Samsonite International S.A.

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R.C.S. Luxembourg: B 159.469

(Incorporated under the laws of Luxembourg with limited liability)

Consolidated report for the year ended December 31, 2021

Disclaimer

Non-IFRS Measures

The Company has presented certain non-IFRS[1] measures in the Directors' Report because each of these measures provides additional information that management believes is useful for securities analysts, investors and other interested parties to gain a more complete understanding of the Group's operational performance and of the trends impacting its business. These non-IFRS 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 Company's current views with respect to future events and performance. These statements may discuss, among other things, the Company's net sales, operating profit (loss), Adjusted Net Income (Loss), Adjusted EBITDA[2], Adjusted EBITDA margin, cash flow, liquidity and capital resources, potential impairments, growth, strategies, plans, achievements, distributions, organizational structure, future store openings or closings, market opportunities and general market and industry conditions. The Company generally identifies forward-looking statements by words such as "expect", "seek", "believe", "plan", "intend", "estimate", "project", "anticipate", "may", "will", "would" and "could" or similar words or statements. Forward-looking statements are based on beliefs and assumptions made by management using currently available information. These statements are only predictions and are not guarantees of future performance, actions or events. Forward-looking statements are subject to risks and uncertainties. These risks, uncertainties and other factors also include the effects of the COVID-19 pandemic on the Company's future financial and operational results, which could vary significantly depending on the duration and severity of the COVID-19 pandemic worldwide and the pace and extent of recovery following the COVID-19 pandemic.

If one or more of these risks or uncertainties materialize, or if management's underlying beliefs and assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. Among the factors that could cause actual results to differ materially are: the effect of worldwide economic conditions; the length and severity of the COVID-19 pandemic; lower levels of consumer spending resulting from COVID-19; a general economic downturn or generally reduced consumer spending, including as a result of COVID-19; the pace and extent of recovery following COVID-19; significant changes in consumer spending patterns or preferences; interruptions or delays in the supply of finished goods or key components; the performance of the Group's products within the prevailing retail environment; financial difficulties encountered by customers and related bankruptcy and collection issues; and risks related to the success of the Group's restructuring programs. 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 (see Directors' Report – Review of Financial Year 2021 – Impact of COVID-19 for further discussion).

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

Rounding

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

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

Directors' Report

Principal Activities

Samsonite International S.A. (the "Company"), together with its consolidated subsidiaries (the "Group"), is principally engaged in the design, manufacture, sourcing and distribution of luggage, business and computer bags, outdoor and casual bags and travel accessories throughout the world, primarily under the *Samsonite®, Tumi®, American Tourister®, Gregory®, High Sierra®, Kamiliant®, ebags®, Lipault®* and *Hartmann®* brand names as well as other owned and licensed brand names.

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

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

1. Review of the Financial Year 2021

Impact of COVID-19

During the year ended December 31, 2021 the Group experienced improved sales trends as the effects of the COVID-19 pandemic on demand for the Group's products moderated as a result of the rollout of vaccines, the continuing recovery in travel and governments in many countries loosening social-distancing, travel and other restrictions. The Group's net sales recovery accelerated during the second half of 2021. During 2020 and through the first half of 2021, certain government-mandated restrictions and lockdowns resulted in temporary closures of certain retail stores in which the Company's products were sold, quarantines and social-distancing required or recommended by governments, and significant reductions in travel and discretionary spending among consumers, which led to reduced demand for many of the Group's products (collectively, the "COVID-19 Impacts").

While navigating through the challenges caused by COVID-19, 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 likely continue to have, adverse impacts on the Group's business, financial condition and results of operations.

In this Directors' Report, certain financial results for the year ended December 31, 2021 are compared to both the year ended December 31, 2020 and the year ended December 31, 2019. Comparisons to the year ended December 31, 2019 are provided because it is the most recently ended comparable year during which the Company's results were not affected by COVID-19. During the year ended December 31, 2020 the COVID-19 Impacts had a significant effect on the Company's financial results.

During the year ended December 31, 2020, the Group's net sales were significantly impacted by the COVID-19 pandemic, with full-year 2020 consolidated net sales decreasing by US$2,102.1 million, or 57.8% (-57.5% constant currency), compared to the year ended December 31, 2019. The Group's management took steps beginning in the first quarter of 2020 to enhance the Company's liquidity and further improve its resilience in response to the COVID-19 Impacts. In addition to strengthening the Company's liquidity, the Group aggressively reduced its operating expenses to mitigate the impact of lower sales on profit and cash flow as well as to right-size the business for the future. Management continues to tightly manage the Group's operating expenses.

