Cash flows from operating activities:			
Profit (loss) for the period		**(975.9)**	58.3
Adjustments to reconcile profit (loss) for the period to net cash generated from (used in) operating activities:			
Depreciation	7	**35.5**	40.1
Amortization of intangible assets	8	**16.0**	16.1
Amortization of lease right-of-use assets	17 (a)	**89.5**	99.5
Impairment Charges	7, 8, 17 (a)	**877.2**	29.7
Change in fair value of put options included in finance costs	20	**(15.5)**	(1.0)
Non-cash share-based compensation	14	**3.3**	7.0
Interest expense on borrowings and lease liabilities	13, 20	**56.0**	50.0
Income tax (benefit) expense	19 (a)	**(133.7)**	15.6
		(47.6)	315.3
Changes in operating assets and liabilities:			
Trade and other receivables		**214.5**	(1.5)
Inventories		**(2.0)**	(3.5)
Other current assets		**19.4**	(14.9)
Trade and other payables		**(306.2)**	(19.2)
Other assets and liabilities		**31.3**	0.6
Cash generated from (used in) operating activities		**(90.6)**	276.8
Interest paid on borrowings and lease liabilities		**(50.2)**	(46.5)
Income tax paid		**(32.2)**	(37.7)
Net cash generated from (used in) operating activities		**(173.0)**	192.6
Cash flows from investing activities:			
Purchases of property, plant and equipment	7	**(18.0)**	(26.0)
Other intangible asset additions		**(3.5)**	(6.7)
Net cash used in investing activities		**(21.5)**	(32.7)
Cash flows from financing activities:			
Proceeds from issuance of Amended Term Loan A Facility	13	**800.0**	—
Payment and settlement of Term Loan A Facility	13	**(797.0)**	—
Proceeds from issuance of Incremental Term Loan B Facility	13	**600.0**	—
Proceeds (payments) of other non-current / long-term loans and borrowings, net	13 (a)	**803.2**	(14.2)
Proceeds from current loans and borrowings, net	13 (b)	**46.0**	4.2
Principal payments on lease liabilities	17 (d)	**(90.8)**	(79.5)
Payment of deferred financing costs	13	**(34.8)**	—
Proceeds from the exercise of share options	13 (c)	**—**	0.2
Dividend payments to non-controlling interests	12 (c)	**(3.5)**	(9.1)
Net cash provided by (used in) financing activities		**1,323.1**	(98.4)
Net increase in cash and cash equivalents		**1,128.6**	61.5
Cash and cash equivalents, at beginning of period		**462.6**	427.7
Effect of exchange rate changes		**(1.4)**	0.1
Cash and cash equivalents, at end of period	11	**1,589.8**	489.3

The accompanying notes form part of the consolidated interim financial statements.

Notes to the Consolidated Interim Financial Statements

1. Background

Samsonite International S.A. (the "Company"), together with its consolidated subsidiaries (the "Group"), is principally engaged in the design, manufacture, sourcing and distribution of luggage, business and computer bags, outdoor and casual bags, travel accessories and slim protective cases for personal electronic devices throughout the world, primarily under the *Samsonite*®, *Tumi*®, *American Tourister*®, *Speck*®, *Gregory*®, *High Sierra*®, *Kamiliant*®, *eBags*®, *Lipault*® and *Hartmann*® brand names as well as other owned and licensed brand names. The Group sells its products through a variety of wholesale distribution channels, through its company-operated retail stores and through e-commerce. The Group sells its products in North America, Asia, Europe and Latin America.

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

This consolidated interim financial information was authorized for issuance by the Company's Board of Directors (the "Board") on August 19, 2020 and is unaudited. The Company's auditor, KPMG LLP, performed a review in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information and in accordance with International Standards on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

2. Basis of Preparation

(a) Statement of Compliance

The consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated interim financial statements should be read in conjunction with the Group's audited consolidated financial statements as of and for the year ended December 31, 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board (the "IASB"), which collective term includes all International Accounting Standards ("IAS") and related interpretations.

The Group's business has been negatively impacted by the COVID-19 pandemic, which affected the fair value of certain financial assets during the six months ended June 30, 2020. There were no transfers between the levels of the fair value hierarchy used in measuring the fair value of financial instruments and there were no changes in the classification of financial assets during the six months ended June 30, 2020.

Due to the negative impacts resulting from the COVID-19 pandemic, certain cash generating units identified by the Group were tested for impairment during the six months ended June 30, 2020. See notes 6, 7, 8 and 17 for further discussion.

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income (loss) of the interim period, adjusted for certain discrete items for the period.

The Group has not performed independent actuarial valuations of its defined benefit obligation plans as of June 30, 2020.

(b) Basis of Measurement

The consolidated interim financial information has been prepared on the historical cost basis, except for the following material item in the consolidated statements of financial position:

- derivative financial instruments are measured at fair value.

(c) Functional and Presentation Currency

This financial information is presented using the currency of the primary economic environment in which the Group's subsidiaries operate ("functional currency"). The functional currencies of the significant subsidiaries within the Group are the currencies of the primary economic environment and key business processes of these subsidiaries and include, but are not limited to, United States Dollars, Euros, Renminbi, South Korean Won, Japanese Yen and Indian Rupee.

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

(d) Use of Judgments, Estimates and Assumptions

The preparation of the consolidated interim financial statements in conformity 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 and to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of this consolidated interim financial information and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

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

(e) Impact of COVID-19

In response to the COVID-19 pandemic, governments around the world have adopted various measures to contain the spread of the virus, including restrictions on travel, closure of non-essential businesses and imposition of quarantine and other social distancing measures. These measures have impacted businesses worldwide, including the Company. The Group's net sales decreased by US$230.8 million, or 27.7%, year-on-year during the first quarter of 2020. The Group's second quarter 2020 net sales decreased by US$722.6 million, or 78.2%, year-on-year when most of the Group's markets went into government-imposed lockdown. Overall, the Group's first half 2020 net sales decreased by US$953.4 million, or 54.3%, compared to the six months ended June 30, 2019 due to the negative impacts from the COVID-19 pandemic. The impacts of COVID-19 on the Company's business have been significant due to temporary closures of retail stores in which the Company's products are sold and significant reductions in travel and discretionary spending among consumers, which have reduced demand for the Group's products.

Given the inherent uncertainty about the future impacts of COVID-19, it is not possible for the Company to reliably predict the extent to which the Group's business, results of operations, financial condition or liquidity will ultimately be impacted, however the Group's financial condition and results of operations have been, and will continue to be, adversely affected. Given the Group's experience with prior disruptions to travel, the Company believes the Group will be able to effectively manage through the current environment, although it expects the recovery to take longer than prior disruptions. The Company believes the Group has sufficient liquidity to provide it with adequate capacity to navigate the current environment as well as a prolonged downturn; however, there can be no assurances that such liquidity will be sufficient or that the Group will not need to access additional financing.

3. Summary of Significant Accounting Policies

(a) Significant Accounting Policies

Except as described below, the accounting policies and judgments applied by the Group used in the preparation of the consolidated interim financial statements are consistent with those applied by the Group in the consolidated annual financial statements as of and for the year ended December 31, 2019. The changes in accounting policies described below are also expected to be reflected in the Group's consolidated financial statements as of and for the year ending December 31, 2020.

(b) Changes in Accounting Policies

The IASB has issued a number of new, revised and amended IFRS. For the purpose of preparing the consolidated interim financial statements as of and for the six months ended June 30, 2020, the following standards became effective for the current reporting period.

In October 2018, the IASB issued narrow-scope amendments to IFRS 3, *Business Combinations* to improve the definition of a 'business'. The amendments will help companies determine whether an acquisition made is of a business or a group of assets. A 'business' was previously defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. The new definition of a 'business' is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. Distinguishing between a business and a group of assets is important because, amongst others, an acquirer recognizes goodwill only when acquiring a business. The changes became effective for

annual reporting periods beginning on or after January 1, 2020. This amendment did not have a material impact on the consolidated interim financial statements of the Group.

In September 2019, the IASB amended some of its requirements for hedge accounting. The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as interbank offered rates ("IBORs"). The IASB amended IFRS 9, *Financial Instruments*, modifying some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the anticipated IBOR reform. In addition, the amendments require companies to provide certain additional information to investors about their hedging relationships which are directly affected by these uncertainties.

All companies with hedges affected by IBOR reform are required to assume that the interest rate benchmark on which hedged cash flows are based is not altered as a result of IBOR reform when assessing whether the future cash flows are highly probable. Also, for discontinued hedging relationships, the same assumption is applied for determining whether the hedged future cash flows are expected to occur. Prospectively, all companies are required to assess whether the economic relationship between the hedged item and the hedging instrument exists based on the assumptions that the interest rate benchmark on which the hedged item and the hedging instrument are based is not altered as a result of IBOR reform. The changes became effective for annual reporting periods beginning on or after January 1, 2020. This amendment did not have a material impact on the consolidated interim financial statements of the Group.

Due to the impact of the COVID-19 pandemic, many lessees have sought rent concessions from lessors. Under IFRS 16, *Leases* ("IFRS 16"), rent concessions often meet the definition of a lease modification. The IASB has issued amendments to IFRS 16 to simplify how lessees account for rent concessions. The amendment is effective for annual reporting periods beginning on or after June 1, 2020 with earlier application permitted.

The amendments provide an optional practical expedient for lessees in accounting for eligible rent concessions that are a direct consequence of COVID-19. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all of the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to the other terms and conditions of the lease.

Generally, the lessee will recognize the benefit of the rent concession, that meet the conditions of the practical expedient, in profit or loss as if it were a variable lease payment. If a rent concession does not qualify for the practical expedient or the lessee chooses not to apply the practical expedient, then the previous guidance under IFRS 16 will continue to apply. See note 17(e) for further discussion.

(c) New Standards and Interpretations Not Yet Adopted

In January 2020, the IASB amended IAS 1, *Presentation of Financial Statements* ("IAS 1") to promote consistency in application and clarify the requirements on determining if a liability is current or non-current. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of a reporting period. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must have substance and exist at the end of a reporting period. The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The Group is currently evaluating the impact of the amendments to IAS 1 on its consolidated financial statements.

4. Segment Reporting

The reportable segments for the six months ended June 30, 2020 are consistent with the reportable segments included within the annual consolidated financial statements as of and for the year ended December 31, 2019.

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

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

Segment information as of and for the six months ended June 30, 2020 and June 30, 2019 is as follows:

	Six months ended June 30, 2020					
(Expressed in millions of US Dollars)	**North America**	**Asia**	**Europe**	**Latin America**	**Corporate[3]**	**Consolidated**
External revenues	**321.0**	**283.0**	**157.5**	**39.4**	**1.4**	**802.3**
Operating loss	**(572.0)**	**(116.7)**	**(86.4)**	**(29.8)**	**(258.0)**	**(1,062.9)**
Depreciation and amortization[1]	**46.8**	**46.9**	**35.8**	**9.6**	**1.9**	**141.0**
Capital expenditures	**4.3**	**8.9**	**3.8**	**0.8**	**0.1**	**18.0**
Impairment Charges	**516.0**	**75.1**	**40.5**	**11.8**	**233.8**	**877.2**
Restructuring Charges	**9.1**	**2.7**	**14.3**	**1.5**	**1.1**	**28.8**
Finance income	**0.1**	**0.2**	**0.1**	**0.0**	**1.4**	**1.8**
Finance costs[2]	**(7.4)**	**(3.1)**	**(5.7)**	**(6.3)**	**(26.0)**	**(48.5)**
Income tax (expense) benefit	**41.0**	**13.7**	**21.8**	**1.1**	**56.2**	**133.7**
Total assets	**1,173.7**	**1,184.3**	**690.6**	**114.1**	**2,305.1**	**5,467.7**
Total liabilities	**758.1**	**480.2**	**468.4**	**78.6**	**2,697.0**	**4,482.3**

	Six months ended June 30, 2019					
(Expressed in millions of US Dollars)	North America	Asia	Europe	Latin America	Corporate[3]	Consolidated
External revenues	654.3	643.6	371.3	84.7	1.8	1,755.7
Operating profit (loss)	34.9	109.7	13.0	(2.6)	(31.0)	124.0
Depreciation and amortization[1]	54.7	49.5	39.8	10.4	1.3	155.7
Capital expenditures	5.0	6.9	10.2	1.1	2.8	26.0
Impairment Charges	20.9	1.0	7.8	—	0.0	29.7
Finance income	0.1	0.3	0.1	0.0	0.4	0.9
Finance costs[2]	(8.5)	(3.5)	(4.3)	(1.6)	(33.1)	(51.0)
Income tax (expense) benefit	5.6	(15.2)	2.2	0.4	(8.6)	(15.6)
Total assets	2,877.7	1,419.1	831.6	174.7	523.0	5,826.2
Total liabilities	1,771.1	589.1	508.1	98.2	952.6	3,919.1

Notes

(1) Depreciation and amortization expense for the six months ended June 30, 2020 and June 30, 2019 includes amortization expense associated with lease right-of-use assets recorded in accordance with IFRS 16.

(2) Finance costs for the six months ended June 30, 2020 and June 30, 2019 primarily include interest expense on financial liabilities, which includes the amortization of deferred financing costs, interest expense on lease liabilities in accordance with IFRS 16, change in the fair value of put options and unrealized (gains) losses on foreign exchange that are presented on a net basis.

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

The following table sets forth a disaggregation of net sales by brand for the six months ended June 30, 2020 and June 30, 2019:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2020**	2019
Net sales by brand:		
Samsonite	**360.7**	792.6
Tumi	**156.2**	363.4
American Tourister	**136.2**	320.6
Speck	**33.7**	50.2
Gregory	**24.1**	34.9
High Sierra	**14.7**	39.3
Other[1]	**76.6**	154.8
Net sales	**802.3**	1,755.7

Note
(1) "Other" includes certain other brands owned by the Group, such as *Kamiliant*, *eBags*, *Xtrem*, *Lipault*, *Hartmann*, *Saxoline* and *Secret*, as well as third-party brands sold through the Group's Rolling Luggage and Chic Accent retail stores and the eBags e-commerce website.

The following table sets forth a disaggregation of net sales by product category for the six months ended June 30, 2020 and June 30, 2019:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2020**	2019
Net sales by product category:		
Travel	**436.6**	1,051.1
Non-travel[1]	**365.8**	704.7
Net sales	**802.3**	1,755.7

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

The following table sets forth a disaggregation of net sales by distribution channel for the six months ended June 30, 2020 and June 30, 2019:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2020**	2019
Net sales by distribution channel:		
Wholesale	**516.7**	1,129.1
Direct-to-consumer ("DTC")[1]	**284.3**	624.8
Other[2]	**1.4**	1.8
Net sales	**802.3**	1,755.7

Notes
(1) DTC, or direct-to-consumer, includes bricks-and-mortar retail and e-commerce sites owned and operated by the Group.
(2) “Other” primarily consists of licensing revenue.

5. Seasonality of Operations

There is some seasonal fluctuation in the business activity of the Group and, as a result, net sales and working capital requirements may fluctuate from period to period.

6. Impairment Charges

In accordance with IAS 36, *Impairment of Assets* ("IAS 36"), the Group is required to evaluate its intangible assets with infinite lives at least annually or when an event has occurred or circumstances change that would more likely than not reduce the recoverable amount of a cash generating unit ("CGU") below its carrying value. The Group is also required to perform a review for impairment indicators at least quarterly on its tangible and intangible assets with finite useful lives. If there is any indication that an asset may be impaired, the Group must estimate the recoverable amount of the asset.

As a result of overall market conditions caused by the COVID-19 pandemic, the Group determined there were indicators of potential impairment on its CGUs. Based on the valuation performed by a third-party specialist engaged by the Company, it was determined that the carrying value of certain CGUs was greater than its recoverable amount, resulting in impairment charges totaling US$732.0 million, comprised of US$496.0 million for goodwill and US$236.0 million for certain tradenames.

Based on an evaluation of loss-making stores, which individually represent CGUs, during the six months ended June 30, 2020 and June 30, 2019 and reduced traffic and under-performance, the Group determined that the carrying amounts of certain retail stores exceeded their respective recoverable amounts. During the six months ended June 30, 2020, the Group recognized impairment charges reflecting the aggregate difference totaling US$145.2 million, comprised of US$113.9 million for lease right-of-use assets and US$31.2 million for property, plant and equipment, including leasehold improvements, attributable to the under-performance of certain retail locations. During the six months ended June 30, 2019, the Group recognized impairment charges totaling US$29.7 million, comprised of the write-off of US$21.0 million of lease right-of-use assets associated with such stores and a US$8.7 million impairment for property, plant and equipment, including leasehold improvements, of such stores. Expenses related to lease right-of-use assets and property, plant and equipment, including leasehold improvements, have historically been classified as distribution expenses on the consolidated income statements using the function of expense presentation method for the affected assets.

The first half 2020 impairment charges of US$877.2 million and the first half 2019 impairment charges of US$29.7 million were recorded in the Group's consolidated income statements in the line item "Impairment Charges". See also note 7 Property, Plant and Equipment, note 8 Goodwill and Other Intangible Assets and note 17 Leases below for further discussion.

7. Property, Plant and Equipment

For the six months ended June 30, 2020 and June 30, 2019, the cost of additions to property, plant and equipment was US$18.0 million and US$26.0 million, respectively. Depreciation expense for the six months ended June 30, 2020 and June 30, 2019 amounted to US$35.5 million and US$40.1 million, respectively. Of this amount, US$7.9 million and US$6.9 million was included in cost of sales during the six months ended June 30, 2020 and June 30, 2019, respectively. Remaining amounts were presented in distribution and general and administrative expenses.

In accordance with IAS 36, the Group is required to evaluate its CGUs for potential impairment whenever events or changes in circumstance indicate that their carrying amount might not be recoverable. Based on the evaluation of loss-making stores, which individually represent CGUs, during the six months ended June 30, 2020 and June 30, 2019 and reduced traffic and under-performance, the Group determined that the carrying amounts of certain retail stores as of June 30, 2020 and June 30, 2019 exceeded their respective recoverable amounts. The Group recognized impairment charges reflecting the aggregate difference totaling US$31.2 million and US$8.7 million during the six months ended June 30, 2020 and June 30, 2019, respectively, for these leasehold improvements. Expenses related to property, plant and equipment, including leasehold improvements, have historically been classified as distribution expenses on the consolidated income statements using the function of expense presentation method. These impairment charges for the six months ended June 30, 2020 and June 30, 2019 were recorded in the Group's consolidated income statements in the line item "Impairment Charges" (see also note 8 Goodwill and Other Intangible Assets and note 17 Leases).

Capital Commitments

Capital commitments outstanding as of June 30, 2020 and December 31, 2019 were US$6.9 million and US$6.9 million, respectively, which were not recognized as liabilities in the consolidated statements of financial position as they have not met the recognition criteria. The Group has taken meaningful measures to reduce capital expenditures for the remainder of 2020 in an effort to preserve cash in response to the impacts on the Group’s business from the COVID-19 pandemic.

8. Goodwill and Other Intangible Assets

Amortization expense related to intangible assets for the six months ended June 30, 2020 and June 30, 2019 amounted to US$16.0 million and US$16.1 million, respectively, which was included within distribution expenses on the consolidated income statements.

In accordance with IAS 36, the Group is required to evaluate its intangible assets with infinite lives at least annually or when an event has occurred or circumstances change that would more likely than not reduce the recoverable amount of a cash generating unit below its carrying value. The Group is also required to perform a review for impairment indicators at least quarterly on its tangible and intangible assets with finite useful lives. If there is any indication that an asset may be impaired, the Group must estimate the recoverable amount of the asset.

Goodwill

In accordance with IAS 36, the recoverable amounts of the Group's CGUs including those which contain goodwill were determined using the higher of fair value less cost to sell or value in use, which is determined by discounting the estimated future cash flows generated from the continuing use of the unit.

As a result of overall market conditions caused by the COVID-19 pandemic, the Group determined there were indicators of potential impairment on its CGUs. Based on the valuation performed by a third-party specialist engaged by the Company, it was determined that the carrying value of certain CGUs was greater than its recoverable amount, resulting in impairment charges totaling US$496.0 million. These impairment charges for the six months ended June 30, 2020 were recorded in the Group's consolidated income statements in the line item "Impairment Charges" (see also note 7 Property, Plant and Equipment and note 17 Leases). There were no impairment indicators on the Group's CGUs during the six months ended June 30, 2019.

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

Separate calculations are prepared for each of the groups of CGUs that make up the consolidated Group. These calculations used discounted cash flow projections based on financial estimates reviewed by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates appropriate for the market in which the unit operates. The values assigned to the key assumptions represent management's assessment of future trends and are based on both external sources and internal sources (historical data) and are summarized below.

- Pre-tax discount rates of 10.0%-11.0% were used in discounting the projected cash flows. The pre-tax discount rates were calculated for each CGU.
- Pre-tax cash flows were projected based on the historical operating results and the five-year forecasts.
- The terminal values were extrapolated using constant long-term growth rate of 3.0%, which is consistent with the average growth rate for the industry.

Judgment is required to determine key assumptions adopted in the cash flow projections and the changes to key assumptions can significantly affect these cash flow projections. Management has considered the above assumptions and valuation and has also taken into account the business plans going forward. Actual results will be influenced by the prevailing economic conditions and potentially other unforeseen events or circumstances that could have a negative impact on future results. Following the impairment charges recognized on goodwill, the recoverable amount of the Group's North America and Asia CGUs was equal to the carrying amount. Therefore, any change in a key assumption could result in further impairment.

Other Intangible Assets

In accordance with IAS 36, the Group is required to evaluate its intangible assets with infinite lives for recoverability whenever events or changes in circumstance indicate that their carrying amount might not be recoverable. The Group's tradenames have been deemed to have indefinite lives due to their high quality and perceived value. In accordance with IAS 36, the recoverable amounts of the Group's tradenames were determined using the relief-from-royalty income approach to derive fair value less cost to sell.

As a result of overall market conditions caused by the COVID-19 pandemic, the Group determined there were indicators of potential impairment on its indefinite lived intangible assets. Based on the valuation performed by a third-party specialist engaged by the Company, it was determined that the carrying values of certain tradenames were greater than the related recoverable amounts, resulting in impairment charges totaling US$236.0 million. These impairment charges for the six months ended June 30, 2020 were recorded in the Group's consolidated income statements in the line item "Impairment Charges" (see also note 7 Property, Plant and Equipment and note 17 Leases). There were no impairment indicators on the Group's indefinite lived intangible assets during the six months ended June 30, 2019.