During 2021, the Group's quarterly net sales performance (when compared to the corresponding quarter in 2019) experienced sequential improvement. During the fourth quarter of 2021, the Group's net sales decline narrowed to 30.9% (-30.2% constant currency) when compared to the fourth quarter of 2019; when excluding the net sales of Speculative Product Design, LLC ("Speck") for October through December 2019, consolidated net sales decreased by 28.8% (-28.0% constant currency), for the three months ended December 31, 2021 compared to the three months ended December 31, 2019. This encouraging trend continued from the third quarter of 2021, when the decline in the Group's net sales narrowed to 37.3% (-37.6% constant currency), when excluding the net sales of Speck for August and September 2019, compared to the third quarter of 2019; from the second quarter of 2021, when the Group's net sales decreased by 51.8% (-52.2% constant currency) compared to the second quarter of 2019; and from the first quarter of 2021, when the Group's net sales decreased by 57.4% (-57.3% constant currency) compared to the first quarter of 2019. The Group's actions to enhance and preserve liquidity and reduce expenses are discussed in greater detail below.

During 2020, in order to strengthen the Company's financial flexibility in response to the COVID-19 Impacts, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into certain 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 (as defined in the Directors' Report – Review of Financial Year 2021 – Indebtedness section below) in the aggregate principal amount of US$600.0 million. The Group borrowed US$810.3 million (US Dollar equivalent at the applicable exchange rate on the borrowing date) under its Amended Revolving Credit Facility (as defined in the Directors' Report – Review of Financial Year 2021 – Indebtedness section below) on March 20, 2020 and US$600.0 million under the 2020 Incremental Term Loan B Facility on May 7, 2020. The amendment to the Group's credit agreement entered into on April 29, 2020 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 and, for each of the three quarters beginning with the third quarter of 2021 and ending with the first quarter of 2022, the Company has elected to use Consolidated Adjusted EBITDA (as defined in the Directors' Report – Review of Financial Year 2021 – Indebtedness section below) from the first two quarters of 2019 and fourth quarter of 2019 (the "Historical EBITDA") (instead of actual Consolidated Adjusted EBITDA from the fourth quarter of 2020 and the first two quarters of 2021) to calculate compliance with the Financial Covenants (as defined in the Directors' Report – Review of Financial Year 2021 – Indebtedness section below). During the Suspension Period (as defined in the Directors' Report – Review of Financial Year 2021 – Indebtedness section below), the Company was required to comply with a minimum liquidity covenant of US$500.0 million and the Group was subject to additional restrictions on its ability to incur indebtedness and make restricted payments (including payments of distributions or dividends to the Company's shareholders) and investments. The minimum liquidity covenant will remain in effect for so long as the Company uses the Historical EBITDA to calculate compliance with the Financial Covenants.

On June 7, 2021, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into the Fifth Amended Credit Agreement (as defined in the Directors' Report – Review of Financial Year 2021 – Indebtedness section below). Under the terms of the Fifth Amended Credit Agreement, the Historical EBITDA for each of the quarters ended December 31, 2020, March 31, 2021 and June 30, 2021 that is used for the purpose of calculating the maximum total net leverage ratio and minimum interest coverage ratio under the Financial Covenants will be increased by an amount equal to US$65.7 million. This amount was determined based on the annualized run-rate fixed cost savings from the Company's comprehensive cost reduction program that was implemented during 2020. The Fifth Amended Credit Agreement further strengthened the Company's financial flexibility to navigate its business through the challenges from the COVID-19 pandemic.

On June 21, 2021, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into the Sixth Amended Credit Agreement (as defined in the Directors' Report – Review of Financial Year 2021 – Indebtedness section below). The Sixth Amended Credit Agreement provides for the 2021 Incremental Term Loan B Facility in the principal amount of US$495.5 million, which was borrowed by the Group on June 21, 2021 and, together with US$100.0 million of cash on the statement of financial position, was used to repay the aggregate US$595.5 million principal amount then outstanding under the 2020 Incremental Term Loan B Facility. The interest rate applicable to the Group's borrowings under the 2021 Incremental Term Loan B Facility is equal to the London Interbank Offered Rate ("LIBOR") plus 3.00% per annum with a LIBOR floor of 0.75% (or a base rate plus 2.00% per annum). The loans under the 2021 Incremental Term Loan B Facility were issued with original issue discount with an issue price of 99.75%. See Directors' Report – Review of Financial Year 2021 – Indebtedness for further description of the Group's credit agreement.

As of December 31, 2021, the carrying amount of the Group's loans and borrowings was US$2,789.4 million, net of US$12.6 million in deferred financing costs. During the year ended December 31, 2021, the Group prepaid US$370.0 million principal amount of borrowings under the Amended Senior Credit Facilities (as defined in the Directors' Report – Review of Financial Year 2021 – Indebtedness section below), and cash and cash equivalents held by the Group amounted to US$1,324.8 million as of December 31, 2021. Along with US$176.7 million available to be borrowed on the Group's Amended Revolving Credit Facility, the Group had total liquidity of US$1,501.4 million as of December 31, 2021.