The calculations used discounted projections based on financial estimates reviewed by management covering a five-year period. Revenues beyond the five-year period are extrapolated using estimated growth rates appropriate for the market. The values assigned to the key assumptions represent management's assessment of future trends and are based on both external sources and internal sources (historical data) and are summarized below.

- Pre-tax discount rates of 10.0%-13.0% were used. The pre-tax discount rates were calculated separately for each tradename.
- Revenues were based on anticipated selling prices and projected based on the historical operating results, the five-year forecasts and royalty rates based on recent transfer pricing studies in the jurisdictions the Group operates in.

- The terminal values were extrapolated using constant long-term growth rates of 3.0%, which is consistent with the average growth rate for the industry.

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

9. Inventories

Inventories consisted of the following:

(Expressed in millions of US Dollars)	**June 30, 2020**	December 31, 2019
Raw materials	**28.0**	28.0
Work in process	**3.0**	2.0
Finished goods	**544.5**	557.3
Total inventories	**575.5**	587.3

The amounts above as of June 30, 2020 and December 31, 2019 include inventories carried at net realizable value (estimated selling price less costs to sell) of US$71.9 million and US$61.1 million, respectively. During the six months ended June 30, 2020 and June 30, 2019, the write-down of inventories to net realizable value amounted to US$22.5 million and US$7.4 million, respectively. During the six months ended June 30, 2020 and June 30, 2019 the reversal of reserves recognized in profit or loss amounted to US$1.1 million and US$5.1 million, respectively.

10. Trade and Other Receivables

Trade and other receivables are presented net of related allowances for doubtful accounts of US$28.8 million and US$16.9 million as of June 30, 2020 and December 31, 2019, respectively. The increase in the allowances for doubtful accounts was due to the impact on the Group's wholesale customers from the challenging economic conditions caused by the global COVID-19 pandemic.

(a) Aging Analysis

Included in trade and other receivables are trade receivables (net of allowance for doubtful accounts) of US$134.9 million and US$380.7 million as of June 30, 2020 and December 31, 2019, respectively, with the following aging analysis by due date of the respective invoice:

(Expressed in millions of US Dollars)	**June 30, 2020**	December 31, 2019
Current	**91.6**	304.6
0 - 30 days past due	**19.7**	46.9
Greater than 30 days past due	**23.6**	29.2
Total trade receivables	**134.9**	380.7

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

(b) Impairment of Trade Receivables

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

The movement in the allowance for doubtful accounts during the periods were as follows:

(Expressed in millions of US Dollars)	**June 30, 2020**	December 31, 2019
As of January 1	**16.9**	14.8
Impairment loss recognized	**25.3**	5.2
Impairment loss written back or off	**(13.4)**	(3.1)
As of end of period[1]	**28.8**	16.9

Note
(1) The movement in the allowance for doubtful accounts as of June 30, 2020 and December 31, 2019 was for the period January 1, 2020 through June 30, 2020 and January 1, 2019 through December 31, 2019, respectively.

11. Cash and Cash Equivalents

(Expressed in millions of US Dollars)	**June 30, 2020**	December 31, 2019
Bank balances	**1,526.3**	448.0
Short-term investments	**63.5**	14.6
Total cash and cash equivalents	**1,589.8**	462.6

Short-term investments comprise overnight sweep accounts and time deposits. Cash and cash equivalents are generally denominated in the functional currency of the respective Group entities. There were no restrictions on the use of any of the Group's cash or cash equivalents as of June 30, 2020 and December 31, 2019.

12. Earnings Per Share and Share Capital

(a) Basic earnings (loss) per share

The calculation of basic earnings (loss) per share is based on the profit (loss) attributable to the equity holders of the Company for the six months ended June 30, 2020 and June 30, 2019.

	Six months ended June 30,	
(Expressed in millions of US Dollars, except share and per share data)	**2020**	2019
Issued ordinary shares at the beginning of the period	**1,432,569,771**	1,430,940,380
Weighted-average impact of share options exercised and restricted share units vested during the period	**87,820**	38,805
Weighted-average number of ordinary shares at the end of the period	**1,432,657,591**	1,430,979,185
Profit (loss) attributable to the equity holders	**(974.0)**	49.1
Basic earnings (loss) per share *(Expressed in US Dollars per share)*	**(0.680)**	0.034

For the six months ended June 30, 2020, basic loss per share was negatively impacted by the impairment charges (as described in notes 6, 7, 8 and 17) totaling US$877.2 million, and by US$28.8 million in restructuring charges, and the related tax impacts. For the six months ended June 30, 2019, basic earnings per share was negatively impacted by the impairment charges (as described in notes 6, 7 and 17) totaling US$29.7 million and by US$9.8 million in costs incurred to implement profit improvement initiatives (which was recorded in the line item "Other income (expenses)" in the consolidated income statements), and the related tax impacts.

(b) Diluted earnings (loss) per share

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

(Expressed in millions of US Dollars, except share and per share data)	Six months ended June 30, 2020	2019
Weighted-average number of ordinary shares (basic) at the end of the period	**1,432,657,591**	1,430,979,185
Effect of share options exercised and restricted share units vested	**—**	2,686,749
Weighted-average number of shares for the period	**1,432,657,591**	1,433,665,934
Profit (loss) attributable to the equity holders	**(974.0)**	49.1
Diluted earnings (loss) per share *(Expressed in US Dollars per share)*	**(0.680)**	0.034

Diluted earnings (loss) per share was negatively impacted by the same factors noted above for basic earnings (loss) per share. At June 30, 2020 and June 30, 2019, 78,935,828 and 88,430,795 unvested share awards, respectively, were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive.

(c) Dividends and Distributions

Due to the inherent uncertainties about the extent and duration of the COVID-19 pandemic and its impacts on the Company for 2020, no cash distribution has been or will be paid to the Company's shareholders in 2020.

On March 13, 2019, the Company's Board of Directors recommended that a cash distribution in the amount of US$125.0 million, or approximately US$0.0873 per share, be made to the Company's shareholders from its ad hoc distributable reserve. The shareholders approved this distribution on June 6, 2019 at the Company's Annual General Meeting and the distribution was paid on July 16, 2019.

Dividend payments to non-controlling interests amounted to US$3.5 million and US$9.1 million during the six months ended June 30, 2020 and June 30, 2019, respectively.

No other dividends or distributions were declared or paid during the six months ended June 30, 2020 and June 30, 2019.

(d) Share Capital

During the six months ended June 30, 2020, there were no exercises of share options that were granted under the Company's Share Award Scheme. During the six months ended June 30, 2020, the Company issued 1,144,796 ordinary shares in connection with the vesting of time-based restricted share awards that were awarded under the Company's Share Award Scheme. There were no other movements in the share capital of the Company during the first six months of 2020.

During the six months ended June 30, 2019, the Company issued 68,372 ordinary shares at a weighted-average exercise price of HK$17.36 per share in connection with the exercise of vested share options that were granted under the Company's Share Award Scheme. There were no other movements in the share capital of the Company during the first six months of 2019.

13. Loans and Borrowings

(a) Non-current Obligations

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

(Expressed in millions of US Dollars)	**June 30, 2020**	December 31, 2019
Term Loan A Facility	**—**	797.0
Term Loan B Facility	**551.5**	554.9
Amended Term Loan A Facility	**795.0**	—
2020 Incremental Term Loan B Facility	**600.0**	—
Amended Revolving Credit Facility	**812.3**	—
Total Senior Credit Facilities	**2,758.9**	1,351.8
Senior Notes	**393.2**	392.4
Other long-term borrowings and obligations	**1.4**	0.1
Total loans and borrowings	**3,153.4**	1,744.4
Less deferred financing costs	**(44.8)**	(12.8)
Total loans and borrowings less deferred financing costs	**3,108.6**	1,731.6
Less current portion of long-term borrowings and obligations	**(32.7)**	(37.7)
Non-current loans and borrowings	**3,075.9**	1,693.9

In 2020, the Group amended its Senior Credit Facilities to further strengthen the Company's liquidity and financial position in order to navigate the challenges from COVID-19. Discussion of the various notes and amendments to the Company's credit facilities are described in detail below.

€350.0 Million 3.500% Senior Notes Due 2026

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

Maturity, Interest and Redemption

The Senior Notes will mature on May 15, 2026. Interest on the aggregate outstanding principal amount of the Senior Notes accrues at a fixed rate of 3.500% per annum, payable semi-annually in cash in arrears on May 15 and November 15 each year.

At any time prior to May 15, 2021, the Issuer may redeem some or all of the Senior Notes at a price equal to 100% of the principal amount of the Senior Notes redeemed plus accrued and unpaid interest to (but excluding) the redemption date at a "make-whole" premium, which is the present value of all remaining scheduled interest payments to the redemption date using the discount rate (as specified in the Indenture) as of the redemption date plus 50 basis points.

On or after May 15, 2021, the Issuer may redeem all, or from time to time a part, of the Senior Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period commencing on May 15 of the years set forth below:

Year	Redemption Price
2021	101.750%
2022	100.875%
2023 and thereafter	100.000%

In addition, at any time prior to May 15, 2021, the Issuer may redeem up to 40% of the Senior Notes with the net proceeds of one or more specified equity offerings at a redemption price of 103.500% of the principal amount of the Senior Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. Furthermore, in the event of certain events defined as constituting a change of control, the Issuer may be required to make an offer to purchase the Senior Notes.

Guarantee and Security
The Senior Notes are guaranteed by the Guarantors on a senior subordinated basis. The Senior Notes are secured by a second-ranking pledge over the shares of the Issuer and a second-ranking pledge over the Issuer's rights in the proceeds loan in respect of the proceeds of the offering of the Senior Notes (the "Shared Collateral"). The Shared Collateral also secures the Senior Credit Facilities (as defined below) on a first-ranking basis.

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

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

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

Interest Rate and Fees
Interest on the borrowings under the Term Loan Credit Facilities and the Revolving Credit Facility began to accrue on April 25, 2018 when the closing on the Senior Credit Facilities occurred (the "Closing Date"). Under the terms of the Senior Credit Facilities:

(a) in respect of the Term Loan A Facility and the Revolving Credit Facility, (i) prior to the Second Amended Credit Agreement (discussed further below), the interest rate payable was set with effect from the Closing Date until the delivery of the consolidated financial statements for the fiscal quarter ended September 30, 2018 at the London Interbank Offered Rate ("LIBOR") plus 1.50% per annum (or a base rate plus 0.50% per annum) and thereafter is based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings and (ii) after the Second Amended Credit Agreement, the interest rate payable was set with effect from the date of the Second Amended Credit Agreement until the delivery of the consolidated financial statements for the fiscal quarter ended June 30, 2020 at LIBOR plus 1.375% per annum (or a base rate plus 0.375% per annum) and thereafter is based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings (subject to the terms of the Third Amended Credit Agreement as described below); and

(b) in respect of the Term Loan B Facility, the interest rate payable was set with effect from the Closing Date at LIBOR plus 1.75% per annum with a LIBOR floor of 0.00% (or a base rate plus 0.75% per annum) (subject to the terms of the Third Amended Credit Agreement as described below).

In addition to paying interest on outstanding principal under the Senior Credit Facilities, the borrowers pay customary agency fees and a commitment fee in respect of the unutilized commitments under the Revolving Credit Facility. The commitment fee payable with effect from the Closing Date until the delivery of the consolidated financial statements for the fiscal quarter ended September 30, 2018 was 0.20% per annum. The commitment fee payable thereafter is based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings, as applicable. After the Second Amended Credit Agreement, the commitment fee payable with effect from the effective date of the Second Amended Credit Agreement

until the delivery of the consolidated financial statements for the fiscal quarter ended June 30, 2020 is 0.20% per annum and the commitment fee payable thereafter may step up based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings, as applicable (subject to the terms of the Third Amended Credit Agreement as described below).

Amortization and Final Maturity

Prior to the Second Amended Credit Agreement, the Term Loan A Facility required scheduled quarterly payments commencing on the first full fiscal quarter ended after the Closing Date, with an annual amortization of 2.5% of the original principal amount of the loans under the Term Loan A Facility made during each of the first and second years, with a step-up to 5.0% annual amortization during each of the third and fourth years and 7.5% annual amortization during the fifth year, with the balance due and payable on the fifth anniversary of the Closing Date.

The Second Amended Credit Agreement requires scheduled quarterly payments commencing on the first full fiscal quarter ended after the Second Amendment Closing Date (as defined below), with an annual amortization of 2.5% of the original principal amount of the loans under the Amended Term Loan A Facility (as defined below) made during each of the first and second years, with a step-up to 5.0% annual amortization during each of the third and fourth years and 7.5% annual amortization during the fifth year, with the balance due and payable on the fifth anniversary of the Second Amendment Closing Date.

The Term Loan B Facility requires scheduled quarterly payments commencing on the quarter ended September 30, 2018, each equal to 0.25% of the original principal amount of the loans under the Term Loan B Facility, with the balance due and payable on the seventh anniversary of the Closing Date.

There is no scheduled amortization of the principal amounts of the loans outstanding under the Revolving Credit Facility. Prior to the Second Amended Credit Agreement, any principal amount outstanding under the Revolving Credit Facility were due and payable on the fifth anniversary of the Closing Date. After the Second Amended Credit Agreement, any principal amount outstanding under the Amended Revolving Credit Facility (as defined below) is due and payable on the fifth anniversary of the Second Amendment Closing Date (as defined below).

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

Guarantees and Security

The obligations of the borrowers under the Senior Credit Facilities are unconditionally guaranteed by the Company and certain of the Company's existing direct or indirect wholly-owned material restricted subsidiaries, and are required to be guaranteed by certain future direct or indirect wholly-owned material restricted subsidiaries organized in the jurisdictions of Luxembourg, Belgium, Canada, Hong Kong, Hungary, Mexico and the United States (the "Credit Facility Guarantors"). All obligations under the Senior Credit Facilities, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all of the assets of the borrowers and the Credit Facility Guarantors (including the Shared Collateral).

Certain Covenants and Events of Default

The Senior Credit Facilities contain a number of customary negative covenants that, among other things and subject to certain exceptions, may restrict the ability of the Company and its restricted subsidiaries to: (i) incur additional indebtedness; (ii) pay dividends or distributions on its capital stock or redeem, repurchase or retire its capital stock or its other indebtedness; (iii) make investments, loans and acquisitions; (iv) engage in transactions with its affiliates; (v) sell assets, including capital stock of its subsidiaries; (vi) consolidate or merge; (vii) materially alter the business it conducts; (viii) incur liens; and (ix) prepay or amend any junior debt or subordinated debt.

In addition, the Credit Agreement requires the Company and its subsidiaries to meet certain quarterly financial covenants. Commencing with the fiscal quarter ended September 30, 2018, the Company and its subsidiaries are required to maintain (i) a pro forma total net leverage ratio of not greater than 5.50:1.00, which ratio will decrease to 5.25:1.00 for test periods ending in 2020, 5.00:1.00 for test periods ending in 2021 and 4.50:1.00 for test periods ending in 2022; provided that such maximum pro forma total net leverage ratio is subject to a step up of 0.50x from the otherwise applicable ratio, up to a pro forma total net leverage ratio not to exceed 6.00:1.00 for the six fiscal quarter period following the fiscal quarter in which a permitted acquisition has been consummated, and (ii) a pro forma consolidated cash interest coverage ratio of not less than 3.00:1.00 (collectively, the "Financial Covenants"). The Financial Covenants only apply for the benefit of the lenders under the Term Loan A Facility and the lenders under the Revolving Credit Facility. The Company's requirement to comply with the Financial Covenants has been temporarily suspended during the Suspension Period (as defined below) pursuant to the Third Amended Credit Agreement (see below for further

discussion). The Credit Agreement also contains certain customary representations and warranties, affirmative covenants and provisions relating to events of default (including upon a change of control).

Second Amended Credit Agreement

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

The Amended Term Loan A Facility requires scheduled quarterly payments commencing on the first full fiscal quarter ended after the Second Amendment Closing Date, with an annual amortization of 2.5% of the original principal amount of the loans under the Amended Term Loan A Facility made during each of the first and second years, with a step-up to 5.0% annual amortization during each of the third and fourth years and 7.5% annual amortization during the fifth year, with the balance due and payable on the fifth anniversary of the Second Amendment Closing Date. Any principal amount outstanding under the Amended Revolving Credit Facility is due and payable on the fifth anniversary of the Second Amendment Closing Date. If, on the date that is 91 days prior to the maturity date of the Term Loan B Facility, more than $50.0 million of the Term Loan B Facility has not been repaid or refinanced pursuant to the terms provided for in the Credit Agreement, then the Amended Term Loan A Facility and the Amended Revolving Credit Facility shall mature on the date that is 90 days prior to the maturity date of the Term Loan B Facility.

Under the terms of the Second Amended Credit Agreement, the interest rate payable on the Amended Term Loan A Facility and the Amended Revolving Credit Facility was reduced with effect from the Second Amendment Closing Date until the delivery of the financial statements for the first full fiscal quarter commencing on or after the Second Amendment Closing Date from an adjusted rate based on LIBOR plus 1.50% per annum (or a base rate plus 0.50% per annum) to LIBOR plus 1.375% per annum (or a base rate plus 0.375% per annum) and thereafter is based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings. The interest rate payable on the Amended Term Loan A Facility and the Amended Revolving Credit Facility was subsequently increased on a temporary basis pursuant to the Third Amended Credit Agreement (see below for further discussion).

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

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

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

Third Amended Credit Agreement

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

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

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

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

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

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

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

Fourth Amended Credit Agreement - Incremental US$600.0 Million Term Loan B Facility

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

Interest Rate and Fees

Interest on the borrowings under the 2020 Incremental Term Loan B Facility began to accrue on the 2020 Incremental Term Loan B Facility Closing Date. Under the terms of the 2020 Incremental Term Loan B Facility, the interest rate payable was set with effect from the 2020 Incremental Term Loan B Facility Closing Date at LIBOR plus 4.50% per annum with a LIBOR floor of 1.00% (or a base rate plus 3.50% per annum).

Amortization and Final Maturity

The 2020 Incremental Term Loan B Facility requires scheduled quarterly payments equal to 0.25% of the original principal amount of the loans thereunder beginning with the fiscal quarter ending September 30, 2020, with the balance due and payable on April 25, 2025.

Optional Prepayment

If the Group prepays the 2020 Incremental Term Loan B Facility in whole or in part on or prior to May 7, 2021, the Group will be required to pay to the lenders a "make-whole" premium on the amount of the 2020 Incremental Term Loan B Facility that is prepaid. If the Group prepays the 2020 Incremental Term Loan B Facility in whole or in part after May 7, 2021 and on or before May 7, 2022, the Group will be required to pay to the lenders a fee equal to 1.00% of the aggregate principal amount of the amount of the 2020 Incremental Term Loan B Facility that is prepaid.

Minimum Liquidity Covenant

The 2020 Incremental Term Loan B Facility requires the Company to comply with a minimum liquidity covenant of US$200.0 million through the third quarter of 2021, stepping down to US$100.0 million thereafter until repayment in full of the 2020 Incremental Term Loan B Facility.

Other Terms

Except as described above, the other terms of the 2020 Incremental Term Loan B Facility are the same as the terms of the Term Loan B Facility.

In conjunction with the issuance of the 2020 Incremental Term Loan B Facility, the Group incurred borrowing fees and expenses that will be deferred and amortized over the term of the 2020 Incremental Term Loan B Facility.

Amended Revolving Credit Facility

On March 20, 2020, the Company borrowed US$810.3 million (USD equivalent) under the Amended Revolving Credit Facility to ensure access to the Group's liquidity, given the uncertainties and challenges caused by the COVID-19 pandemic. As of June 30, 2020, US$34.7 million was available to be borrowed on the Amended Revolving Credit Facility as a result of US$812.3 million of outstanding borrowings and the utilization of US$3.0 million of the facility for outstanding letters of credit extended to certain creditors.

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

Deferred Financing Costs

In conjunction with the second, third and fourth amendments to the Senior Credit Facilities, the Group incurred US$34.8 million of deferred financing costs. All such costs have been deferred and are being offset against loans and borrowings. The deferred financing costs are being amortized using the effective interest method over the life of the Amended Term Loan A Facility, Amended Revolving Credit Facility and Incremental Term Loan B Facility. The amortization of deferred financing costs, which is included in interest expense, amounted to US$2.7 million and US$1.5 million for the six months ended June 30, 2020 and June 30, 2019, respectively.

Interest Rate Swaps

The Group maintains interest rate swaps to hedge interest rate exposure under the floating-rate Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. On September 4, 2019, the Group entered into new interest rate swap agreements that became effective on September 6, 2019 and will terminate on August 31, 2024. The notional amounts of the interest rate swap agreements decrease over time. LIBOR has been fixed at approximately 1.208%. The interest rate swap agreements have fixed payments due monthly that commenced September 30, 2019. The interest rate swap transactions qualify as cash flow hedges. As of June 30, 2020, the interest rate swaps were marked-to-market, resulting in a net liability position to the Group in the amount of US$26.1 million, which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income. As of December 31, 2019, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$10.6 million, which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income.

Cross-currency Swaps

In April 2019, the Group entered into cross-currency swaps which have been designated as net investment hedges. The hedges consist of a US$50.0 million notional loan amount between the Euro and US Dollar and a US$25.0 million notional loan amount between the Japanese Yen and US Dollar. The Group benefits from the interest rate spread between the two markets to receive fixed interest income over the five-year contractual period. As of June 30, 2020, the cross-currency swaps qualified as net investment hedges and the monthly mark-to-market is recorded to other comprehensive income. As of June 30, 2020, the cross-currency swaps were marked-to-market, resulting in the notional loans between the Euro and US Dollar and the Japanese Yen and US Dollar to be in net asset positions to the Group in the amount of US$2.3 million and US$0.8 million, respectively, both of which were recorded as assets with the effective portion of the gain (loss) deferred to other comprehensive income. As of December 31, 2019, the cross-currency swaps were marked-to-market, resulting in the notional loan between the Euro and US Dollar to be in a net asset position to the Group in the amount of US$0.1 million, which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income, and the notional loan between the Japanese Yen and US Dollar to be in a net liability position to the Group in the amount of US$0.3 million, which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income.

(b) Current Obligations and Credit Facilities

Current obligations represent current debt obligations and were as follows:

(Expressed in millions of US Dollars)	**June 30, 2020**	December 31, 2019
Current portion of long-term borrowings and obligations	**32.7**	37.7
Other loans and borrowings	**68.4**	23.6
Total current obligations	**101.0**	61.3

Other Loans and Borrowings

Certain consolidated subsidiaries of the Group maintain credit lines and other loans with various third-party lenders in the regions in which they operate. Other loans and borrowings are generally variable rate instruments denominated in the functional currency of the borrowing Group entity. These credit lines provide short-term financing and working capital for the day-to-day business operations of the subsidiaries, including overdraft, bank guarantees, and trade finance facilities. The majority of the credit lines included in other loans and borrowings are uncommitted facilities. The total aggregate amount of other loans and borrowings was US$68.4 million and US$23.6 million as of June 30, 2020 and December 31, 2019, respectively.

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

	Liabilities		Equity			
(Expressed in millions of US Dollars)	**Loans and borrowings[1]**	**Lease liabilities**	**Share capital**	**Reserves**	**Non-controlling interests**	**Total**
Balance at January 1, 2020[2]	**1,757.4**	**650.0**	**14.3**	**1,936.7**	**50.5**	**4,408.9**
Changes from financing cash flows:						
Proceeds from issuance of Amended Term Loan A Facility	**800.0**	**—**	**—**	**—**	**—**	**800.0**
Payment and settlement of Term Loan A Facility	**(797.0)**	**—**	**—**	**—**	**—**	**(797.0)**
Proceeds from issuance of Incremental Term Loan B Facility	**600.0**	**—**	**—**	**—**	**—**	**600.0**
Proceeds (payments) of other non-current / long-term loans and borrowings, net	**803.2**	**—**	**—**	**—**	**—**	**803.2**
Proceeds from current loans and borrowings, net	**46.0**	**—**	**—**	**—**	**—**	**46.0**
Principal payments on lease liabilities	**—**	**(90.8)**	**—**	**—**	**—**	**(90.8)**
Payment of deferred financing costs	**(34.8)**	**—**	**—**	**—**	**—**	**(34.8)**
Dividend payments to non-controlling interests	**—**	**—**	**—**	**—**	**(3.5)**	**(3.5)**
Total changes from financing cash flows	**1,417.4**	**(90.8)**	**—**	**—**	**(3.5)**	**1,323.1**
The effect of changes in foreign exchange rates / other	**(1.5)**	**31.1**	**—**	**—**	**—**	**29.6**
Other changes:						
Liability-related						
Interest expense on borrowings and lease liabilities, including amortization of deferred financing costs	**42.4**	**13.6**	**—**	**—**	**—**	**56.0**
Interest paid on borrowings and lease liabilities	**(36.6)**	**(13.6)**	**—**	**—**	**—**	**(50.2)**
Total other changes	**5.9**	**—**	**—**	**—**	**—**	**5.9**
Other movements in equity[2]	**—**	**—**	**0.0**	**(1,007.8)**	**(4.8)**	**(1,012.6)**
Balance at June 30, 2020	**3,179.2**	**590.3**	**14.3**	**928.9**	**42.1**	**4,754.9**

Notes

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

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

(Expressed in millions of US Dollars)	Liabilities		Equity			
	Loans and borrowings[(1)]	Lease liabilities	Share capital	Reserves	Non-controlling interests	Total
Balance at January 1, 2019	1,921.5	694.5	14.3	1,933.5	43.3	4,607.2
Changes from financing cash flows:						
Payments of Term Loan Facilities	(14.2)	—	—	—	—	(14.2)
Proceeds (payments) of other current loans and borrowings, net	4.2	—	—	—	—	4.2
Principal payments on lease liabilities	—	(79.5)	—	—	—	(79.5)
Proceeds from the exercise of share options	—	—	0.0	0.2	—	0.2
Dividend payments to non-controlling interests	—	—	—	—	(9.1)	(9.1)
Total changes from financing cash flows	(10.0)	(79.5)	0.0	0.2	(9.1)	(98.4)
The effect of changes in foreign exchange rates / other	(5.3)	(1.4)	—	—	—	(6.7)
Other changes:						
Liability-related						
Net additions to lease liabilities	—	73.3	—	—	—	73.3
Interest expense on borrowings and lease liabilities, including amortization of deferred financing costs	34.6	15.4	—	—	—	50.0
Interest paid on borrowings and lease liabilities	(31.1)	(15.4)	—	—	—	(46.5)
Total other changes	3.5	73.3	—	—	—	76.8
Other movements in equity[(2)]	—	—	—	(84.8)	9.7	(75.1)
Balance at June 30, 2019	1,909.7	687.0	14.3	1,848.9	43.9	4,503.8

Notes

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

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

14. Employee Benefits

(a) Employee Benefits Expense

Employee benefits expense, which consists of payroll, bonuses, pension plan expenses, share-based payments and other benefits, amounted to US$191.6 million and US$278.1 million for the six months ended June 30, 2020 and June 30, 2019, respectively. Of these amounts, US$17.3 million and US$22.5 million was included in cost of sales during the six months ended June 30, 2020 and June 30, 2019, respectively. The remaining amounts were presented in distribution expenses and general and administrative expenses.

During the six months ended June 30, 2020 and June 30, 2019, the Group incurred severance costs attributable to headcount reductions totaling US$22.1 million and US$9.8 million, respectively. The US$22.1 million in severance costs incurred during the six months ended June 30, 2020 were associated with permanent headcount reductions as the Group took meaningful actions to restructure its business in an effort to reduce its fixed cost base in response to the impact of COVID-19 on the Group's business. These costs were recorded in the line item "Restructuring Charges" in the consolidated income statements. The US$9.8 million in severance and related costs incurred during the six months ended June 30, 2019 were in connection with targeted headcount reductions undertaken by the Group's management. These costs were recorded in the line item "Other income (expenses)" in the consolidated income statements.

Share-based compensation cost of US$3.3 million and US$7.0 million was recognized in the consolidated income statements, with a corresponding increase in equity reserves, for the six months ended June 30, 2020 and June 30, 2019, respectively.

(b) Share-based Payment Arrangements

On September 14, 2012, the Company's shareholders adopted the Company's Share Award Scheme (as amended from time to time), which will remain in effect until September 13, 2022. The purpose of the Share Award Scheme is to attract skilled and experienced personnel, to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. Awards under the Share Award Scheme may take the form of either share options or restricted share units ("RSUs"), which may be granted at the discretion of the Remuneration Committee to executive directors of the Company and its subsidiaries, managers employed or engaged by the Group, and/or employees of the Group.

As of July 31, 2020 (the “Latest Practicable Date”), the maximum aggregate number of shares in respect of which awards may be granted pursuant to the Share Award Scheme is 38,002,005 shares, representing approximately 2.7% of the issued share capital of the Company at that date. An individual participant may be granted awards pursuant to the Share Award Scheme in respect of a maximum of 1% of the Company’s total issued shares in any 12-month period. Any grant of awards to an individual participant in excess of this limit is subject to independent shareholder’s approval.

Share Options

The exercise price of share options is determined at the time of grant by the Remuneration Committee in its absolute discretion, but in any event shall not be less than the higher of:

a) the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant;

b) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

c) the nominal value of the shares.

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

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

Expected volatility is estimated taking into account historic average share price volatility. The expected dividends are based on the Group’s history and expectation of dividend payouts.

Particulars and movements of share options during the six months ended June 30, 2020 and June 30, 2019 were as follows:

	Number of options	**Weighted-average exercise price**
Outstanding at January 1, 2020	**76,449,883**	**HK$24.35**
Canceled / lapsed during the period	**(9,021,065)**	**HK$26.03**
Outstanding at June 30, 2020	**67,428,818**	**HK$24.13**
Exercisable at June 30, 2020	**50,252,475**	**HK$24.50**

	Number of options	Weighted-average exercise price
Outstanding at January 1, 2019	76,733,623	HK$25.83
Granted during the period	10,462,500	HK$16.04
Exercised during the period	(68,372)	HK$17.36
Canceled / lapsed during the period	(5,652,430)	HK$28.66
Outstanding at June 30, 2019	81,475,321	HK$24.38
Exercisable at June 30, 2019	45,260,700	HK$24.49

At June 30, 2020, the range of exercise prices for outstanding share options was HK$16.04 to HK$31.10 with a weighted average contractual life of 6.1 years. At June 30, 2019, the range of exercise prices for outstanding share options was HK$16.04 to HK$31.10 with a weighted average contractual life of 7.1 years.

Restricted Share Units ("RSUs")

The Company may, from time to time, grant restricted share units ("RSUs"), including time-based RSUs ("TRSUs") and performance-based RSUs ("PRSUs"), to certain key management personnel and other employees of the Group. The vesting of the RSUs is subject to the continuing employment of the grantee and, in the case of PRSUs, to the Company's achievement of pre-established performance goals. The closing market price of the Company's shares on the date of grant is used to determine the grant date fair value. If the performance-based award incorporates a market condition, the grant-date fair value of such award is determined using a Monte Carlo simulation. These fair values are recognized as expense over the requisite service period, net of estimated forfeitures, based on expected attainment of pre-established performance goals for PRSUs with market conditions, or the passage of time for TRSUs. Actual distributed shares are calculated upon conclusion of the service and performance periods.

Time-based Restricted Share Units

TRSUs granted by the Company are subject to *pro rata* vesting over a three-year period, with one-third of such TRSUs vesting on each anniversary of the date of the grant, subject to the grantee continuing to be employed by, or continuing to provide services to, the Group on the applicable vesting date. Expense for TRSUs is based on the closing market price of the Company's shares on the date of grant, discounted by the present value of expected future dividends, and is recognized ratably over the vesting period, net of expected forfeitures.

A summary of TRSU activity during the six months ended June 30, 2020 and June 30, 2019 were as follows:

	Number of TRSUs	**Weighted-average Fair Value per TRSU**
Outstanding at January 1, 2020	**6,724,551**	**HK$17.60**
Vested and converted to ordinary shares during the period	**(1,144,796)**	**HK$15.12**
Canceled / lapsed during the period	**(748,755)**	**HK$17.30**
Outstanding at June 30, 2020	**4,831,000**	**HK$18.23**

	Number of TRSUs	Weighted-average Fair Value per TRSU
Outstanding at January 1, 2019	4,884,072	HK$22.50
Granted during the period	4,074,414	HK$14.52
Canceled / lapsed during the period	(475,329)	HK$22.40
Outstanding at June 30, 2019	8,483,157	HK$18.67

Performance-based Restricted Share Units

PRSUs vest in full on the third anniversary of the date of grant, subject to the grantee continuing to be employed by, or continuing to provide services to, the Group on the vesting date, and only to the extent certain pre-established cumulative performance targets are met. Expense related to PRSUs with non-market performance criteria is recognized ratably over the performance period, net of estimated forfeitures, based on the probability of attainment of the related performance targets. The potential number of shares that may be issued upon vesting of the PRSUs ranges from 0% of the target number of shares subject to the PRSUs, if the minimum level of performance is not attained, to up to 200% of the target number of shares subject to the PRSUs, if the level of performance is at or above the predetermined maximum achievement level.

A summary of PRSU activity (at target level vesting) during the six months ended June 30, 2020 and June 30, 2019 were as follows:

	Number of PRSUs	**Weighted-average Fair Value per PRSU**
Outstanding at January 1, 2020	**2,910,131**	**HK$15.24**
Canceled / lapsed during the period	**(422,411)**	**HK$15.13**
Outstanding at June 30, 2020	**2,487,720**	**HK$15.26**

	Number of PRSUs	Weighted-average Fair Value per PRSU
Outstanding at January 1, 2019	1,564,368	HK$17.91
Granted during the period	1,455,327	HK$12.56
Canceled / lapsed during the period	(109,562)	HK$17.78
Outstanding at June 30, 2019	2,910,133	HK$15.24

Shares underlying an award of share options, TRSUs or PRSUs that lapse without the issuance of such shares upon vesting of such award may be available for future grant under the Share Award Scheme.

15. Trade and Other Payables

(Expressed in millions of US Dollars)	**June 30, 2020**	December 31, 2019
Accounts payable	**229.2**	500.6
Other payables and accruals	**147.2**	163.0
Other tax payables	**9.9**	12.2
Total trade and other payables	**386.3**	675.9

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

(Expressed in millions of US Dollars)	**June 30, 2020**	December 31, 2019
Current	**142.5**	350.7
0 - 30 days past due	**17.5**	39.3
Greater than 30 days past due	**15.6**	5.3
Total trade payables	**175.6**	395.2

16. Contingent Liabilities

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

The Group did not settle any material litigation during the six months ended June 30, 2020 and June 30, 2019.

17. Leases

(a) Lease Right-of-use Assets

The following table sets forth a breakdown of IFRS 16 lease right-of-use asset additions and amortization expenses for the six months ended June 30, 2020 and June 30, 2019 and the carrying amount of lease right-of-use assets by class of underlying asset as of June 30, 2020 and June 30, 2019.

(Expressed in millions of US Dollars)	Real Estate	Automobiles	Equipment	Other	Total
For the six months ended June 30, 2020:					
Additions of lease right-of-use assets	**100.5**	**1.1**	**0.1**	**0.1**	**101.8**
Amortization expense of lease right-of-use assets	**87.4**	**1.5**	**0.6**	**0.0**	**89.5**
Impairment charges on lease right-of-use assets	**113.9**	**—**	**—**	**—**	**113.9**
Balance at June 30, 2020:					
Carrying value of lease right-of-use assets	**427.8**	**5.5**	**4.5**	**0.1**	**437.9**

(Expressed in millions of US Dollars)	Real Estate	Automobiles	Equipment	Other	Total
For the six months ended June 30, 2019:					
Additions of lease right-of-use assets	**57.3**	**7.3**	**6.4**	**0.1**	**71.1**
Amortization expense of lease right-of-use assets	**97.2**	**1.4**	**0.7**	**0.2**	**99.5**
Impairment charge on lease right-of-use assets	**21.0**	**—**	**—**	**—**	**21.0**
Balance at June 30, 2019:					
Carrying value of lease right-of-use assets	**650.1**	**5.8**	**5.7**	**0.0**	**661.6**

In accordance with IAS 36, the Group is required to evaluate its CGUs for potential impairment whenever events or changes in circumstance indicate that their carrying amount might not be recoverable. Based on the evaluation of loss-making stores, which individually represent CGUs, during the six months ended June 30, 2020 and June 30, 2019 and reduced traffic and under-performance, the Group determined that the carrying amounts of certain retail stores as of June 30, 2020 and June 30, 2019 exceeded their respective recoverable amounts. The Group recognized an impairment charge reflecting the aggregate difference totaling US$113.9 million and US$21.0 million for the six months ended June 30, 2020 and June 30, 2019, respectively, of lease right-of-use assets associated with such stores. Expenses related to lease right-of-use assets have historically been classified as distribution expenses on the consolidated income statements using the function of expense presentation method. These impairment charges for the six months ended June 30, 2020 and June 30, 2019 were recorded in the Group's consolidated income statements in the line item "Impairment Charges" (see also note 7 Property, Plant and Equipment and note 8 Goodwill and Other Intangible Assets).

(b) Lease Liabilities

The Group's IFRS 16 lease liabilities primarily consist of leases of retail stores, distribution centers, warehouses, office facilities, equipment and automobiles. As of June 30, 2020, future minimum contractual payments under lease liabilities were as follows:

(Expressed in millions of US Dollars)	June 30, 2020
Within one year	**187.9**
After one year but within two years	**142.7**
After two years but within five years	**240.8**
More than five years	**109.8**
Total future minimum payments under lease liabilities[1]	**681.1**

Note

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

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

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

The rental cost for short-term, low-value and current expense for variable lease payments are recorded as incurred to rent expense and amounted to US$13.7 million, net of rent concessions of US$9.3 million (see discussion below) and US$26.0 million for the six months ended June 30, 2020 and June 30, 2019, respectively. Certain of the retail store leases provide for additional rent payments based on a percentage of sales. These additional variable rent payments amounted to US$2.2 million and US$7.6 million for the six months ended June 30, 2020 and June 30, 2019, respectively.

As of June 30, 2020, future minimum contractual payments under short-term and low-value lease payments were as follows:

(Expressed in millions of US Dollars)	June 30, 2020
Within one year	**2.5**
After one year but within two years	**0.0**
After two years but within five years	**0.0**
Total future minimum payments under short-term and low-value leases	**2.5**

(d) Total Cash Outflows for Leases

The following table sets forth a breakdown of total cash outflows for the six months ended June 30, 2020 and June 30, 2019 related to IFRS 16 lease liabilities and those leases exempt from capitalization under IFRS 16.

	Six months ended June 30, 2020		
(Expressed in millions of US Dollars)	Lease liabilities	Short-term, low-value and variable leases	Total cash outflow for leases
Principal payments on lease liabilities	**90.8**	**—**	**90.8**
Interest paid on lease liabilities	**13.6**	**—**	**13.6**
Rent expense - short-term, variable and low value leases[1]	**—**	**13.7**	**13.7**
Contingent rent	**—**	**2.2**	**2.2**
Total cash outflow	**104.4**	**15.9**	**120.3**

(Expressed in millions of US Dollars)	Six months ended June 30, 2019		
	Lease liabilities	Short-term, low-value and variable leases	Total cash outflow for leases
Principal payments on lease liabilities	79.5	—	79.5
Interest paid on lease liabilities	15.4	—	15.4
Rent expense - short-term, variable and low value leases[1]	—	26.0	26.0
Contingent rent	—	7.6	7.6
Total cash outflow	94.9	33.6	128.5

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

(e) Rent Concessions under IFRS 16

During the six months ended June 30, 2020, the Group renegotiated many of its contractual arrangements with its lessors and received rent concessions as a direct result of the COVID-19 pandemic. The Group recorded all such short-term rent concessions, amounting to a benefit of US$9.3 million for the six months ended June 30, 2020, as a benefit to variable rent expense in the consolidated income statement. Any substantial modifications to the contractual terms over the life of the leases have been remeasured in accordance with IFRS 16. See note 3(b) for further discussion.

18. Restructuring Charges

In March 2020, the Group undertook efforts to implement a restructuring program aimed at reducing its fixed cost base on a global basis in response to the impact of the COVID-19 pandemic. During the six months ended June 30, 2020, the Group incurred restructuring charges of US$28.8 million primarily for severance costs associated with reductions in personnel and store closure costs associated with leases. Severance costs were accounted for in accordance with IAS 19, *Employee Benefits*. Expenses related to personnel have historically been classified primarily in distribution expenses and general and administrative expenses, and occupancy costs have historically been classified as distribution expenses on the consolidated income statements using the function of expense presentation method. These charges incurred during the six months ended June 30, 2020 were recorded in the Group's consolidated income statements in the line item "Restructuring Charges". The Group continues to work to identify additional areas of cost savings in response to the impacts on the business from the COVID-19 pandemic.

During the six months ended June 30, 2020, approximately US$22.9 million of severance and other employee-related costs were incurred and recorded to Restructuring Charges, of which US$15.8 million, US$4.4 million and US$2.7 million related to personnel costs historically presented as distribution expenses, general and administrative expenses and cost of sales, respectively, on the consolidated income statements using the function of expense presentation method. During the six months ended June 30, 2020, approximately US$5.9 million of store closure costs were incurred and recorded to Restructuring Charges, all of which related to occupancy costs historically presented as distribution expenses on the consolidated income statements using the function of expense presentation method.

19. Income Taxes

(a) Taxation in the Consolidated Income Statements

For interim reporting purposes, the Group applied the effective tax rate to profit (loss) before income tax for the interim period. The reported effective tax rate is calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets. The effective tax rate for each period was recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income (loss) for the period adjusted for certain discrete items for the period. The Group’s consolidated effective reported tax rate for the six months ended June 30, 2020 and June 30, 2019 was 12.1% and 21.1%, respectively. The decrease in the Group's effective tax rate during the first half of 2020 was mainly the result of changes in the profit mix between high and low tax jurisdictions, changes in reserves and the tax impact of the impairment charges. Excluding the impairment charges related to goodwill, which did not provide a tax benefit to the Group, the consolidated effective tax rate for operations would have been 23.2% for the six months ended June 30, 2020.

Taxation in the consolidated income statements for the six months ended June 30, 2020 and June 30, 2019 consisted of the following:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2020**	2019
Hong Kong profits tax expense	**(2.5)**	(2.4)
Foreign profits tax expense	**136.2**	(13.2)
Income tax expense	**133.7**	(15.6)

The provision for Hong Kong Profits Tax for the six months ended June 30, 2020 and June 30, 2019 was calculated at an effective tax rate of 16.5% of the estimated assessable profits for the period.

(b) Income Tax (Expense) Benefit Recognized in Other Comprehensive Income (Loss)

	Six months ended June 30, 2020			Six months ended June 30, 2019		
(Expressed in millions of US Dollars)	**Before tax**	**Income tax benefit (expense)**	**Net of tax**	Before tax	Income tax benefit	Net of tax
Foreign exchange forward contracts	**2.1**	**(0.7)**	**1.4**	(1.3)	0.3	(1.0)
Interest rate swap agreements	**(35.3)**	**8.8**	**(26.5)**	(19.0)	5.0	(14.0)
Cross-currency swap agreements	**3.2**	**(0.8)**	**2.4**	(2.5)	0.6	(1.9)
Changes in fair value of hedges	**(30.0)**	**7.3**	**(22.7)**	(22.8)	5.9	(16.9)
Foreign currency translation gains (losses) for foreign operations	**(27.5)**	**—**	**(27.5)**	3.4	—	3.4
	(57.5)	**7.3**	**(50.2)**	(19.4)	5.9	(13.5)

20. Finance Income and Finance Costs

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

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2020**	2019
Recognized in income or loss:		
Interest income	**1.8**	0.9
Total finance income	**1.8**	0.9
Interest expense on loans and borrowings	**(39.7)**	(33.1)
Amortization of deferred financing costs associated with the Senior Credit Facilities	**(2.7)**	(1.5)
Interest expense on lease liabilities	**(13.6)**	(15.4)
Change in fair value of put options	**15.5**	1.0
Net foreign exchange loss	**(6.9)**	(0.1)
Other finance costs	**(1.1)**	(1.9)
Total finance costs	**(48.5)**	(51.0)
Net finance costs recognized in profit or loss	**(46.7)**	(50.1)
Recognized in other comprehensive income (loss):		
Foreign currency translation losses for foreign operations	**(27.5)**	3.4
Changes in fair value of hedges	**(30.0)**	(22.8)
Income tax benefit on finance income and finance costs recognized in other comprehensive income (loss)	**7.3**	5.9
Net finance costs recognized in total other comprehensive income, net of tax	**(50.2)**	(13.5)
Attributable to:		
Equity holders of the Company	**(47.2)**	(14.0)
Non-controlling interests	**(3.0)**	0.5

21. Additional Disclosure of Certain Expenses

Profit before income tax (loss) was arrived at after recognizing the following expenses for the six months ended June 30, 2020 and June 30, 2019:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2020**	2019
Depreciation of fixed assets	**35.5**	40.1
Amortization of intangible assets	**16.0**	16.1
Amortization of lease right-of-use assets	**89.5**	99.5
Impairment Charges	**877.2**	29.7
Restructuring Charges	**28.8**	—
Employee benefits expense	**191.6**	278.1
Other (income) expense[(1)]	**(7.1)**	11.9
Research and development	**11.5**	16.8
Rent expense[(2)]	**21.4**	31.9

Notes

(1) The Group recorded other income of US$7.1 million and other expenses of US$11.9 million for the six months ended June 30, 2020 and June 30, 2019, respectively. Other income for the first half of 2020 included gains from the disposal of assets and gains on lease exits/remeasurements of US$8.0 million, including the receipt of key money upon exiting certain retail store locations. Other expenses for the first half of 2019 included severance and store closure costs incurred in connection with certain profit improvement initiatives undertaken by the Group's management totaling US$9.8 million.

(2) Rent expense for the periods ended June 30, 2020 and June 30, 2019 represents those contracts/agreements which are not recognized on the consolidated statements of financial position in accordance with IFRS 16, including month-to-month contracts, certain shop-in-shop arrangements and variable rent agreements.

22. Financial Instruments

(a) Fair Value Versus Carrying Amounts

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

(b) Fair Value of Financial Instruments

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

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

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

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

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

The following table presents assets and liabilities that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) as of June 30, 2020 and December 31, 2019:

(Expressed in millions of US Dollars)	**June 30, 2020**	**Fair value measurements at reporting date using** **Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets:				
Cross-currency swap agreements	**3.1**	**—**	**3.1**	**—**
Foreign currency forward contracts	**1.0**	**1.0**	**—**	**—**
Total assets	**4.1**	**1.0**	**3.1**	**—**
Liabilities:				
Non-controlling interest put options	**39.1**	**—**	**—**	**39.1**
Interest rate swap agreements[(1)]	**26.1**	**—**	**26.1**	**—**
Total liabilities	**65.2**	**—**	**26.1**	**39.1**

(Expressed in millions of US Dollars)	December 31, 2019	Fair value measurements at reporting date using Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Interest rate swap agreements[(1)]	10.6	—	10.6	—
Cross-currency swap agreements	0.1	—	0.1	—
Total assets	10.7	—	10.7	—
Liabilities:				
Non-controlling interest put options	64.8	—	—	64.8
Cross-currency swap agreements	0.3	—	0.3	—
Foreign currency forward contracts	0.0	0.0	—	—
Total liabilities	65.1	0.0	0.3	64.8

Note

(1) The change in value of the interest rate swap agreements from December 31, 2019 to June 30, 2020 was due to changes in the LIBOR curve.

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

The Group maintains cross-currency swaps which are used to hedge currency risk associated with currency fluctuation between the Euro and US Dollar and between the Japanese Yen and US Dollar (see note 13(a) for further discussion). Since the cross-currency swap fair values are based predominantly on observable inputs, such as the Dodd-Frank mid-market rate, that are corroborated by market data, they are categorized as Level 2 in the fair value hierarchy.

Certain non-U.S. subsidiaries of the Group periodically enter into forward contracts related to the purchase of inventory denominated primarily in US Dollars which are designated as cash flow hedges. The hedging effectiveness was evaluated in accordance with IFRS 9, *Financial Instruments*. The fair value of these instruments was an asset of US$1.0 million and a liability of US$0.0 million as of June 30, 2020 and December 31, 2019, respectively.

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

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

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

(Expressed in millions of US Dollars)	
Balance at January 1, 2020	**64.8**
Change in fair value included in equity	**(10.2)**
Change in fair value included in finance costs	**(15.5)**
Balance at June 30, 2020	**39.1**

The reduction in value of the non-controlling interest put options from December 31, 2019 to June 30, 2020 was primarily driven by the results of operations of certain subsidiaries with non-controlling interests caused by the COVID-19 pandemic.

For the fair value of put options, reasonably possible changes to one of the significant unobservable inputs, holding other inputs constant, would have the following effects at June 30, 2020:

	Profit or Loss		Shareholders' Equity	
(Expressed in millions of US Dollars)	**Increase**	**Decrease**	**Increase**	**Decrease**
EBITDA multiple (movement of 0.1x)	**0.6**	**(0.6)**	**0.6**	**(0.6)**

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

23. Related Party Transactions

Transactions with Key Management Personnel

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

Key management personnel are comprised of the Group's directors and senior management. Compensation paid to key management personnel during the six months ended June 30, 2020 and June 30, 2019 comprised:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2020**	2019
Director's fees	**0.6**	0.7
Salaries, allowances and other benefits in kind	**3.0**	3.4
Bonus[1]	**2.0**	3.6
Termination benefits	**1.0**	—
Share-based compensation[2]	**0.6**	4.3
Contributions to post-employment plans	**0.2**	0.2
Total compensation	**7.4**	12.2

Notes
(1) Bonus reflects amounts paid during the period and is generally based on the performance of the Group for the previous year.
(2) Share-based compensation amounts reported represent the expense recognized during the period for awards granted previously.

24. Subsequent Events

The Group has evaluated events occurring subsequent to June 30, 2020, the reporting date, through August 19, 2020, the date this financial information was authorized for issuance by the Board. There are no subsequent events to report for the relevant period.

MANAGEMENT DISCUSSION AND ANALYSIS

Samsonite International S.A. (the "Company"), together with its consolidated subsidiaries (the "Group"), is the world's best-known and largest lifestyle bag and travel luggage company, with a heritage dating back 110 years. The Group is principally engaged in the design, manufacture, sourcing and distribution of luggage, business and computer bags, outdoor and casual bags, travel accessories and slim protective cases for personal electronic devices throughout the world, primarily under the *Samsonite*®, *Tumi*®, *American Tourister*®, *Speck*®, *Gregory*®, *High Sierra*®, *Kamiliant*®, *eBags*®, *Lipault*® and *Hartmann*® brand names as well as other owned and licensed brand names.

The Group sells its products in over 100 countries through a variety of wholesale distribution channels, through its company-operated retail stores and through e-commerce.

Management discussion and analysis should be read in conjunction with the Group's consolidated interim financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB").

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

Impact of COVID-19

In response to the COVID-19 pandemic, governments around the world have adopted various measures to contain the spread of the virus, including restrictions on travel, closure of non-essential businesses and imposition of quarantine and other social distancing measures. These measures have impacted businesses worldwide, including the Company. The Group's net sales decreased by US$230.8 million, or 27.7% (-26.1% constant currency), year-on-year during the first quarter of 2020. The Group's second quarter 2020 net sales decreased by US$722.6 million, or 78.2% (-77.9% constant currency), year-on-year when most of the Group's markets went into government-imposed lockdown. Overall, the Group's first half 2020 net sales decreased by US$953.4 million, or 54.3% (-53.4% constant currency), compared to the six months ended June 30, 2019 due to the negative impacts from the COVID-19 pandemic. The impacts of COVID-19 on the Company's business have been significant due to temporary closures of retail stores in which the Company's products are sold and significant reductions in travel and discretionary spending among consumers, which have reduced demand for the Group's products (collectively, the "COVID-19 Impacts").

While navigating through the current challenges, the health and safety of the Group's employees and their families, as well as its customers and business partners, has been and will continue to be the Group's top priority. While the extent and duration of the COVID-19 pandemic remain uncertain, it has had, and it will continue to have, adverse impacts on the Group's business, financial condition and results of operations. The initial impact on the Group's business was in the greater China region, where company-owned stores were temporarily closed and travel restrictions were imposed during the peak Chinese New Year holiday season, disrupting both domestic sales within China and outbound travel by Chinese tourists. As COVID-19 spread globally, travel disruptions and store closures began to negatively affect the Company's business in its other important markets, including the rest of Asia, Europe, North America and Latin America. While conditions in greater China have improved, the Company's business in that market has not yet fully recovered. The Company's results for the first half of 2020 reflect some of the impacts of COVID-19 and the results for the second half of 2020 will likely fully reflect such impacts.

COVID-19 has also impacted the Group's supply chain. Initially, the Group experienced a disruption to its supply chain resulting from a decrease in production capabilities in China following the Chinese New Year. As Chinese factories have since come back on-line, and their production capacity has increased, the reduction in the Group's sales from the global spread of COVID-19 has required the Group to lower production levels, including by canceling orders, to help manage inventory levels in light of reduced sales. As the geographic scope of the COVID-19 pandemic widened, the Group's owned and operated factories in Belgium, Hungary and India were closed beginning in March 2020. Each of these factories was re-opened during the second quarter of 2020 with limited production capacity.

The Group's management has taken steps to enhance the Company's liquidity and further improve its resilience. The Company and certain of its direct and indirect wholly-owned subsidiaries entered into various amendments to the Group's credit agreement that increased the maximum borrowings under the Group's revolving credit facility by

US$200.0 million to US$850.0 million and provided for the 2020 Incremental Term Loan B Facility in the aggregate principal amount of US$600.0 million. The Group borrowed US$810.3 million under its amended revolving credit facility on March 20, 2020 and US$600.0 million under the 2020 Incremental Term Loan B Facility on May 7, 2020. Such amendments also suspended the requirement for the Group to test certain financial covenants under its credit agreement from the beginning of the second quarter of 2020 through the end of the second quarter of 2021. In addition, such amendments extended the maturity for the Group's senior secured term loan A facility and its revolving credit facility by approximately two years, reduced the interest rate margin for such facilities by 12.5 basis points (subject to the terms of the Third Amended Credit Agreement described below), and reset the principal amortization schedule for the term loan A facility. See the Indebtedness sub-section below in Management Discussion and Analysis for further discussion of the Group's credit agreement and the amendments thereto. These amendments and the borrowings thereunder further strengthened the Company's financial flexibility in order to navigate the challenges from COVID-19. As of June 30, 2020, the carrying amount of the Group's loans and borrowings was US$3,176.9 million, net of US$44.8 million in deferred financing costs. Cash and cash equivalents held by the Group amounted to US$1,589.8 million as of June 30, 2020.

The Group has aggressively implemented cost savings initiatives including permanent headcount reductions, salary reductions and furloughs, store closures, the elimination of discretionary spending and significantly reduced capital expenditures and marketing expenses. In addition, as the Company previously announced, no cash distribution will be paid to the shareholders of the Company in 2020. The Group continues to implement additional cost saving measures.

Given the inherent uncertainty about the future impacts of COVID-19, it is not possible for the Company to reliably predict the extent to which the Group's business, results of operations, financial condition or liquidity will ultimately be impacted, however the Group's financial condition and results of operations have been, and will continue to be, adversely affected. Given the Group's experience with prior disruptions to travel, the Company believes the Group will be able to effectively manage through the current environment, although it expects the recovery to take longer than prior disruptions. The Company believes the Group has sufficient liquidity to provide it with adequate capacity to navigate the current environment as well as a prolonged downturn; however, there can be no assurances that such liquidity will be sufficient or that the Group will not need to access additional financing.

Net Sales

Net sales decreased by US$953.4 million, or 54.3% (-53.4% constant currency), during the six months ended June 30, 2020 compared to the six months ended June 30, 2019 due to the COVID-19 Impacts. Net sales for the three months ended June 30, 2020 decreased by US$722.6 million, or 78.2% (-77.9% constant currency), compared to the three months ended June 30, 2019. Net sales for the month ended July 31, 2020 decreased by US$233.1 million, or 70.0% (-69.8% constant currency), compared to the month ended July 31, 2019.

The following table sets forth a breakdown of net sales by region for the six months ended June 30, 2020 and June 30, 2019, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,					
	2020		2019		2020 vs 2019	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by region[1]:						
North America	**321.0**	**40.0%**	654.3	37.3%	(50.9)%	(50.9)%
Asia	**283.0**	**35.3%**	643.6	36.7%	(56.0)%	(55.1)%
Europe	**157.5**	**19.6%**	371.3	21.1%	(57.6)%	(56.3)%
Latin America	**39.4**	**4.9%**	84.7	4.8%	(53.5)%	(46.3)%
Corporate	**1.4**	**0.2%**	1.8	0.1%	(22.5)%	(22.5)%
Net sales	**802.3**	**100.0%**	1,755.7	100.0%	(54.3)%	(53.4)%

Notes

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

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

Brands

The following table sets forth a breakdown of net sales by brand for the six months ended June 30, 2020 and June 30, 2019, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,					
	2020		2019		2020 vs 2019	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by brand:						
Samsonite	**360.7**	**45.0%**	792.6	45.1%	(54.5)%	(53.6)%
Tumi	**156.2**	**19.5%**	363.4	20.7%	(57.0)%	(56.6)%
American Tourister	**136.2**	**17.0%**	320.6	18.3%	(57.5)%	(56.5)%
Speck	**33.7**	**4.2%**	50.2	2.9%	(32.9)%	(32.9)%
Gregory	**24.1**	**3.0%**	34.9	2.0%	(30.8)%	(30.9)%
High Sierra	**14.7**	**1.8%**	39.3	2.2%	(62.5)%	(62.1)%
Other[1]	**76.6**	**9.5%**	154.8	8.8%	(50.5)%	(47.6)%
Net sales	**802.3**	**100.0%**	1,755.7	100.0%	(54.3)%	(53.4)%

Notes
(1) "Other" includes certain other brands owned by the Group, such as *Kamiliant*, *eBags*, *Xtrem*, *Lipault*, *Hartmann*, *Saxoline* and *Secret*, as well as third-party brands sold through the Group's Rolling Luggage and Chic Accent retail stores and the eBags e-commerce website.
(2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the comparable period of the previous year to current period local currency results.

All of the Group's brands recorded year-on-year net sales decreases during the six months ended June 30, 2020 due to the COVID-19 Impacts. Net sales of the *Samsonite* brand during the six months ended June 30, 2020 decreased by US$431.9 million, or 54.5% (-53.6% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand during the six months ended June 30, 2020 decreased by US$207.1 million, or 57.0% (-56.6% constant currency), year-on-year.

Net sales of the *American Tourister* brand decreased by US$184.3 million, or 57.5% (-56.5% constant currency), for the six months ended June 30, 2020 compared to the six months ended June 30, 2019.

Net sales of the *Speck* brand decreased by US$16.5 million, or 32.9% (-32.9% constant currency), for the six months ended June 30, 2020 compared to the same period in the previous year. Net sales of the *Gregory* brand decreased by US$10.7 million, or 30.8% (-30.9% constant currency), compared to the same period in the previous year. Net sales of the *High Sierra* brand decreased by US$24.5 million, or 62.5% (-62.1% constant currency), compared to the same period in the previous year.

Product Categories

The Group sells products in two principal product categories: travel and non-travel. The following table sets forth a breakdown of net sales by product category for the six months ended June 30, 2020 and June 30, 2019, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,					
	2020		2019		2020 vs 2019	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by product category:						
Travel	**436.6**	**54.4%**	1,051.1	59.9%	(58.5)%	(57.7)%
Non-travel[1]	**365.8**	**45.6%**	704.7	40.1%	(48.1)%	(46.8)%
Net sales	**802.3**	**100.0%**	1,755.7	100.0%	(54.3)%	(53.4)%

Notes
(1) The non-travel category includes business, casual, accessories and other products.
(2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the comparable period of the previous year to current period local currency results.

All of the Group’s product categories recorded year-on-year net sales decreases during the six months ended June 30, 2020 due to the COVID-19 Impacts. Net sales in the travel product category during the six months ended June 30, 2020 decreased by US$614.5 million, or 58.5% (-57.7% constant currency), compared to the six months ended June 30, 2019. Total non-travel category net sales, which includes business, casual, accessories and other products, decreased by US$338.9 million, or 48.1% (-46.8% constant currency), for the six months ended June 30, 2020 compared to the six months ended June 30, 2019. Net sales of business products decreased by US$160.4 million, or 49.4% (-48.5% constant currency), for the six months ended June 30, 2020 compared to the same period in the previous year. Net sales of casual products during the six months ended June 30, 2020 decreased by US$89.1 million, or 43.8% (-41.4% constant currency), compared to the same period in the previous year. Net sales of accessories during the six months ended June 30, 2020 decreased by US$81.1 million, or 52.7% (-52.0% constant currency), year-on-year.

Distribution Channels

The Group sells products through two primary distribution channels: wholesale and direct-to-consumer ("DTC"). The following table sets forth a breakdown of net sales by distribution channel for the six months ended June 30, 2020 and June 30, 2019, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,					
	2020		2019		2020 vs 2019	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Net sales by distribution channel:						
Wholesale	**516.7**	**64.4%**	1,129.1	64.3%	(54.2)%	(53.3)%
DTC[1]	**284.3**	**35.4%**	624.8	35.6%	(54.5)%	(53.5)%
Other[2]	**1.4**	**0.2%**	1.8	0.1%	(22.5)%	(22.5)%
Net sales	**802.3**	**100.0%**	1,755.7	100.0%	(54.3)%	(53.4)%

Notes

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

(2) “Other” primarily consists of licensing revenue.

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

All of the Group’s distribution channels recorded year-on-year net sales decreases during the six months ended June 30, 2020 due to the COVID-19 Impacts. Most of the Group's wholesale points-of-sale were temporarily closed due to government-imposed lockdown measures resulting from the COVID-19 pandemic. As a result, net sales in the wholesale channel decreased by US$612.5 million, or 54.2% (-53.3% constant currency), during the six months ended June 30, 2020 compared to the six months ended June 30, 2019.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, decreased by US$340.5 million, or 54.5% (-53.5% constant currency), to US$284.3 million (representing 35.4% of net sales) for the six months ended June 30, 2020 from US$624.8 million (representing 35.6% of net sales) for the six months ended June 30, 2019.

Net sales in the DTC retail channel decreased by US$279.2 million, or 61.1% (-60.2% constant currency), during the six months ended June 30, 2020 compared to the same period in the previous year due to temporary store closures resulting from the COVID-19 pandemic. During the six months ended June 30, 2020, a net of 49 stores were closed by the Group compared to 27 net new stores opened during the six months ended June 30, 2019. The total number of company-operated retail stores was 1,245 as of June 30, 2020, compared to 1,278 company-operated retail stores as of June 30, 2019. On a same store, constant currency basis, retail net sales decreased by 61.4% for the six months ended June 30, 2020 compared to the six months ended June 30, 2019. This decrease was due to constant currency same store net sales decreases of 66.2%, 57.8%, 60.4% and 51.9% in North America, Asia, Europe and Latin America, respectively, resulting from the temporary store closures caused by the COVID-19 Impacts. The Group’s same store analysis includes existing company-operated retail stores that have been open for at least 12 months before the end of the relevant financial period.

Total DTC e-commerce net sales decreased by US$61.3 million, or 36.5% (-35.6% constant currency), to US$106.7 million (representing 13.3% of net sales) for the six months ended June 30, 2020 from US$168.0 million (representing 9.6% of net sales) for the six months ended June 30, 2019.

During the six months ended June 30, 2020, US$165.3 million of the Group's net sales were through e-commerce channels (comprising US$106.7 million of net sales from the Group's DTC e-commerce website, which are included within the DTC channel, and US$58.6 million of net sales to e-retailers, which are included within the wholesale channel). This represented a year-on-year decrease of US$101.1 million, or 38.0% (-37.1% constant currency), compared to the six months ended June 30, 2019, when e-commerce comprised US$266.4 million of the Group's net sales. During the six months ended June 30, 2020, the Group's net sales through e-commerce channels represented 20.6% of total net sales, compared to 15.2% of total net sales for the six months ended June 30, 2019.

Regions

North America

The Group's net sales in North America decreased by US$333.3 million, or 50.9% (-50.9% constant currency), for the six months ended June 30, 2020 compared to the six months ended June 30, 2019. Net sales for the three months ended June 30, 2020 decreased by US$261.0 million, or 74.0% (-74.0% constant currency), compared to the three months ended June 30, 2019. These net sales decreases for the first half and second quarter of 2020 were due to the COVID-19 Impacts.

Brands

For the six months ended June 30, 2020, net sales of the *Samsonite* brand in North America decreased by US$133.5 million, or 50.7% (-50.7% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand during the six months ended June 30, 2020 decreased by US$112.5 million, or 58.0% (-58.0% constant currency). Net sales of the *American Tourister* brand during the six months ended June 30, 2020 decreased by US$14.6 million, or 32.4% (-32.4% constant currency), compared to the six months ended June 30, 2019. Net sales of the *Speck* brand for the six months ended June 30, 2020 decreased by US$16.5 million, or 32.9% (-32.9% constant currency), compared to the same period in the previous year. Net sales of the *High Sierra* brand for the six months ended June 30, 2020 decreased by US$18.8 million, or 60.2% (-60.1% constant currency), compared to the same period in the previous year. Net sales of other brands for the six months ended June 30, 2020 decreased by US$32.2 million, or 53.2% (-53.2% constant currency), compared to the same period in the previous year.

Product Categories

Net sales in the travel product category in North America decreased by US$199.3 million, or 52.1% (-52.1% constant currency), to US$183.4 million for the six months ended June 30, 2020 from US$382.7 million for the six months ended June 30, 2019. Total non-travel category net sales in North America decreased by US$134.0 million, or 49.3% (-49.3% constant currency), to US$137.6 million for the six months ended June 30, 2020 from US$271.6 million for the six months ended June 30, 2019. Net sales of business products during the six months ended June 30, 2020 decreased by US$55.6 million, or 48.8% (-48.8% constant currency), compared to the same period in the previous year. Net sales of casual products decreased by US$37.6 million, or 54.3% (-54.3% constant currency), year-on-year. Net sales of accessories products decreased by US$39.8 million, or 46.3% (-46.3% constant currency), year-on-year.

Distribution Channels

Net sales in the wholesale channel in North America decreased by US$173.9 million, or 47.3% (-47.3% constant currency), for the six months ended June 30, 2020 compared to the six months ended June 30, 2019 due to the COVID-19 Impacts.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, decreased by US$159.4 million, or 55.6% (-55.6% constant currency), year-on-year to US$127.1 million for the six months ended June 30, 2020 from US$286.4 million for the six months ended June 30, 2019. The decrease in DTC channel net sales during the six months ended June 30, 2020 was due to the COVID-19 Impacts.

Net sales in the DTC retail channel decreased by US$118.5 million, or 65.4% (-65.4% constant currency), during the six months ended June 30, 2020 compared to the same period in the previous year due to the COVID-19 Impacts. During the six months ended June 30, 2020, a net of four stores were closed by the Group compared to five net new stores opened during the six months ended June 30, 2019. The total number of company-operated retail stores in North America was 344 as of June 30, 2020 compared to 340 company-operated retail stores as of June 30, 2019. On a same store, constant currency basis, retail net sales in North America decreased by 66.2% for the six months ended June 30, 2020 compared to the six months ended June 30, 2019, due to the COVID-19 Impacts. The Group's same store analysis includes existing company-operated retail stores that have been open for at least 12 months before the end of the relevant financial period.

Total DTC e-commerce net sales decreased by US$40.8 million, or 38.8% (-38.8% constant currency), to US$64.3 million for the six months ended June 30, 2020 from US$105.1 million for the six months ended June 30, 2019. This net sales decrease in DTC e-commerce was primarily due to the impacts of COVID-19 on travel and consumer demand.

Countries
The following table sets forth a breakdown of net sales in North America by geographic location for the six months ended June 30, 2020 and June 30, 2019, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,					
	2020		2019		2020 vs 2019	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(2)]
Net sales by geographic location[(1)]:						
United States	**309.8**	**96.5%**	624.8	95.5%	(50.4)%	(50.4)%
Canada	**11.2**	**3.5%**	29.6	4.5%	(62.0)%	(61.8)%
Net sales	**321.0**	**100.0%**	654.3	100.0%	(50.9)%	(50.9)%

Notes
(1) The geographic location of the Group's net sales generally reflects the country from which its products were sold and does not necessarily indicate the country in which its end consumers were actually located.
(2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the comparable period of the previous year to current period local currency results.

For the six months ended June 30, 2020, net sales in the United States decreased by US$315.0 million, or 50.4%, year-on-year and net sales in Canada decreased by US$18.3 million, or 62.0% (-61.8% constant currency), year-on-year due to the COVID-19 Impacts.

Asia
The Group's net sales in Asia decreased by US$360.6 million, or 56.0% (-55.1% constant currency), for the six months ended June 30, 2020 compared to the six months ended June 30, 2019. Net sales for the three months ended June 30, 2020 decreased by US$256.2 million, or 76.2% (-75.6% constant currency), compared to the three months ended June 30, 2019. These net sales decreases for the first half and second quarter of 2020 were due to the COVID-19 Impacts.

Brands
For the six months ended June 30, 2020, net sales of the *Samsonite* brand in Asia decreased by US$146.8 million, or 54.7% (-53.6% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand during the six months ended June 30, 2020 decreased by US$63.5 million, or 53.7% (-53.1% constant currency), year-on-year. Net sales of the *American Tourister* brand during the six months ended June 30, 2020 decreased by US$120.4 million, or 62.0% (-61.0% constant currency), compared to the six months ended June 30, 2019. Net sales of the *Kamiliant* brand decreased by US$13.7 million, or 59.3% (-58.4% constant currency), year-on-year. Net sales of the *Gregory* brand decreased by US$4.7 million, or 23.4% (-24.0% constant currency), compared to the same period in the previous year.

Product Categories
Net sales in the travel product category in Asia decreased by US$243.5 million, or 63.4% (-62.6% constant currency), to US$140.4 million for the six months ended June 30, 2020 from US$383.9 million for the same period in the previous year. Total non-travel category net sales in Asia decreased by US$117.1 million, or 45.1% (-44.0% constant currency), to US$142.6 million for the six months ended June 30, 2020 from US$259.7 million for the six months ended June 30, 2019. Net sales of business products decreased by US$69.8 million, or 47.7% (-46.7% constant currency), year-on-year. Net sales of casual products decreased by US$32.2 million, or 38.1% (-36.8% constant currency), year-on-year. Net sales of accessories products decreased by US$15.1 million, or 59.8% (-59.1% constant currency) year-on-year.

Distribution Channels
Net sales in the wholesale channel in Asia decreased by US$282.9 million, or 58.0% (-57.0% constant currency), for the six months ended June 30, 2020 compared to the same period in the previous year due to the COVID-19 Impacts.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, decreased by US$77.7 million, or 49.9% (-49.1% constant currency), to US$77.9 million for the six months ended June 30, 2020 from US$155.6 million for the six months ended June 30, 2019. The decrease in DTC channel net sales during the six months ended June 30, 2020 was due to the COVID-19 Impacts.

Net sales in the DTC retail channel decreased by US$63.1 million, or 55.7% (-55.3% constant currency), during the six months ended June 30, 2020 compared to the same period in the previous year due to the COVID-19 Impacts. During the six months ended June 30, 2020, a net of 16 stores were closed by the Group compared to seven net new stores

opened during the six months ended June 30, 2019. The total number of company-operated retail stores was 392 as of June 30, 2020 compared to 404 company-operated retail stores as of June 30, 2019. On a same store, constant currency basis, retail net sales in Asia decreased by 57.8% for the six months ended June 30, 2020 compared to the six months ended June 30, 2019, due to the COVID-19 Impacts. The Group's same store analysis includes existing company-operated retail stores that have been open for at least 12 months before the end of the relevant financial period.

Total DTC e-commerce net sales decreased by US$14.6 million, or 34.4% (-32.5% constant currency), to US$27.7 million for the six months ended June 30, 2020 from US$42.3 million for the six months ended June 30, 2019. This net sales decrease in DTC e-commerce was primarily due to the impacts of COVID-19 on travel and consumer demand.

Countries/Territories

The following table sets forth a breakdown of net sales in Asia by geographic location for the six months ended June 30, 2020 and June 30, 2019, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,				2020 vs 2019	
	2020		2019			
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Net sales by geographic location[1]:						
China	**66.9**	**23.6%**	144.9	22.5%	(53.8)%	(52.2)%
Japan	**59.0**	**20.9%**	103.7	16.1%	(43.1)%	(44.0)%
South Korea	**43.4**	**15.3%**	98.0	15.2%	(55.7)%	(53.3)%
India	**34.5**	**12.2%**	82.9	12.9%	(58.3)%	(57.1)%
Hong Kong[2]	**19.4**	**6.9%**	80.4	12.5%	(75.8)%	(76.0)%
Australia	**14.6**	**5.1%**	32.9	5.1%	(55.8)%	(52.4)%
Other	**45.2**	**16.0%**	100.8	15.7%	(55.2)%	(55.2)%
Net sales	**283.0**	**100.0%**	643.6	100.0%	(56.0)%	(55.1)%

Notes

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

(2) Net sales reported for Hong Kong include net sales made domestically, net sales made in Macau as well as net sales to distributors in certain other Asian markets where the Group does not have a direct presence.

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

All of the Group's main markets in Asia experienced year-on-year net sales declines during the six months ended June 30, 2020 compared to the same period in the previous year due to the COVID-19 Impacts. Net sales in China decreased by US$78.0 million, or 53.8% (-52.2% constant currency), for the six months ended June 30, 2020 compared to the same period in the previous year. Net sales in South Korea decreased by US$54.6 million, or 55.7% (-53.3% constant currency), year-on-year. Japan's net sales decreased by US$44.8 million, or 43.1% (-44.0% constant currency), year-on-year. Net sales in India decreased by US$48.3 million, or 58.3% (-57.1% constant currency), for the six months ended June 30, 2020 compared to the same period in the previous year. Total net sales reported for Hong Kong (which comprises net sales made in the domestic Hong Kong market, Macau and to distributors in certain other Asian markets) decreased by US$60.9 million, or 75.8% (-76.0% constant currency), year-on-year.

Europe

Net sales in Europe decreased by US$213.8 million, or 57.6% (-56.3% constant currency), for the six months ended June 30, 2020 compared to the six months ended June 30, 2019. Net sales for the three months ended June 30, 2020 decreased by US$169.0 million, or 86.0% (-85.7% constant currency), compared to the three months ended June 30, 2019. These net sales decreases for the first half and second quarter of 2020 were due to the COVID-19 Impacts.

Brands

For the six months ended June 30, 2020, net sales of the *Samsonite* brand in Europe decreased by US$130.0 million, or 57.1% (-55.9% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand during the six months ended June 30, 2020 decreased by US$29.9 million, or 61.1% (-59.9% constant currency), year-on-year. Net sales of the *American Tourister* brand during the six months ended June 30, 2020 decreased by US$43.6 million, or 60.9% (-59.7% constant currency), compared to the six months ended June 30, 2019.

Product Categories
Net sales in the travel product category in Europe decreased by US$149.8 million, or 60.0% (-58.9% constant currency), to US$99.8 million for the six months ended June 30, 2020 from US$249.6 million for the six months ended June 30, 2019. Total non-travel category net sales in Europe decreased by US$63.9 million, or 52.5% (-51.1% constant currency), year-on-year to US$57.8 million for the six months ended June 30, 2020 from US$121.7 million for the same period in the previous year. Net sales of business products decreased by US$29.8 million, or 52.7% (-51.1% constant currency), year-on-year. Net sales of casual products decreased by US$7.5 million, or 41.1% (-39.5% constant currency), year-on-year. Net sales of accessories products decreased by US$20.5 million, or 61.8% (-60.8% constant currency), year-on-year.

Distribution Channels
Net sales in the wholesale channel in Europe decreased by US$130.8 million, or 58.0% (-56.8% constant currency), during the six months ended June 30, 2020 compared to the six months ended June 30, 2019 due to the COVID-19 Impacts.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, decreased by US$82.9 million, or 56.9% (-55.6% constant currency), to US$62.9 million for the six months ended June 30, 2020 from US$145.9 million for the six months ended June 30, 2019. The decrease in DTC channel net sales during the six months ended June 30, 2020 was due to the COVID-19 Impacts.

Net sales in the DTC retail channel decreased by US$77.3 million, or 61.0% (-59.8% constant currency), during the six months ended June 30, 2020 compared to the same period in the previous year due to the COVID-19 Impacts. During the six months ended June 30, 2020, a net of 25 stores were closed by the Group compared to 13 net new stores opened during the six months ended June 30, 2019. The total number of company-operated retail stores was 287 as of June 30, 2020 compared to 313 company-operated retail stores as of June 30, 2019. On a same store, constant currency basis, retail net sales decreased by 60.4% for the six months ended June 30, 2020 compared to the six months ended June 30, 2019, due to the COVID-19 Impacts. The Group’s same store analysis includes existing company-operated retail stores that have been open for at least 12 months before the end of the relevant financial period.

Total DTC e-commerce net sales decreased by US$5.6 million, or 29.5% (-27.4% constant currency), to US$13.4 million for the six months ended June 30, 2020 from US$19.1 million for the six months ended June 30, 2019. This net sales decrease in DTC e-commerce was primarily due to the impacts of COVID-19 on travel and consumer demand.

Countries

The following table sets forth a breakdown of net sales in Europe by geographic location for the six months ended June 30, 2020 and June 30, 2019, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,				2020 vs 2019	
	2020		2019			
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[4]
Net sales by geographic location[1]:						
Belgium[2]	**35.4**	**22.4%**	63.4	17.1%	(44.1)%	(42.8)%
Germany	**24.2**	**15.4%**	56.0	15.1%	(56.7)%	(55.6)%
Italy	**15.7**	**10.0%**	39.0	10.5%	(59.7)%	(58.7)%
France	**14.6**	**9.3%**	37.4	10.1%	(60.8)%	(59.8)%
United Kingdom[3]	**12.3**	**7.8%**	35.4	9.5%	(65.1)%	(65.0)%
Spain	**11.5**	**7.3%**	28.9	7.8%	(60.3)%	(59.3)%
Russia	**10.6**	**6.7%**	30.0	8.1%	(64.8)%	(64.1)%
Other	**33.2**	**21.1%**	81.2	21.8%	(59.1)%	(56.9)%
Net sales	**157.5**	**100.0%**	371.3	100.0%	(57.6)%	(56.3)%

Notes

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

(2) Net sales in Belgium were US$4.1 million and US$11.0 million for the six months ended June 30, 2020 and June 30, 2019, respectively, a decrease of US$6.9 million, or 62.7% (-61.8% constant currency). Remaining sales consisted of direct shipments to distributors, customers and agents in other European countries, including e-commerce.

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

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

All of the Group's key markets in Europe recorded year-on-year net sales decreases during the six months ended June 30, 2020 due to the COVID-19 Impacts including (without limitation): Russia (-64.8%; -64.1% constant currency), Germany (-56.7%; -55.6% constant currency), France (-60.8%; -59.8% constant currency), Italy (-59.7%; -58.7% constant currency), and the United Kingdom (-65.1%; -65.0% constant currency).

Latin America

The Group's net sales in Latin America decreased by US$45.3 million, or 53.5% (-46.3% constant currency), for the six months ended June 30, 2020 compared to the six months ended June 30, 2019. Net sales for the three months ended June 30, 2020 decreased by US$36.1 million, or 95.4% (-94.3% constant currency), compared to the three months ended June 30, 2019. These net sales decreases for the first half and second quarter of 2020 were due to the COVID-19 Impacts.

Brands

For the six months ended June 30, 2020, net sales of the *Samsonite* brand in Latin America decreased by US$21.6 million, or 64.7% (-59.7% constant currency), compared to the same period in the previous year. Net sales of the *American Tourister* brand during the six months ended June 30, 2020 decreased by US$5.8 million, or 57.8% (-53.0% constant currency), compared to the six months ended June 30, 2019. For the six months ended June 30, 2020, net sales of the *Tumi* brand in Latin America decreased by US$1.3 million, or 57.0% (-55.5% constant currency), compared to the same period in the previous year. Net sales of the *Xtrem* brand decreased by US$6.5 million, or 31.3% (-20.1% constant currency), compared to the same period in the previous year. Net sales of the *Saxoline* brand decreased by 44.1% (-32.3% constant currency), year-on-year. Net sales of the *Secret* brand decreased by 67.0% (-60.2% constant currency), year-on-year.

Product Categories

Net sales in the travel product category in Latin America decreased by US$21.9 million, or 62.8% (-57.8% constant currency), to US$13.0 million for the six months ended June 30, 2020 from US$34.9 million for the same period in the previous year. Total non-travel category net sales in Latin America decreased by US$23.4 million, or 47.0% (-38.2% constant currency), to US$26.4 million for the six months ended June 30, 2020 from US$49.8 million for the six months ended June 30, 2019. Net sales of business products decreased by US$5.3 million, or 63.8% (-59.1% constant currency), compared to the same period in the previous year. Net sales of casual products decreased by US$11.8

million, or 37.5% (-26.5% constant currency), year-on-year. Net sales of accessories products decreased by US$5.7 million, or 60.0% (-54.1% constant currency), year-on-year.

Distribution Channels

Net sales in the wholesale channel in Latin America decreased by US$24.8 million, or 51.9% (-45.0% constant currency), for the six months ended June 30, 2020 compared to the six months ended June 30, 2019, due to the COVID-19 Impacts.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, decreased by US$20.5 million, or 55.5% (-47.9% constant currency), to US$16.4 million for the six months ended June 30, 2020 from US$36.9 million for the six months ended June 30, 2019. The decrease in DTC channel net sales during the six months ended June 30, 2020 was due to the COVID-19 Impacts.

Net sales in the DTC retail channel decreased by US$20.2 million, or 57.0% (-50.0% constant currency), during the six months ended June 30, 2020 compared to the same period in the previous year due to the COVID-19 Impacts. During the six months ended June 30, 2020, a net of four stores were closed by the Group compared to two net new stores opened during the six months ended June 30, 2019. The total number of company-operated retail stores was 222 as of June 30, 2020 compared to 221 company-operated retail stores as of June 30, 2019. On a same store, constant currency basis, retail net sales decreased by 51.9% for the six months ended June 30, 2020 compared to the six months ended June 30, 2019, due to the COVID-19 Impacts. The Group's same store analysis includes existing company-operated retail stores that have been open for at least 12 months before the end of the relevant financial period.

Total net sales from DTC e-commerce sites in Argentina, Chile, Colombia and Mexico decreased by US$0.3 million, or 22.5%, but grew on a constant currency basis (+0.3% constant currency), to US$1.2 million for the six months ended June 30, 2020 from US$1.5 million for the six months ended June 30, 2019.

Countries

The following table sets forth a breakdown of net sales in Latin America by geographic location for the six months ended June 30, 2020 and June 30, 2019, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,					
	2020		2019		2020 vs 2019	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[4]
Net sales by geographic location[1]:						
Chile	**18.5**	**47.0%**	33.3	39.4%	(44.4)%	(33.6)%
Mexico	**8.1**	**20.5%**	26.7	31.5%	(69.8)%	(68.9)%
Brazil[2]	**4.3**	**10.8%**	8.6	10.1%	(50.4)%	(41.7)%
Other[3]	**8.5**	**21.7%**	16.1	19.0%	(46.9)%	(37.4)%
Net sales	**39.4**	**100.0%**	84.7	100.0%	(53.5)%	(46.3)%

Notes

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

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

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

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

Net sales in Chile decreased by US$14.8 million, or 44.4% (-33.6% constant currency), during the six months ended June 30, 2020 compared to the same period in the previous year. Net sales in Mexico decreased by US$18.6 million, or 69.8% (-68.9% constant currency), year-on-year.

Cost of Sales and Gross Profit

Cost of sales decreased by US$366.8 million, or 47.5%, to US$405.8 million (representing 50.6% of net sales) for the six months ended June 30, 2020 from US$772.7 million (representing 44.0% of net sales) for the six months ended June 30, 2019 due to the decrease in net sales.

Gross profit decreased by US$586.5 million, or 59.7%, to US$396.5 million for the six months ended June 30, 2020 from US$983.0 million for the six months ended June 30, 2019 as a result of the decrease in net sales year-on-year caused by the COVID-19 Impacts. Gross profit margin decreased to 49.4% for the six months ended June 30, 2020 from 56.0% for the same period in the previous year due to the impact of fixed manufacturing costs on lower net sales and production, increased inventory reserves, as well as a shift in sales mix as the Group's DTC retail channel was more seriously impacted by the COVID-19 pandemic.

Distribution Expenses

Distribution expenses decreased by US$192.3 million, or 32.0%, to US$408.1 million (representing 50.9% of net sales) for the six months ended June 30, 2020 from US$600.5 million (representing 34.2% of net sales) for the six months ended June 30, 2019. Distribution expenses as a percentage of net sales increased primarily due to the impact of lower net sales. The Group took immediate action to implement both permanent and temporary cost savings initiatives in an effort to reduce its fixed cost base in response to the global COVID-19 pandemic.

Marketing Expenses

The Group spent US$44.5 million on marketing during the six months ended June 30, 2020 compared to US$103.1 million for the six months ended June 30, 2019, a decrease of US$58.6 million, or 56.8%. As a percentage of net sales, marketing expenses decreased by 40 basis points to 5.5% for the six months ended June 30, 2020 from 5.9% for the six months ended June 30, 2019. The Group aggressively reduced advertising spend during the first half, and will also do so for the remainder of 2020 to help offset the negative impacts on its profitability caused by the COVID-19 pandemic.

General and Administrative Expenses

General and administrative expenses decreased by US$5.9 million, or 5.2%, to US$107.9 million (representing 13.5% of net sales) for the six months ended June 30, 2020 from US$113.8 million (representing 6.5% of net sales) for the six months ended June 30, 2019. The decrease in general and administrative expenses was driven by actions taken by management to reduce the fixed and variable cost structure of the business, including headcount reductions and other savings initiatives, to help offset the negative impacts on the Group's profitability due to the sales declines caused by COVID-19. General and administrative expenses as a percentage of net sales increased by 700 basis points due to the decrease in net sales year-on-year.

Impairment Charges

In accordance with International Accounting Standards ("IAS") 36, *Impairment of Assets* ("IAS 36"), the Group is required to evaluate its intangible assets with infinite lives at least annually or when an event has occurred or circumstances change that would more likely than not reduce the recoverable amount of a cash generating unit ("CGU") below its carrying value. The Group is also required to perform a review for impairment indicators at least quarterly on its tangible and intangible assets with finite useful lives. If there is any indication that an asset may be impaired, the Group must estimate the recoverable amount of the asset.

As a result of overall market conditions caused by the COVID-19 pandemic, the Group determined there were indicators of potential impairment on its CGUs. Based on the valuation performed by a third-party specialist engaged by the Company, it was determined that the carrying value of certain CGUs was greater than its recoverable amount, resulting in non-cash impairment charges totaling US$732.0 million, comprised of US$496.0 million for goodwill and US$236.0 million for certain tradenames.

Based on an evaluation of loss-making stores, which individually represent CGUs, during the six months ended June 30, 2020 and June 30, 2019 and reduced traffic and under-performance, the Group determined that the carrying amounts of certain retail stores exceeded their respective recoverable amounts. During the six months ended June 30, 2020, the Group recognized non-cash impairment charges reflecting the aggregate difference totaling US$145.2 million, comprised of US$113.9 million for lease right-of-use assets and US$31.2 million for property, plant and equipment, including leasehold improvements, attributable to the under-performance of certain retail locations. During the six months ended June 30, 2019, the Group recognized non-cash impairment charges totaling US$29.7 million, comprised of the write-off of US$21.0 million of lease right-of-use assets associated with such stores and a US$8.7 million impairment for property, plant and equipment, including leasehold improvements, of such stores. Expenses related to lease right-of-use assets and property, plant and equipment, including leasehold improvements, have historically been classified as distribution expenses on the consolidated income statements using the function of expense presentation method for the affected assets.

The non-cash 1H 2020 Impairment Charges of US$877.2 million, of which US$819.7 million was recorded during the first quarter of 2020 and US$57.4 million, primarily attributable to the under-performance of certain retail locations, was recorded during the second quarter of 2020 and the 1H 2019 Impairment Charges of US$29.7 million were recorded in the Group's consolidated income statements in the line item "Impairment Charges".

Restructuring Charges

In March 2020, the Group undertook efforts to implement a restructuring program aimed at reducing its fixed cost base on a global basis in response to the impact of the COVID-19 pandemic. During the six months ended June 30, 2020, the Group incurred the 1H 2020 Restructuring Charges of US$28.8 million primarily for severance costs associated with reductions in personnel and store closure costs associated with leases. Expenses related to personnel have historically been classified primarily in distribution expenses and general and administrative expenses, and occupancy costs have historically been classified as distribution expenses on the consolidated income statements using the function of expense presentation method. These charges incurred during the six months ended June 30, 2020 were recorded in the Group's consolidated income statements in the line item "Restructuring Charges". The Group continues to work to identify additional areas of cost savings in response to the impacts on the business from the COVID-19 pandemic.

Other Income (Expenses)

The Group recorded other income of US$7.1 million and other expenses of US$11.9 million for the six months ended June 30, 2020 and June 30, 2019, respectively. Other income for the first half of 2020 included gains from the disposal of assets and gains on lease exits/remeasurements of US$8.0 million, including the receipt of key money upon exiting certain retail store locations. Other expenses for the first half of 2019 included severance and store closure costs incurred in connection with certain profit improvement initiatives undertaken by the Group's management totaling US$9.8 million.

Operating Profit (Loss)

The following table presents the reconciliation from the Group's operating profit (loss), as reported, to operating profit (loss), as adjusted, for the six months ended June 30, 2020 and June 30, 2019.

OPERATING PROFIT (LOSS)

	Six months ended June 30,			
(Expressed in millions of US Dollars)	**2020**	2019	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[1]
Operating profit (loss), as reported	**(1,062.9)**	124.0	*nm*	*nm*
Impairment Charges	**877.2**	29.7	*nm*	*nm*
Restructuring Charges	**28.8**	—	n/a	n/a
Costs to implement profit improvement initiatives	**—**	9.8	(100.0)%	(100.0)%
Operating profit (loss), as adjusted	**(156.9)**	163.6	*nm*	*nm*

Notes

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

nm Not meaningful.

n/a Not applicable.

The Group incurred an operating loss of US$1,062.9 million for the six months ended June 30, 2020, compared to an operating profit of US$124.0 million for the same period in the previous year. The Group incurred an operating loss of US$156.9 million when excluding the 1H 2020 Impairment Charges and 1H 2020 Restructuring Charges, compared to an operating profit of US$163.6 million for the same period in the previous year when excluding the 1H 2019 Impairment Charges and the costs to implement profit improvement initiatives. The year-on-year decrease in operating profit was primarily due to the decrease in net sales resulting from the COVID-19 Impacts.

Net Finance Costs

Net finance costs decreased by US$3.5 million, or 6.9%, to US$46.7 million for the six months ended June 30, 2020 from US$50.1 million for the six months ended June 30, 2019, primarily due to a decrease in redeemable non-controlling interest put option expenses of US$14.5 million during the six months ended June 30, 2020 compared to the same period in the previous year, partially offset by an increase in interest expense on loans and borrowings of US$6.7 million year-on-year and an increase in net foreign exchange losses of US$6.8 million year-on-year.

The following table sets forth a breakdown of total finance costs for the six months ended June 30, 2020 and June 30, 2019.

(Expressed in millions of US Dollars)	Six months ended June 30, 2020	2019
Recognized in income or loss:		
Interest income	**1.8**	0.9
Total finance income	**1.8**	0.9
Interest expense on loans and borrowings	**(39.7)**	(33.1)
Amortization of deferred financing costs associated with the Senior Credit Facilities	**(2.7)**	(1.5)
Interest expense on lease liabilities	**(13.6)**	(15.4)
Change in fair value of put options	**15.5**	1.0
Net foreign exchange gain (loss)	**(6.9)**	(0.1)
Other finance costs	**(1.1)**	(1.9)
Total finance costs	**(48.5)**	(51.0)
Net finance costs recognized in profit or loss	**(46.7)**	(50.1)

Profit (Loss) before Income Tax

The following table presents the reconciliation from the Group's profit (loss) before income tax, as reported, to profit (loss) before income tax, as adjusted, for the six months ended June 30, 2020 and June 30, 2019.

PROFIT (LOSS) BEFORE INCOME TAX

(Expressed in millions of US Dollars)	Six months ended June 30, 2020	2019	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[1]
Profit (loss) before income tax, as reported	**(1,109.6)**	73.9	*nm*	*nm*
Impairment Charges	**877.2**	29.7	*nm*	*nm*
Restructuring Charges	**28.8**	—	n/a	n/a
Costs to implement profit improvement initiatives	**—**	9.8	(100.0)%	(100.0)%
Profit (loss) before income tax, as adjusted	**(203.6)**	113.5	*nm*	*nm*

Notes
(1) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the comparable period of the previous year to current period local currency results.
nm Not meaningful.
n/a Not applicable.

The Group incurred a loss before income tax of US$1,109.6 million for the six months ended June 30, 2020, compared to a profit before income tax of US$73.9 million for the same period in the previous year. The Group incurred a loss before income tax of US$203.6 million when excluding the 1H 2020 Impairment Charges and 1H 2020 Restructuring Charges incurred during the six months ended June 30, 2020, compared to a profit before income tax of US$113.5 million for the same period in the previous year when excluding the 1H 2019 Impairment Charges and the costs to implement profit improvement initiatives. The year-on-year decrease in profit before income tax was primarily due to the decrease in net sales resulting from the COVID-19 Impacts.

Income Tax Expense (Benefit)

The Group recorded an income tax benefit of US$133.7 million for the six months ended June 30, 2020 compared to an income tax expense of US$15.6 million for the six months ended June 30, 2019. The income tax benefit recorded during the first six months of 2020 was due to the US$1,109.6 million reported loss before income taxes, which included the 1H 2020 Impairment Charges and 1H 2020 Restructuring Charges.

The Group's consolidated effective tax rate for operations was 12.1% and 21.1% for the six months ended June 30, 2020 and June 30, 2019, respectively. The decrease in the Group's effective tax rate during the first half of 2020 was mainly the result of changes in the profit mix between high and low tax jurisdictions, changes in reserves and the tax

impact of the 1H 2020 Impairment Charges. Excluding the non-cash impairment charge related to goodwill, which did not provide a tax benefit to the Group, the consolidated effective tax rate for operations would have been 23.2% for the six months ended June 30, 2020.

For interim reporting purposes, the Group applied the effective tax rate to profit (loss) before income tax for the interim period. The reported effective tax rate was calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets. The effective tax rate for each period was recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income (loss) for the period adjusted for certain discrete items for the period.

Profit (Loss)

Profit (loss) for the period

The following table presents the reconciliation from the Group's profit (loss) for the period, as reported, to profit (loss) for the period, as adjusted, for the six months ended June 30, 2020 and June 30, 2019.

PROFIT (LOSS) FOR THE PERIOD

	Six months ended June 30,			
(Expressed in millions of US Dollars)	**2020**	2019	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(1)]
Profit (loss) for the period, as reported	**(975.9)**	58.3	*nm*	*nm*
Impairment Charges	**877.2**	29.7	*nm*	*nm*
Restructuring Charges	**28.8**	—	n/a	n/a
Costs to implement profit improvement initiatives	**—**	9.8	(100.0)%	(100.0)%
Tax impact	**(101.6)**	(2.6)	*nm*	*nm*
Profit (loss) for the period, as adjusted	**(171.5)**	95.3	*nm*	*nm*

Notes

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

nm Not meaningful.

n/a Not applicable.

The Group incurred a loss for the period of US$975.9 million for the six months ended June 30, 2020, compared to a profit for the period of US$58.3 million for the same period in the previous year. The Group incurred a loss for the period of US$171.5 million when excluding the 1H 2020 Impairment Charges and 1H 2020 Restructuring Charges, both of which are net of the related tax impact, incurred during the six months ended June 30, 2020, compared to a profit for the period of US$95.3 million for the same period in the previous year when excluding the 1H 2019 Impairment Charges and the costs to implement profit improvement initiatives, both of which are net of the related tax impact. The year-on-year decrease in profit for the period was primarily due to the COVID-19 Impacts.

Profit (loss) attributable to the equity holders

The following table presents the reconciliation from the Group's profit (loss) attributable to the equity holders, as reported, to profit (loss) attributable to the equity holders, as adjusted, for the six months ended June 30, 2020 and June 30, 2019.

PROFIT (LOSS) ATTRIBUTABLE TO THE EQUITY HOLDERS

(Expressed in millions of US Dollars)	**Six months ended June 30, 2020**	2019	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(1)
Profit (loss) attributable to the equity holders, as reported	**(974.0)**	49.1	*nm*	*nm*
Impairment Charges	**877.2**	29.7	*nm*	*nm*
Restructuring Charges	**28.8**	—	n/a	n/a
Costs to implement profit improvement initiatives	**—**	9.8	(100.0)%	(100.0)%
Tax impact	**(101.6)**	(2.6)	*nm*	*nm*
Profit (loss) attributable to the equity holders, as adjusted	**(169.7)**	86.1	*nm*	*nm*

Notes
(1) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the comparable period of the previous year to current period local currency results.
nm Not meaningful.
n/a Not applicable.

The Group incurred a loss attributable to the equity holders of US$974.0 million for the six months ended June 30, 2020, compared to profit attributable to the equity holders of US$49.1 million for the same period in the previous year. The Group incurred a loss attributable to the equity holders of US$169.7 million when excluding the 1H 2020 Impairment Charges and 1H 2020 Restructuring Charges, both of which are net of the related tax impact, incurred during the six months ended June 30, 2020, compared to a profit attributable to the equity holders of US$86.1 million for the same period in the previous year when excluding the 1H 2019 Impairment Charges and the costs to implement profit improvement initiatives, both of which are net of the related tax impact. The year-on-year decrease in profit attributable to the equity holders was primarily due to the COVID-19 Impacts.

Basic and diluted earnings (loss) per share

Basic and diluted loss per share was US$0.680 for the six months ended June 30, 2020, compared to basic and diluted earnings per share of US$0.034 for the six months ended June 30, 2019. The weighted average number of shares utilized in the Basic EPS calculation was 1,432,657,591 shares for the six months ended June 30, 2020 compared to 1,430,979,185 shares for the six months ended June 30, 2019. The weighted average number of shares outstanding utilized in the Diluted EPS calculation was 1,432,657,591 shares for the six months ended June 30, 2020 compared to 1,433,665,934 shares for the six months ended June 30, 2019.

Basic and diluted loss per share, as adjusted, was US$0.118 when excluding the 1H 2020 Impairment Charges and 1H 2020 Restructuring Charges, both of which are net of the related tax impact, incurred during the six months ended June 30, 2020, compared to basic and diluted earnings per share, as adjusted, of US$0.060 for the same period in the previous year when excluding the 1H 2019 Impairment Charges and the costs to implement profit improvement initiatives, both of which are net of the related tax impact. This decrease was caused by the COVID-19 Impacts on the Group's business during the first half of 2020.

Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, decreased by US$336.4 million, or 157.6% (-159.2% constant currency), to a loss of US$122.9 million for the six months ended June 30, 2020 from earnings of US$213.5 million for the six months ended June 30, 2019. Adjusted EBITDA margin was (15.3%) for the six months ended June 30, 2020 compared to 12.2% for the six months ended June 30, 2019 due primarily to the COVID-19 Impacts. The Group continues to take meaningful actions to implement cost savings initiatives in an effort to improve profitability.

The following table presents the reconciliation from the Group's profit (loss) for the period to Adjusted EBITDA for the six months ended June 30, 2020 and June 30, 2019:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2020**	2019
Profit (loss) for the period	**(975.9)**	58.3
Plus (Minus):		
Income tax expense (benefit)	**(133.7)**	15.6
Finance costs	**48.5**	51.0
Finance income	**(1.8)**	(0.9)
Depreciation	**35.5**	40.1
Total amortization	**105.5**	115.6
EBITDA	**(921.8)**	279.7
Plus (Minus):		
Share-based compensation expense	**3.3**	7.0
Impairment Charges	**877.2**	29.7
Restructuring Charges	**28.8**	—
Other adjustments(1)	**(7.1)**	11.9
Amortization of lease right-of-use assets	**(89.5)**	(99.5)
Interest expense on lease liabilities	**(13.6)**	(15.4)
Adjusted EBITDA(2)	**(122.9)**	213.5
Adjusted EBITDA margin	**(15.3)%**	12.2%

Notes
(1) Other adjustments primarily comprised 'Other income (expenses)' per the consolidated income statements.
(2) Adjusted EBITDA, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. Adjusted EBITDA includes the lease interest and amortization expense as a result of the Group's adoption of IFRS 16 on January 1, 2019 to account for operational rent expenses.

The following tables present reconciliations from profit (loss) for the period to Adjusted EBITDA on a regional basis for the six months ended June 30, 2020 and June 30, 2019:

	Six months ended June 30, 2020					
(Expressed in millions of US Dollars)	**North America**	**Asia**	**Europe**	**Latin America**	**Corporate**	**Total**
Profit (loss) for the period	**(560.8)**	**(127.5)**	**(75.2)**	**(35.7)**	**(176.7)**	**(975.9)**
Plus (Minus):						
Income tax benefit	**(41.0)**	**(13.7)**	**(21.8)**	**(1.1)**	**(56.2)**	**(133.7)**
Finance costs	**7.4**	**3.1**	**5.7**	**6.3**	**26.0**	**48.5**
Finance income	**(0.1)**	**(0.2)**	**(0.1)**	**0.0**	**(1.4)**	**(1.8)**
Depreciation	**12.1**	**10.8**	**10.0**	**2.1**	**0.5**	**35.5**
Total amortization	**34.7**	**36.1**	**25.9**	**7.4**	**1.4**	**105.5**
EBITDA	**(547.7)**	**(91.3)**	**(55.5)**	**(20.9)**	**(206.4)**	**(921.8)**
Plus (Minus):						
Share-based compensation expense	**(1.6)**	**0.7**	**(0.3)**	**0.1**	**4.3**	**3.3**
Impairment Charges	**516.0**	**75.1**	**40.5**	**11.8**	**233.8**	**877.2**
Restructuring Charges	**9.1**	**2.7**	**14.3**	**1.5**	**1.1**	**28.8**
Inter-company charges (income)(1)	**22.5**	**21.5**	**5.0**	**0.7**	**(49.8)**	**—**
Other adjustments(2)	**(0.3)**	**(0.4)**	**(7.1)**	**(0.1)**	**0.8**	**(7.1)**
Amortization of lease right-of-use assets	**(30.1)**	**(28.4)**	**(23.5)**	**(7.4)**	**(0.1)**	**(89.5)**
Interest expense on lease liabilities	**(7.4)**	**(2.2)**	**(3.0)**	**(1.0)**	**0.0**	**(13.6)**
Adjusted EBITDA(3)	**(39.5)**	**(22.3)**	**(29.5)**	**(15.3)**	**(16.3)**	**(122.9)**
Adjusted EBITDA margin	**(12.3)%**	**(7.9)%**	**(18.7)%**	**(38.9)%**	***nm***	**(15.3)%**

Notes
(1) Inter-company charges (income) by region include intra-group royalty income/expense and other cross-charges that eliminate in consolidation.
(2) Other adjustments primarily comprised 'Other income (expenses)' per the consolidated income statements.
(3) Adjusted EBITDA, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. Adjusted EBITDA includes the lease interest and amortization expense as a result of the Group's adoption of IFRS 16 on January 1, 2019 to account for operational rent expenses.
nm Not meaningful.

	Six months ended June 30, 2019					
(Expressed in millions of US Dollars)	North America	Asia	Europe	Latin America	Corporate	Total
Profit (loss) for the period	(14.1)	40.0	0.3	(5.4)	37.5	58.3
Plus (Minus):						
Income tax expense (benefit)	(5.6)	15.2	(2.2)	(0.4)	8.6	15.6
Finance costs	8.5	3.5	4.3	1.6	33.1	51.0
Finance income	(0.1)	(0.3)	(0.1)	0.0	(0.4)	(0.9)
Depreciation	13.9	11.9	11.2	2.6	0.5	40.1
Total amortization	40.8	37.5	28.7	7.7	0.8	115.6
EBITDA	43.4	107.9	42.2	6.1	80.0	279.7
Plus (Minus):						
Share-based compensation expense	2.8	0.9	0.2	0.0	3.1	7.0
Impairment Charges	20.9	1.0	7.8	—	0.0	29.7
Inter-company charges (income)[(1)]	46.2	51.2	10.7	1.7	(109.8)	—
Other adjustments[(2)]	5.9	1.3	3.6	0.3	0.8	11.9
Amortization of lease right-of-use assets	(35.0)	(29.9)	(26.6)	(7.7)	(0.2)	(99.5)
Interest expense on lease liabilities	(8.5)	(2.1)	(3.6)	(1.2)	0.0	(15.4)
Adjusted EBITDA[(3)]	75.8	130.3	34.2	(0.8)	(26.1)	213.5
Adjusted EBITDA margin	11.6%	20.3%	9.2%	(0.9)%	*nm*	12.2%

Notes
(1) Inter-company charges (income) by region include intra-group royalty income/expense and other cross-charges that eliminate in consolidation.
(2) Other adjustments primarily comprised 'Other income (expenses)' per the consolidated income statements.
(3) Adjusted EBITDA, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. Adjusted EBITDA includes the lease interest and amortization expense as a result of the Group's adoption of IFRS 16 on January 1, 2019 to account for operational rent expenses.
nm Not meaningful.

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

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

Adjusted Net Income (Loss)

Adjusted Net Income (Loss), a non-IFRS measure, was a loss of US$173.1 million for the six months ended June 30, 2020, compared to income of US$97.0 million for the six months ended June 30, 2019 due to the COVID-19 Impacts. Adjusted basic and diluted earnings (loss) per share, non-IFRS measures, were a loss of US$0.121 per share for the six months ended June 30, 2020, compared to earnings per share of US$0.068 for the six months ended June 30, 2019. Adjusted basic and diluted earnings (loss) per share are calculated by dividing Adjusted Net Income (Loss) by the weighted average number of shares used in the basic and diluted earnings (loss) per share calculations, respectively.

The following table presents the reconciliation from the Group's profit (loss) attributable to the equity holders to Adjusted Net Income (Loss) for the six months ended June 30, 2020 and June 30, 2019:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2020**	2019
Profit (loss) attributable to the equity holders	**(974.0)**	49.1
Plus (Minus):		
Change in fair value of put options included in finance costs	**(15.5)**	(1.0)
Amortization of intangible assets	**16.0**	16.1
Impairment Charges	**877.2**	29.7
Restructuring Charges	**28.8**	—
Costs to implement profit improvement initiatives	**—**	9.8
Tax adjustments[1]	**(105.5)**	(6.8)
Adjusted Net Income (Loss)[2]	**(173.1)**	97.0

Notes

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

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

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

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

Liquidity and Capital Resources

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

Net cash flows used in operating activities amounted to US$173.0 million for the six months ended June 30, 2020 compared to net cash flows generated from operating activities of US$192.6 million for the six months ended June 30, 2019. The decrease in cash flows generated from operating activities year-on-year was due to the COVID-19 Impacts.

For the six months ended June 30, 2020, net cash flows used in investing activities were US$21.5 million and were primarily related to US$18.0 million of capital expenditures for property, plant and equipment, including a warehouse expansion project in India that began in 2019. For the six months ended June 30, 2019, net cash flows used in investing activities were US$32.7 million and were primarily related to US$26.0 million of capital expenditures for property, plant and equipment, including the addition of new retail locations, remodeling existing retail locations and investments in machinery and equipment. The Group has taken meaningful measures to reduce capital expenditures for the remainder of 2020 in response to the impacts on the Group's business from the COVID-19 pandemic.

Net cash flows provided by financing activities were US$1,323.1 million for the six months ended June 30, 2020 and were largely attributable to funds received through a term loan B borrowing in an aggregate principal amount of US$600.0 million, as well as from additional borrowings provided through the Amended Revolving Credit Facility (as defined in the Indebtedness section below). Net cash flows used in financing activities were US$98.4 million for the six

months ended June 30, 2019 and were largely attributable to principal payments on lease liabilities of US$79.5 million, payments of Term Loan Facilities (as defined in the Indebtedness section below) totaling US$14.2 million and dividend payments to non-controlling interests of US$9.1 million, partly offset by proceeds from other current loans and borrowings of US$4.2 million.

The Group had US$1,589.8 million in cash and cash equivalents as of June 30, 2020, compared to US$462.6 million as of December 31, 2019. No cash and cash equivalents were restricted as of June 30, 2020 and December 31, 2019. Cash and cash equivalents are generally denominated in the functional currency of the respective Group entity.

Indebtedness

The following table sets forth the carrying amount of the Group's loans and borrowings as of June 30, 2020 and December 31, 2019:

(Expressed in millions of US Dollars)	**June 30, 2020**	December 31, 2019
Term Loan A Facility	**—**	797.0
Term Loan B Facility	**551.5**	554.9
Amended Term Loan A Facility	**795.0**	—
2020 Incremental Term Loan B Facility	**600.0**	—
Amended Revolving Credit Facility	**812.3**	—
Total Amended Senior Credit Facilities	**2,758.9**	1,351.8
Senior Notes	**393.2**	392.4
Other borrowings and obligations	**69.7**	23.7
Total loans and borrowings	**3,221.7**	1,768.0
Less deferred financing costs	**(44.8)**	(12.8)
Total loans and borrowings less deferred financing costs	**3,176.9**	1,755.2

€350.0 Million 3.500% Senior Notes Due 2026

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

Maturity, Interest and Redemption

The Senior Notes will mature on May 15, 2026. Interest on the aggregate outstanding principal amount of the Senior Notes accrues at a fixed rate of 3.500% per annum, payable semi-annually in cash in arrears on May 15 and November 15 each year.

At any time prior to May 15, 2021, the Issuer may redeem some or all of the Senior Notes at a price equal to 100% of the principal amount of the Senior Notes redeemed plus accrued and unpaid interest to (but excluding) the redemption date at a "make-whole" premium, which is the present value of all remaining scheduled interest payments to the redemption date using the discount rate (as specified in the Indenture) as of the redemption date plus 50 basis points.

On or after May 15, 2021, the Issuer may redeem all, or from time to time a part, of the Senior Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period commencing on May 15 of the years set forth below:

Year	**Redemption Price**
2021	101.750%
2022	100.875%
2023 and thereafter	100.000%

In addition, at any time prior to May 15, 2021, the Issuer may redeem up to 40% of the Senior Notes with the net proceeds of one or more specified equity offerings at a redemption price of 103.500% of the principal amount of the Senior Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.

Furthermore, in the event of certain events defined as constituting a change of control, the Issuer may be required to make an offer to purchase the Senior Notes.

Guarantee and Security
The Senior Notes are guaranteed by the Guarantors on a senior subordinated basis. The Senior Notes are secured by a second-ranking pledge over the shares of the Issuer and a second-ranking pledge over the Issuer's rights in the proceeds loan in respect of the proceeds of the offering of the Senior Notes (the "Shared Collateral"). The Shared Collateral also secures the Senior Credit Facilities (as defined below) on a first-ranking basis.

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

Amended and Restated Senior Credit Facilities Agreement

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

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

Interest Rate and Fees
Interest on the borrowings under the Term Loan Credit Facilities and the Revolving Credit Facility began to accrue on April 25, 2018 when the closing on the Senior Credit Facilities occurred (the "Closing Date"). Under the terms of the Senior Credit Facilities:

(a) in respect of the Term Loan A Facility and the Revolving Credit Facility, (i) prior to the Second Amended Credit Agreement (discussed further below), the interest rate payable was set with effect from the Closing Date until the delivery of the consolidated financial statements for the fiscal quarter ended September 30, 2018 at the London Interbank Offered Rate ("LIBOR") plus 1.50% per annum (or a base rate plus 0.50% per annum) and thereafter is based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings and (ii) after the Second Amended Credit Agreement, the interest rate payable was set with effect from the date of the Second Amended Credit Agreement until the delivery of the consolidated financial statements for the fiscal quarter ended June 30, 2020 at LIBOR plus 1.375% per annum (or a base rate plus 0.375% per annum) and thereafter is based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings (subject to the terms of the Third Amended Credit Agreement as described below); and

(b) in respect of the Term Loan B Facility, the interest rate payable was set with effect from the Closing Date at LIBOR plus 1.75% per annum with a LIBOR floor of 0.00% (or a base rate plus 0.75% per annum) (subject to the terms of the Third Amended Credit Agreement as described below).

In addition to paying interest on outstanding principal under the Senior Credit Facilities, the borrowers pay customary agency fees and a commitment fee in respect of the unutilized commitments under the Revolving Credit Facility. The commitment fee payable with effect from the Closing Date until the delivery of the consolidated financial statements for the fiscal quarter ended September 30, 2018 was 0.20% per annum. The commitment fee payable thereafter is based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the

end of each fiscal quarter or the Company's corporate ratings, as applicable. After the Second Amended Credit Agreement, the commitment fee payable with effect from the effective date of the Second Amended Credit Agreement until the delivery of the consolidated financial statements for the fiscal quarter ended June 30, 2020 is 0.20% per annum and the commitment fee payable thereafter may step up based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings, as applicable (subject to the terms of the Third Amended Credit Agreement as described below).

Amortization and Final Maturity

Prior to the Second Amended Credit Agreement, the Term Loan A Facility required scheduled quarterly payments commencing on the first full fiscal quarter ended after the Closing Date, with an annual amortization of 2.5% of the original principal amount of the loans under the Term Loan A Facility made during each of the first and second years, with a step-up to 5.0% annual amortization during each of the third and fourth years and 7.5% annual amortization during the fifth year, with the balance due and payable on the fifth anniversary of the Closing Date.

The Second Amended Credit Agreement requires scheduled quarterly payments commencing on the first full fiscal quarter ended after the Second Amendment Closing Date (as defined below), with an annual amortization of 2.5% of the original principal amount of the loans under the Amended Term Loan A Facility (as defined below) made during each of the first and second years, with a step-up to 5.0% annual amortization during each of the third and fourth years and 7.5% annual amortization during the fifth year, with the balance due and payable on the fifth anniversary of the Second Amendment Closing Date.

The Term Loan B Facility requires scheduled quarterly payments commencing on the quarter ended September 30, 2018, each equal to 0.25% of the original principal amount of the loans under the Term Loan B Facility, with the balance due and payable on the seventh anniversary of the Closing Date.

There is no scheduled amortization of the principal amounts of the loans outstanding under the Revolving Credit Facility. Prior to the Second Amended Credit Agreement, any principal amount outstanding under the Revolving Credit Facility were due and payable on the fifth anniversary of the Closing Date. After the Second Amended Credit Agreement, any principal amount outstanding under the Amended Revolving Credit Facility (as defined below) is due and payable on the fifth anniversary of the Second Amendment Closing Date (as defined below).

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

Guarantees and Security

The obligations of the borrowers under the Senior Credit Facilities are unconditionally guaranteed by the Company and certain of the Company's existing direct or indirect wholly-owned material restricted subsidiaries, and are required to be guaranteed by certain future direct or indirect wholly-owned material restricted subsidiaries organized in the jurisdictions of Luxembourg, Belgium, Canada, Hong Kong, Hungary, Mexico and the United States (the "Credit Facility Guarantors"). All obligations under the Senior Credit Facilities, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all of the assets of the borrowers and the Credit Facility Guarantors (including the Shared Collateral).

Certain Covenants and Events of Default

The Senior Credit Facilities contain a number of customary negative covenants that, among other things and subject to certain exceptions, may restrict the ability of the Company and its restricted subsidiaries to: (i) incur additional indebtedness; (ii) pay dividends or distributions on its capital stock or redeem, repurchase or retire its capital stock or its other indebtedness; (iii) make investments, loans and acquisitions; (iv) engage in transactions with its affiliates; (v) sell assets, including capital stock of its subsidiaries; (vi) consolidate or merge; (vii) materially alter the business it conducts; (viii) incur liens; and (ix) prepay or amend any junior debt or subordinated debt.

In addition, the Credit Agreement requires the Company and its subsidiaries to meet certain quarterly financial covenants. Commencing with the fiscal quarter ended September 30, 2018, the Company and its subsidiaries are required to maintain (i) a pro forma total net leverage ratio of not greater than 5.50:1.00, which ratio will decrease to 5.25:1.00 for test periods ending in 2020, 5.00:1.00 for test periods ending in 2021 and 4.50:1.00 for test periods ending in 2022; provided that such maximum pro forma total net leverage ratio is subject to a step up of 0.50x from the otherwise applicable ratio, up to a pro forma total net leverage ratio not to exceed 6.00:1.00 for the six fiscal quarter period following the fiscal quarter in which a permitted acquisition has been consummated, and (ii) a pro forma consolidated cash interest coverage ratio of not less than 3.00:1.00 (collectively, the "Financial Covenants"). The Financial Covenants only apply for the benefit of the lenders under the Term Loan A Facility and the lenders under the Revolving Credit

Facility. The Company's requirement to comply with the Financial Covenants has been temporarily suspended during the Suspension Period (as defined below) pursuant to the Third Amended Credit Agreement (see below for further discussion). The Credit Agreement also contains certain customary representations and warranties, affirmative covenants and provisions relating to events of default (including upon a change of control).

Second Amended Credit Agreement

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

The Amended Term Loan A Facility requires scheduled quarterly payments commencing on the first full fiscal quarter ended after the Second Amendment Closing Date, with an annual amortization of 2.5% of the original principal amount of the loans under the Amended Term Loan A Facility made during each of the first and second years, with a step-up to 5.0% annual amortization during each of the third and fourth years and 7.5% annual amortization during the fifth year, with the balance due and payable on the fifth anniversary of the Second Amendment Closing Date. Any principal amount outstanding under the Amended Revolving Credit Facility is due and payable on the fifth anniversary of the Second Amendment Closing Date. If, on the date that is 91 days prior to the maturity date of the Term Loan B Facility, more than $50.0 million of the Term Loan B Facility has not been repaid or refinanced pursuant to the terms provided for in the Credit Agreement, then the Amended Term Loan A Facility and the Amended Revolving Credit Facility shall mature on the date that is 90 days prior to the maturity date of the Term Loan B Facility.

Under the terms of the Second Amended Credit Agreement, the interest rate payable on the Amended Term Loan A Facility and the Amended Revolving Credit Facility was reduced with effect from the Second Amendment Closing Date until the delivery of the financial statements for the first full fiscal quarter commencing on or after the Second Amendment Closing Date from an adjusted rate based on LIBOR plus 1.50% per annum (or a base rate plus 0.50% per annum) to LIBOR plus 1.375% per annum (or a base rate plus 0.375% per annum) and thereafter is based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings. The interest rate payable on the Amended Term Loan A Facility and the Amended Revolving Credit Facility was subsequently increased on a temporary basis pursuant to the Third Amended Credit Agreement (see below for further discussion).

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

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

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

Third Amended Credit Agreement

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

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

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

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

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

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

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

Fourth Amended Credit Agreement - Incremental US$600.0 Million Term Loan B Facility

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

Interest Rate and Fees

Interest on the borrowings under the 2020 Incremental Term Loan B Facility began to accrue on the 2020 Incremental Term Loan B Facility Closing Date. Under the terms of the 2020 Incremental Term Loan B Facility, the interest rate payable was set with effect from the 2020 Incremental Term Loan B Facility Closing Date at LIBOR plus 4.50% per annum with a LIBOR floor of 1.00% (or a base rate plus 3.50% per annum).

Amortization and Final Maturity

The 2020 Incremental Term Loan B Facility requires scheduled quarterly payments equal to 0.25% of the original principal amount of the loans thereunder beginning with the fiscal quarter ending September 30, 2020, with the balance due and payable on April 25, 2025.

Optional Prepayment

If the Group prepays the 2020 Incremental Term Loan B Facility in whole or in part on or prior to May 7, 2021, the Group will be required to pay to the lenders a "make-whole" premium on the amount of the 2020 Incremental Term Loan B Facility that is prepaid. If the Group prepays the 2020 Incremental Term Loan B Facility in whole or in part after May 7, 2021 and on or before May 7, 2022, the Group will be required to pay to the lenders a fee equal to 1.00% of the aggregate principal amount of the amount of the 2020 Incremental Term Loan B Facility that is prepaid.

Minimum Liquidity Covenant

The 2020 Incremental Term Loan B Facility requires the Company to comply with a minimum liquidity covenant of US$200.0 million through the third quarter of 2021, stepping down to US$100.0 million thereafter until repayment in full of the 2020 Incremental Term Loan B Facility.

Other Terms

Except as described above, the other terms of the 2020 Incremental Term Loan B Facility are the same as the terms of the Term Loan B Facility.

In conjunction with the issuance of the 2020 Incremental Term Loan B Facility, the Group incurred borrowing fees and expenses that will be deferred and amortized over the term of the 2020 Incremental Term Loan B Facility.

Amended Revolving Credit Facility

On March 20, 2020, the Company borrowed US$810.3 million (USD equivalent) under the Amended Revolving Credit Facility to ensure access to the Group's liquidity, given the uncertainties and challenges caused by the COVID-19 pandemic. As of June 30, 2020, US$34.7 million was available to be borrowed on the Amended Revolving Credit Facility as a result of US$812.3 million of outstanding borrowings and the utilization of US$3.0 million of the facility for outstanding letters of credit extended to certain creditors.

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

Deferred Financing Costs

In conjunction with the second, third and fourth amendments to the Senior Credit Facilities, the Group incurred US$34.8 million of deferred financing costs. All such costs have been deferred and are being offset against loans and borrowings. The deferred financing costs are being amortized using the effective interest method over the life of the Amended Term Loan A Facility, Amended Revolving Credit Facility and Incremental Term Loan B Facility. The amortization of deferred financing costs, which is included in interest expense, amounted to US$2.7 million and US$1.5 million for the six months ended June 30, 2020 and June 30, 2019, respectively.

Interest Rate Swaps

The Group maintains interest rate swaps to hedge interest rate exposure under the floating-rate Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. On September 4, 2019, the Group entered into new interest rate swap agreements that became effective on September 6, 2019 and will terminate on August 31, 2024. The notional amounts of the interest rate swap agreements decrease over time. LIBOR has been fixed at approximately 1.208%. The interest rate swap agreements have fixed payments due monthly that commenced September 30, 2019. The interest rate swap transactions qualify as cash flow hedges. As of June 30, 2020, the interest rate swaps were marked-to-market, resulting in a net liability position to the Group in the amount of US$26.1 million, which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income. As of December 31, 2019, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$10.6 million, which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income.

Cross-currency Swaps

In April 2019, the Group entered into cross-currency swaps which have been designated as net investment hedges. The hedges consist of a US$50.0 million notional loan amount between the Euro and US Dollar and a US$25.0 million notional loan amount between the Japanese Yen and US Dollar. The Group benefits from the interest rate spread between the two markets to receive fixed interest income over the five-year contractual period. As of June 30, 2020, the cross-currency swaps qualified as net investment hedges and the monthly mark-to-market is recorded to other comprehensive income. As of June 30, 2020, the cross-currency swaps were marked-to-market, resulting in the notional loans between the Euro and US Dollar and the Japanese Yen and US Dollar to be in net asset positions to the Group in the amount of US$2.3 million and US$0.8 million, respectively, both of which were recorded as assets with the effective portion of the gain (loss) deferred to other comprehensive income. As of December 31, 2019, the cross-currency swaps were marked-to-market, resulting in the notional loan between the Euro and US Dollar to be in a net asset position to the Group in the amount of US$0.1 million, which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income, and the notional loan between the Japanese Yen and US Dollar to be in a net liability position to the Group in the amount of US$0.3 million, which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income.

Other Loans and Borrowings

Certain consolidated subsidiaries of the Group maintain credit lines and other loans with various third-party lenders in the regions in which they operate. Other loans and borrowings are generally variable rate instruments denominated in the functional currency of the borrowing Group entity. These credit lines provide short-term financing and working capital for the day-to-day business operations of the subsidiaries, including overdraft, bank guarantees, and trade finance facilities. The majority of the credit lines included in other loans and borrowings are uncommitted facilities. The total aggregate amount of other loans and borrowings was US$68.4 million and US$23.6 million as of June 30, 2020 and December 31, 2019, respectively.

The following represents the contractual maturity dates of the Group's loans and borrowings as of June 30, 2020 and December 31, 2019:

(Expressed in millions of US Dollars)	**June 30, 2020**	December 31, 2019
On demand or within one year	**101.1**	61.3
After one year but within two years	**37.7**	48.1
After two years but within five years	**2,689.7**	744.5
More than five years	**393.2**	914.0
	3,221.7	1,768.0

Hedging

The Group's non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventories denominated primarily in US Dollars which are designated as cash flow hedges. Cash outflows associated with these derivatives as of June 30, 2020 are expected to be US$44.5 million within one year.

Other Financial Information

Working Capital Ratios

Inventory Analysis

The following table sets forth a summary of the Group's average inventories, cost of sales and average inventory turnover days for the six months ended June 30, 2020 and June 30, 2019:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2020**	2019
Average inventories[1]	**581.4**	624.4
Cost of sales	**405.8**	772.7
Average inventory turnover days[2]	**261**	147

Notes

(1) Average inventories equal the average of net inventory at the beginning and end of a given period.

(2) Average inventory turnover days for a given period equals average inventory for that period divided by cost of sales for that period and multiplied by the number of days in the period.

The Group's average inventories decreased in the first half of 2020 (US$575.5 million as of June 30, 2020 compared to US$587.3 million as of December 31, 2019) compared to the first half of 2019 (US$626.2 million as of June 30, 2019 compared to US$622.6 million as of December 31, 2018). Average inventory turnover days increased due to the reduction in cost of sales.

Trade and Other Receivables

The following table sets forth a summary of the Group's average trade and other receivables, net sales and turnover days of trade and other receivables for the six months ended June 30, 2020 and June 30, 2019:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2020**	2019
Average trade and other receivables[1]	**270.0**	421.1
Net sales	**802.3**	1,755.7
Turnover days of trade and other receivables[2]	**61**	44

Notes

(1) Average trade and other receivables equal the average of net trade and other receivables at the beginning and end of a given period.

(2) Turnover days of trade and other receivables for a given period equals average trade and other receivables for that period divided by net sales for that period and multiplied by the number of days in the period.

The Group's average trade and other receivables decreased in the first half of 2020 (US$144.1 million as of June 30, 2020 compared to US$396.0 million as of December 31, 2019) compared to the first half of 2019 (US$421.2 million as of June 30, 2019 compared to US$420.9 million as of December 31, 2018). The trade and other receivables turnover days increased due to the decrease in net sales and the timing of receipts.

Trade receivables as of June 30, 2020 are on average due within 60 days from the date of billing.

Trade and Other Payables
The following table sets forth a summary of the Group's average trade and other payables, cost of sales and turnover days of trade and other payables for the six months ended June 30, 2020 and June 30, 2019:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2020**	2019
Average trade and other payables[(1)]	**531.1**	756.2
Cost of sales	**405.8**	772.7
Turnover days of trade and other payables[(2)]	**239**	179

Notes
(1) Average trade and other payables equal the average of trade and other payables at the beginning and end of a given period.
(2) Turnover days of trade and other payables for a given period equals average trade and other payables for that period divided by cost of sales for that period and multiplied by the number of days in the period.

The Group's average trade and other payables decreased in the first half of 2020 (US$386.3 million as of June 30, 2020 compared to US$675.9 million as of December 31, 2019) compared to the first half of 2019 (US$813.1 million as of June 30, 2019 compared to US$699.2 million as of December 31, 2018). The trade and other payables turnover days increased primarily due to reduction in the cost of sales and the timing of payments.

Trade payables as of June 30, 2020 are on average due within 105 days from the invoice date.

Gearing Ratio
The following table sets forth the Group's loans and borrowings (excluding deferred financing costs), total equity and gearing ratio as of June 30, 2020 and December 31, 2019:

(Expressed in millions of US Dollars)	**June 30, 2020**	December 31, 2019
Loans and borrowings (excluding deferred financing costs)	**3,221.7**	1,768.0
Total equity	**985.4**	2,001.5
Gearing ratio[(1)]	**326.9%**	88.3%

Note
(1) Calculated as total loans and borrowings (excluding deferred financing costs) divided by total equity.

Contingent Liabilities
Details of contingent liabilities are set out in note 16 to the consolidated interim financial statements.

Subsequent Events
Details of the events occurring subsequent to June 30, 2020 are set out in note 24 to the consolidated interim financial statements.

Other Information
Total current assets were US$2,425.5 million and US$1,543.2 million, and total assets less current liabilities were US$4,699.1 million and US$4,490.9 million, as of June 30, 2020 and December 31, 2019, respectively.

Strategic Review and Full-year Prospects
Financial results of the Group during the first six months of 2020 were as follows:

Financial Results
Key Group metrics for the six months ended June 30, 2020 compared to the six months ended June 30, 2019 were as follows:

- Net sales were US$802.3 million for the six months ended June 30, 2020, compared to US$1,755.7 million for the six months ended June 30, 2019, a decrease of 54.3% (-53.4% constant currency). The net sales decrease was due to the negative impacts from the COVID-19 pandemic.
- Gross profit margin was 49.4% for the six months ended June 30, 2020 compared to 56.0% for the same period in the previous year. The decrease in the gross profit margin was primarily related to a US$586.5 million, or 59.7% (-58.8% constant currency), decrease in gross profit as a result of the decrease in net sales year-on-year caused

primarily by the negative impacts from the COVID-19 pandemic, including the impact of fixed manufacturing costs on lower net sales and production, as well as increased inventory reserves.

- The Group spent US$44.5 million on marketing during the six months ended June 30, 2020 compared to US$103.1 million for the six months ended June 30, 2019, a decrease of US$58.6 million, or 56.8% (-56.0% constant currency) as the Group reduced advertising to help conserve cash and to offset the negative impacts of COVID-19 on the Group's business. As a percentage of net sales, marketing expenses decreased by 40 basis points to 5.5% for the six months ended June 30, 2020 from 5.9% for the six months ended June 30, 2019.
- As a result of overall market conditions caused by the COVID-19 pandemic, the Group recognized the non-cash 1H 2020 Impairment Charges of US$877.2 million during the first half of 2020, of which US$819.7 million was recorded during the first quarter of 2020 and US$57.4 million, primarily attributable to the under-performance of certain retail locations, was recorded during the second quarter of 2020. The 1H 2020 Impairment Charges were comprised of a US$732.0 million non-cash impairment of goodwill and tradename intangible assets, US$113.9 million for lease right-of-use assets and US$31.2 million for property, plant and equipment, primarily attributable to the under-performance of certain retail locations. Based on an evaluation of loss-making stores in the six months ended June 30, 2019, the Group recognized the non-cash 1H 2019 Impairment Charges totaling US$29.7 million during the first half of 2019, comprised of the impairment of US$21.0 million of lease right-of-use assets associated with such stores and a US$8.7 million impairment for property, plant and equipment of such stores.
- During the six months ended June 30, 2020, the Group incurred the 1H 2020 Restructuring Charges of US$28.8 million, which primarily consisted of severance associated with permanent headcount reductions and store closure costs as the Group took meaningful actions to reduce its fixed cost base in response to the impact of COVID-19 on the Group's business. During the six months ended June 30, 2019, the Group recorded costs related to profit improvement initiatives included in Other Expenses totaling US$9.8 million, which positioned the business for stronger profitability in the second half of 2019 and into 2020 before the COVID-19 pandemic.
- The Group incurred an operating loss of US$1,062.9 million for the six months ended June 30, 2020, compared to an operating profit of US$124.0 million for the same period in the previous year. The Group incurred an operating loss of US$156.9 million when excluding the 1H 2020 Impairment Charges and 1H 2020 Restructuring Charges. The year-on-year decrease in operating profit was primarily due to the decrease in net sales resulting from the COVID-19 Impacts.
- The Group incurred a loss for the period of US$975.9 million for the six months ended June 30, 2020, compared to a profit for the period of US$58.3 million for the same period in the previous year. The Group incurred a loss for the period of US$171.5 million when excluding the 1H 2020 Impairment Charges and 1H 2020 Restructuring Charges, both of which are net of the related tax impact, incurred during the six months ended June 30, 2020. The year-on-year decrease in profit for the period was primarily due to the COVID-19 Impacts.
- The Group incurred a loss attributable to the equity holders of US$974.0 million for the six months ended June 30, 2020, compared to profit attributable to the equity holders of US$49.1 million for the same period in the previous year. The Group incurred a loss attributable to the equity holders of US$169.7 million when excluding the 1H 2020 Impairment Charges and 1H 2020 Restructuring Charges, both of which are net of the related tax impact, incurred during the six months ended June 30, 2020. The year-on-year decrease in profit attributable to the equity holders was primarily due to the COVID-19 Impacts.
- The Group used US$173.0 million of cash in operating activities during the six months ended June 30, 2020 compared to US$192.6 million of cash generated from operating activities for the same period in the previous year. As of June 30, 2020, the Group had cash and cash equivalents of US$1,589.8 million and outstanding financial debt of US$3,221.7 million (excluding deferred financing costs of US$44.8 million), putting the Group in a net debt position of US$1,631.9 million compared to US$1,305.3 million as of December 31, 2019. Total cash burn was US$(288.9) million for the six months ended June 30, 2020.
- On March 16, 2020, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into the Second Amended Credit Agreement with certain lenders and financial institutions. The Second Amended Credit Agreement provided for (1) an amended US$800.0 million senior secured term loan A facility and (2) an amended US$850.0 million revolving credit facility. The Second Amended Credit Agreement extended the maturity for the senior secured term loan A facility and the revolving credit facility by approximately two years, reduced the interest rate margin for such facilities by 12.5 basis points (subject to the terms of the Third Amended Credit Agreement as described below), reset the principal amortization schedule for the term loan A facility and provided additional liquidity through a US$200.0 million increase in the revolving credit facility. The Second Amended Credit Agreement did not affect the terms of the Group's US$665.0 million term loan B facility.
- On March 20, 2020, the Company borrowed US$810.3 million under its amended revolving credit facility to ensure access to the Group's liquidity, given the uncertainties and challenges caused by the COVID-19 pandemic.
- On April 29, 2020, the Group and its lenders entered into the Third Amended Credit Agreement to the Second Amended Credit Agreement in order to suspend the requirement for the Group to test the Financial Covenants thereunder from the beginning of the second quarter of 2020 through the end of the second quarter of 2021.

- On May 7, 2020, the Group and its lenders entered into the Fourth Amended Credit Agreement to the Third Amended Credit Agreement to provide for the 2020 Incremental Term Loan B Facility having an aggregate principal amount of US$600.0 million. The proceeds from the 2020 Incremental Term Loan B Facility, which were borrowed on May 7, 2020, were used to (i) provide the Group with additional cash resources (to be used for general corporate purposes and working capital needs) and (ii) pay fees and expenses incurred in connection with the 2020 Incremental Term Loan B Facility. These amendments and the borrowings thereunder further strengthened the Company's financial flexibility in order to navigate the challenges from COVID-19.

Investment in advertising and promotion

The Group spent US$44.5 million on marketing during the six months ended June 30, 2020 compared to US$103.1 million for the six months ended June 30, 2019, a decrease of US$58.6 million, or 56.8%. As a percentage of net sales, marketing expenses decreased by 40 basis points to 5.5% for the six months ended June 30, 2020 from 5.9% for the six months ended June 30, 2019. The Group aggressively reduced advertising spend during the first half, and will also do so for the remainder of 2020 to help offset the negative impacts on its profitability caused by the COVID-19 pandemic.

Introduction of new and innovative products to the market

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

Future Prospects

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

- Ensure the Company's well-diversified family of brands attracts consumers at all price points in both the travel and non-travel luggage, bag and accessories categories.
- Increase the proportion of net sales from the DTC channel by growing the Company's DTC e-commerce net sales and through its bricks-and-mortar retail presence.
- Despite a short-term pull back on advertising spending, the long-term strategy is to sustain the Company's focused investment in marketing to support the Company's brands and initiatives.
- Continue to leverage the Company's regional management structure, sourcing and distribution expertise and marketing engine to extend its brands into new markets and penetrate deeper into existing channels.
- Continue to invest in research and development to develop lighter and stronger new materials, advanced manufacturing processes, exciting new designs, as well as innovative functionalities that deliver real benefits to consumers.
- Continue to incorporate the Company's environmental, social and governance ("ESG") philosophy into its core business practices through "Our Responsible Journey" to lead the industry in sustainability and treat all stakeholders with fairness and respect in line with the Company's long-standing motto, "Do unto others as you would have them do unto you."

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

Near-term Focus:

- Ensuring the safety and well-being of the Group's employees, customers and partners continues to be a top priority of the Company.
- The Group has taken significant actions to preserve cash and remains focused on identifying and implementing additional permanent savings to further reduce its fixed cost base.
- Recovery plan in place to ensure re-opening is done in the most cost-effective, safe and efficient way to ensure the Company emerges strongly with an improving profit margin profile while growing its market share when the world starts to travel again.
- Recognizing that many of the Group's restructuring actions have impacted its employees, it is important to keep the Group's teams energized and empowered to navigate through the travel disruption and emerge as a stronger organization.
- With its global platform, diverse set of product categories and leading and complementary brands offering products tailored to each region's preferences, the Company is well-positioned to benefit when day-to-day activities slowly return to normal, and global travel disruptions end.
- With significant liquidity of approximately US$1.6 billion at June 30, 2020, the Company is confident that it has sufficient capacity to navigate the challenges from the COVID-19 pandemic.

- Given the Company’s experience with prior disruptions to travel, the Company believes it will be able to effectively manage through the current environment, although it expects the recovery to take longer than prior disruptions.

Corporate Governance and Other Information

The Board of Directors (the "Board") of the Company is pleased to present this Corporate Governance Report for the six months ended June 30, 2020.

Directors

As of June 30, 2020, the composition of the Board was as follows:

Executive Director ("ED")

Kyle Francis Gendreau
Chief Executive Officer

Non-Executive Directors ("NEDs")

Timothy Charles Parker (*Chairman*)
Tom Korbas

Independent Non-Executive Directors ("INEDs")

Paul Kenneth Etchells
Jerome Squire Griffith
Keith Hamill
Bruce Hardy McLain (Hardy)
Ying Yeh

At June 30, 2020, the Board committees were as follows:

Audit Committee/Review of Accounts

The Board has established an Audit Committee and has adopted written terms of reference that set forth the authority and duties of the committee. The Audit Committee consists of three members, namely Mr. Paul Kenneth Etchells (Chairman of the Audit Committee) (INED), Mr. Keith Hamill (INED) and Ms. Ying Yeh (INED).

In compliance with Rule 3.21 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules"), at least one member of the Audit Committee possesses appropriate professional qualifications in accounting or related financial management expertise in discharging the responsibilities of the Audit Committee.

All members have sufficient experience in reviewing audited financial statements as aided by the auditors of the Company whenever required.

The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and risk management and internal control systems, to monitor the integrity of the Company's consolidated financial statements and financial reporting, and to oversee the audit process.

The Audit Committee has reviewed the interim report of the Group as of and for the six months ended June 30, 2020 with the Board. The interim financial information has also been reviewed by the Group's external auditors.

Nomination Committee

The Board has established a Nomination Committee and has adopted written terms of reference that set forth the authority and duties of the committee. The Nomination Committee consists of three members, namely Mr. Timothy Charles Parker (Chairman of the Nomination Committee) (NED), Mr. Paul Kenneth Etchells (INED) and Ms. Ying Yeh (INED).

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, to make recommendations to the Board with respect to any changes to the composition of the Board, and to assess the independence of the INEDs. When identifying suitable candidates, the Nomination Committee shall (where applicable and appropriate) use open advertising or the services of external advisers and consider candidates from a wide range of backgrounds on merit and against objective criteria. The Nomination Committee's policy for evaluating and nominating any candidate for directorship includes considering various criteria, including character and integrity, qualifications (including professional qualifications), skills, knowledge and experience and diversity aspects under the Board's diversity policy, potential contributions the candidate can make to the Board and such other matters that are appropriate to the Company's business and succession plan.

Remuneration Committee

The Board has established a Remuneration Committee and has adopted written terms of reference that set forth the authority and duties of the committee. The Remuneration Committee consists of four members, namely Mr. Keith Hamill (Chairman of the Remuneration Committee) (INED), Mr. Paul Kenneth Etchells (INED), Mr. Bruce Hardy McLain (Hardy) (INED) and Ms. Ying Yeh (INED).

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for the remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration, as well as to determine the specific remuneration package of the ED and certain members of senior management.

Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance. The Company recognizes that sound corporate governance practices are fundamental to the effective and transparent operation of the Company and to its ability to protect the rights of its shareholders and enhance shareholder value.

The Company has adopted its own corporate governance manual, which is based on the principles, provisions and practices set out in the Corporate Governance Code (as in effect from time to time, the "CG Code") contained in Appendix 14 of the Listing Rules.

The Company complied with all applicable code provisions set out in the CG Code throughout the period from January 1, 2020 to June 30, 2020.

Risk Management and Internal Control

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

A discussion about the impact of the COVID-19 pandemic on the Group is disclosed in the Impact of COVID-19 sub-section above in Management Discussion and Analysis.

Changes in Information of Directors

No changes in information concerning Directors of the Company have occurred subsequent to the publication of the Company's 2019 annual report that are required to be disclosed pursuant to Rule 13.51(B)(1) of the Listing Rules.

Company Secretaries and Authorized Representatives

Mr. John Bayard Livingston and Ms. Chow Yuk Yin Ivy ("Ms. Chow") are the joint company secretaries of the Company while Mr. Kyle Francis Gendreau and Ms. Chow are the Company's authorized representatives (pursuant to the Listing Rules).

Directors' Securities Transactions

The Company has adopted its own policies (the "Trading Policy") for securities transactions by directors and relevant employees who are likely to be in possession of unpublished inside information of the Group on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they complied with the required standard set out in the Trading Policy during the six months ended June 30, 2020.

Share Award Scheme

On September 14, 2012, the Company's shareholders adopted the Company's Share Award Scheme (as amended from time to time), which will remain in effect until September 13, 2022. The purpose of the Share Award Scheme is to attract skilled and experienced personnel, to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. Awards under the Share Award Scheme may take the form of either share options or restricted share units ("RSUs"), which may be granted at the discretion of the Remuneration Committee to executive directors of the Company and its subsidiaries, managers employed or engaged by the Group, and/or employees of the Group.

As of July 31, 2020 (the "Latest Practicable Date"), the maximum aggregate number of shares in respect of which awards may be granted pursuant to the Share Award Scheme is 38,002,005 shares, representing approximately 2.7% of the issued share capital of the Company at that date. An individual participant may be granted awards pursuant to

the Share Award Scheme in respect of a maximum of 1% of the Company's total issued shares in any 12-month period. Any grant of awards to an individual participant in excess of this limit is subject to independent shareholder's approval.

Share-based compensation cost of US$3.3 million and US$7.0 million was recognized in the consolidated income statements, with a corresponding increase in equity reserves, for the six months ended June 30, 2020 and June 30, 2019, respectively.

Share Options

The exercise price of share options is determined at the time of grant by the Remuneration Committee in its absolute discretion, but in any event shall not be less than the higher of:

a) the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant;
b) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
c) the nominal value of the shares.

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

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

Expected volatility is estimated taking into account historic average share price volatility. The expected dividends are based on the Group's history and expectation of dividend payouts.

Particulars and movements of share options during the six months ended June 30, 2020 were as follows:

	Number of share options								
Name / category of grantee	**As of January 1, 2020**	**Granted during the period**	**Exercised during the period**	**Canceled / forfeited ("lapsed") during the period**	**As of June 30, 2020**	**Date of grant**	**Exercise period**	**Exercise price per share (HK$)**	**Closing price immediately preceding the date of grant (HK$)**
Directors									
Timothy Parker	2,368,749	—	—	—	2,368,749	January 8, 2013	January 8, 2014 - January 7, 2023	17.36	16.90
Timothy Parker	1,821,615	—	—	—	1,821,615	January 7, 2014	January 7, 2015 - January 6, 2024	23.30	23.30
Kyle Gendreau	2,506,600	—	—	—	2,506,600	January 7, 2015	January 7, 2018 - January 6, 2025	23.31	23.30
Kyle Gendreau	216,683	—	—	—	216,683	January 7, 2015	January 7, 2016 - January 6, 2025	23.31	23.30
Kyle Gendreau	1,230,464	—	—	—	1,230,464	May 6, 2016	May 6, 2017 - May 5, 2026	24.91	24.00
Kyle Gendreau	952,676	—	—	—	952,676	May 26, 2017	May 26, 2018 - May 25, 2027	31.10	30.45
Kyle Gendreau	1,336,988	—	—	—	1,336,988	October 11, 2018	October 11, 2019 - October 10, 2028	27.06	25.95
Kyle Gendreau	1,544,980	—	—	—	1,544,980	June 17, 2019	June 17, 2020 - June 16, 2029	16.04	16.18
Tom Korbas	32,351	—	—	—	32,351	January 7, 2014	January 7, 2015 - January 6, 2024	23.30	23.30
Tom Korbas	714,182	—	—	—	714,182	January 7, 2015	January 7, 2016 - January 6, 2025	23.31	23.30
Total Directors	**12,725,288**	**—**	**—**	**—**	**12,725,288**				

Name / category of grantee	Number of share options As of January 1, 2020	Granted during the period	Exercised during the period	Canceled / lapsed during the period	As of June 30, 2020	Date of grant	Exercise period	Exercise price per share (HK$)	Closing price immediately preceding the date of grant (HK$)
Others									
Employees	1,957,008	—	—	(343,494)	1,613,514	January 8, 2013	January 8, 2014 - January 7, 2023	17.36	16.90
Employee	108,522	—	—	—	108,522	July 1, 2013	July 1, 2014 - June 30, 2023	18.68	18.68
Employees	3,582,251	—	—	(525,957)	3,056,294	January 7, 2014	January 7, 2015 - January 6, 2024	23.30	23.30
Employees	7,149,621	—	—	(1,003,490)	6,146,131	January 7, 2015	January 7, 2016 - January 6, 2025	23.31	23.30
Employees	3,906,005	—	—	—	3,906,005	January 7, 2015	January 7, 2018 - January 6, 2025	23.31	23.30
Employees	11,854,136	—	—	(1,261,067)	10,593,069	May 6, 2016	May 6, 2017 - May 5, 2026	24.91	24.00
Employees	4,190,013	—	—	—	4,190,013	May 6, 2016	May 6, 2019 - May 5, 2026	24.91	24.00
Employee	62,160	—	—	—	62,160	May 11, 2016	May 11, 2017 - May 10, 2026	24.23	24.05
Employee	74,979	—	—	—	74,979	June 16, 2016	June 16, 2017 - June 15, 2026	23.19	22.45
Employees	13,219,382	—	—	(2,085,111)	11,134,271	May 26, 2017	May 26, 2018 - May 25, 2027	31.10	30.45
Employees	1,716,244	—	—	(1,716,244)	—	May 26, 2017	May 26, 2018 - May 25, 2027	31.10	30.45
Employees	5,936,246	—	—	(921,246)	5,015,000	October 11, 2018	October 11, 2019 - October 10, 2028	27.06	25.95
Employee	1,194,180	—	—	—	1,194,180	December 4, 2018	December 4, 2019 - December 3, 2028	25.00	25.00
Employees	8,603,136	—	—	(1,164,456)	7,438,680	June 17, 2019	June 17, 2020 - June 16, 2029	16.04	16.18
Employees	170,712	—	—	—	170,712	November 22, 2019	November 22, 2020 - November 21, 2029	16.62	16.44
Total Employees	**63,724,595**	**—**	**—**	**(9,021,065)**	**54,703,530**				
Total	**76,449,883**	**—**	**—**	**(9,021,065)**	**67,428,818**				

Restricted Share Units ("RSUs")

The Company may, from time to time, grant restricted share units ("RSUs"), including time-based RSUs ("TRSUs") and performance-based RSUs ("PRSUs"), to certain key management personnel and other employees of the Group. The vesting of the RSUs is subject to the continuing employment of the grantee and, in the case of PRSUs, to the Company's achievement of pre-established performance goals. The closing market price of the Company’s shares on the date of grant is used to determine the grant date fair value. If the performance-based award incorporates a market condition, the grant-date fair value of such award is determined using a Monte Carlo simulation. These fair values are recognized as expense over the requisite service period, net of estimated forfeitures, based on expected attainment of pre-established performance goals for PRSUs with market conditions, or the passage of time for TRSUs. Actual distributed shares are calculated upon conclusion of the service and performance periods.

Time-based Restricted Share Units

TRSUs granted by the Company are subject to *pro rata* vesting over a three-year period, with one-third of such TRSUs vesting on each anniversary of the date of the grant, subject to the grantee continuing to be employed by, or continuing to provide services to, the Group on the applicable vesting date. Expense for TRSUs is based on the closing market price of the Company’s shares on the date of grant, discounted by the present value of expected future dividends, and is recognized ratably over the vesting period, net of expected forfeitures.

Particulars and movements of TRSUs during the six months ended June 30, 2020 were as follows:

	Number of TRSUs						
Name / category of grantee	**As of January 1, 2020**	**Granted during the period**	**Vested and converted to ordinary shares during the period**	**Canceled / lapsed during the period**	**As of June 30, 2020**	**Date of grant**	**Vesting period**
Directors							
Kyle Gendreau	202,494	—	—	—	202,494	October 11, 2018	1/3 of TRSUs will vest on each of October 11, 2020 and October 11, 2021
Kyle Gendreau	302,475	—	(100,825)	—	201,650	June 17, 2019	1/3 of TRSUs will vest on each of June 17, 2021 and June 17, 2022
Total Directors	**504,969**	**—**	**(100,825)**	**—**	**404,144**		

	Number of TRSUs						
Name / category of grantee	**As of January 1, 2020**	**Granted during the period**	**Vested and converted to ordinary shares during the period**	**Canceled / lapsed during the period**	**As of June 30, 2020**	**Date of grant**	**Vesting period**
Others							
Employees	2,215,650	—	—	(281,114)	1,934,536	October 11, 2018	1/3 of TRSUs will vest on each of October 11, 2020 and October 11, 2021
Employee	308,508	—	—	—	308,508	December 4, 2018	1/3 of TRSUs will vest on each of December 4, 2020 and December 4, 2021
Employees	3,587,280	—	(1,043,971)	(467,641)	2,075,668	June 17, 2019	1/3 of TRSUs will vest on each of June 17, 2021 and June 17, 2022
Employees	108,144	—	—	—	108,144	November 22, 2019	1/3 of TRSUs will vest on each of November 22, 2020, November 22, 2021 and November 22, 2022
Total Employees	**6,219,582**	**—**	**(1,043,971)**	**(748,755)**	**4,426,856**		
Total	**6,724,551**	**—**	**(1,144,796)**	**(748,755)**	**4,831,000**		

Performance-based Restricted Share Units

PRSUs vest in full on the third anniversary of the date of grant, subject to the grantee continuing to be employed by, or continuing to provide services to, the Group on the vesting date, and only to the extent certain pre-established cumulative performance targets are met. Expense related to PRSUs with non-market performance criteria is recognized ratably over the performance period, net of estimated forfeitures, based on the probability of attainment of the related performance targets. The potential number of shares that may be issued upon vesting of the PRSUs ranges from 0% of the target number of shares subject to the PRSUs, if the minimum level of performance is not attained, to up to 200% of the target number of shares subject to the PRSUs, if the level of performance is at or above the predetermined maximum achievement level.

Particulars and movements of PRSUs (at target level vesting) during the six months ended June 30, 2020 were as follows:

	Number of PRSUs							
Name / category of grantee	**As of January 1, 2020**	**Initial or target number of shares for PRSUs granted during the period**	**Change due to performance condition achievement**	**Vested during the period**	**Canceled / lapsed during the period**	**As of June 30, 2020**	**Date of grant**	**Vesting period**
Directors								
Kyle Gendreau	607,478	—	—	—	—	607,478	October 11, 2018	PRSUs will vest on October 11, 2021
Kyle Gendreau	604,945	—	—	—	—	604,945	June 17, 2019	PRSUs will vest on June 17, 2022
Total Directors	**1,212,423**	**—**	**—**	**—**	**—**	**1,212,423**		

	Number of PRSUs							
Name / category of grantee	**As of January 1, 2020**	**Initial or target number of shares for PRSUs granted during the period**	**Change due to performance condition achievement**	**Vested during the period**	**Canceled / lapsed during the period**	**As of June 30, 2020**	**Date of grant**	**Vesting period**
Others								
Employees	689,878	—	—	—	(207,652)	482,226	October 11, 2018	PRSUs will vest on October 11, 2021
Employee	157,448	—	—	—	—	157,448	December 4, 2018	PRSUs will vest on December 4, 2021
Employees	850,382	—	—	—	(214,759)	635,623	June 17, 2019	PRSUs will vest on June 17, 2022
Total Employees	**1,697,708**	**—**	**—**	**—**	**(422,411)**	**1,275,297**		
Total	**2,910,131**	**—**	**—**	**—**	**(422,411)**	**2,487,720**		

Shares underlying an award of share options, TRSUs or PRSUs that lapse without the issuance of such shares upon vesting of such award may be available for future grant under the Share Award Scheme.

Human Resources and Remuneration

As of June 30, 2020, the Group had approximately 10,400 employees worldwide. The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice, employee performance and the financial performance of the Group.

Dividends and Distributions to Equity Holders

The Company will evaluate its distribution policy and distributions made (by way of the Company's ad hoc distributable reserve, dividends or otherwise) in any particular year in light of its financial position, the prevailing economic climate and expectations about the future macro-economic environment and business performance. The determination to make distributions will be made upon the recommendation of the Board and the approval of the Company's shareholders and will be based upon the Group's earnings, cash flow, financial condition, capital and other reserve requirements and any other conditions which the Board deems relevant. The payment of distributions may also be limited by legal restrictions and by the Credit Agreement, the Indenture or other financing agreements that the Group may enter into in the future. Under the terms of the Third Amended Credit Agreement, the Company is not permitted to pay any cash distributions to its shareholders until it delivers to its lenders the compliance certificate required under the Credit Agreement following the end of the third quarter of 2021.

Due to the inherent uncertainties about the extent and duration of the COVID-19 outbreak and its impacts on the Company for the balance of 2020, no cash distribution has been or will be made to the Company's shareholders in 2020.

Issue, Purchase, Sale, or Redemption of the Company’s Listed Securities

During the six months ended June 30, 2020, there were no exercises of share options that were granted under the Company’s Share Award Scheme. During the six months ended June 30, 2020, the Company issued 1,144,796 ordinary shares upon the vesting of TRSUs granted under the Company's Share Award Scheme. There were no purchases, sales or redemptions of the Company’s listed securities by the Company or any of its subsidiaries during the six months ended June 30, 2020.

Publication of Interim Results and Interim Report

This announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.samsonite.com). The interim report for the six months ended June 30, 2020 will be dispatched to the shareholders and published on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

By Order of the Board
SAMSONITE INTERNATIONAL S.A.
Timothy Charles Parker
Chairman

Hong Kong, August 19, 2020

As of the date of this announcement, the Executive Director is Kyle Francis Gendreau, the Non-Executive Directors are Timothy Charles Parker and Tom Korbas and the Independent Non-Executive Directors are Paul Kenneth Etchells, Jerome Squire Griffith, Keith Hamill, Bruce Hardy McLain (Hardy) and Ying Yeh.