During the year ended December 31, 2021, the Group continued to realize fixed cost savings from a combination of permanent and temporary actions completed, primarily during 2020. Permanent actions consisted primarily of headcount reductions and savings from closing stores. Temporary actions consisted primarily of furloughs, temporary headcount reductions, eliminating bonuses, salary reductions, temporary rent reductions and other expense reductions, such as travel and entertainment and professional services. These fixed cost savings have been reflected as reductions in the Group's cost of sales, distribution expenses and general and administrative expenses reported in the consolidated statements of income (loss).

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 and actions taken to improve profitability, the Company believes the Group will be able to effectively manage through the current environment, although the anticipated recovery has taken longer than prior disruptions. The Company believes that its existing cash and estimated cash flows will be adequate to meet the foreseeable future operating and capital requirements of the Group at least through March 31, 2023. There can be no assurances, however, that the Group's liquidity will be sufficient or that the Group may not need to access additional financing.

Net Sales

Net sales increased by US$484.1 million, or 31.5% (+30.3% constant currency), during the year ended December 31, 2021 compared to the year ended December 31, 2020. On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck for net proceeds of US$35.3 million. When excluding the net sales of Speck for August through December 2020, consolidated net sales increased by US$538.3 million, or 36.3% (+35.1% constant currency), for the year ended December 31, 2021 compared to the previous year. The Group experienced improved sales trends during the year ended December 31, 2021 as the effects of the COVID-19 pandemic on demand for the Group's products moderated as a result of the rollout of vaccines, the continuing recovery in travel and governments in many countries loosening social-distancing, travel and other restrictions.

For the year ended December 31, 2021, the Group recorded a net sales decline of 44.5% (-44.4% constant currency) when compared to the year ended December 31, 2019. When excluding the net sales of Speck for August through December 2019, consolidated net sales decreased by 43.5% (-43.5% constant currency) for the year ended December 31, 2021 compared to the year ended December 31, 2019.

During 2021, the Group's quarterly net sales performance (when compared to the corresponding quarter in 2019) experienced sequential improvement. During the fourth quarter of 2021, the Group's net sales decline narrowed to 30.9% (-30.2% constant currency) when compared to the fourth quarter of 2019; when excluding the net sales of Speck for October through December 2019, consolidated net sales decreased by 28.8% (-28.0% constant currency), for the three months ended December 31, 2021 compared to the three months ended December 31, 2019. This encouraging trend continued from the third quarter of 2021, when the decline in the Group's net sales narrowed to 37.3% (-37.6% constant currency), when excluding the net sales of Speck for August and September 2019, compared to the third quarter of 2019; from the second quarter of 2021, when the Group's net sales decreased by 51.8% (-52.2% constant currency) compared to the second quarter of 2019; and from the first quarter of 2021, when the Group's net sales decreased by 57.4% (-57.3% constant currency) compared to the first quarter of 2019.

The positive quarterly trend during 2021 continued the recovery that began in the second half of 2020. During the fourth quarter of 2020, the Group's net sales decreased by 57.6% (-58.1% constant currency), year-on-year, as more of the Group's markets reopened. The Group's net sales decreased by 64.6% (-64.7% constant currency) year-on-year during the third quarter of 2020, as governments began loosening restrictions and certain of the Group's markets began reopening. During the second quarter of 2020, when most of the Group's markets were significantly affected by the COVID-19 Impacts, net sales decreased by 78.2% (-77.9% constant currency) year-on-year.

The rise in new COVID-19 cases related to the Omicron variant and the resulting reinstatement of travel restrictions and social distancing measures in certain markets, particularly in Asia, temporarily slowed the Group's net sales recovery in January 2022, but sales performance improved in February 2022. When excluding the net sales of Speck for January and February 2019, the decline in the Group's net sales for the first two months of 2022 compared to the same period in 2019 was about in line with the 28.8% (-28.0% constant currency) decline in the fourth quarter of 2021 when compared to the fourth quarter of 2019.

The following table sets forth a breakdown of net sales by region for the years ended December 31, 2021 and December 31, 2020, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,				2021 vs 2020	
	2021		2020			
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[4]
Net sales by region[1]:						
North America[2]	**807.5**	**40.0%**	602.5	39.2%	34.0%	33.8%
Asia	**687.5**	**34.0%**	558.6	36.4%	23.1%	20.3%
Europe	**419.1**	**20.7%**	302.5	19.7%	38.5%	37.7%
Latin America	**104.7**	**5.2%**	71.2	4.6%	47.2%	49.3%
Corporate	**1.9**	**0.1%**	2.0	0.1%	(2.6)%	(2.6)%
Net sales[3]	**2,020.8**	**100.0%**	1,536.7	100.0%	31.5%	30.3%

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) On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck. When excluding the net sales of Speck for August through December 2020, net sales in North America increased by US$259.3 million, or 47.3% (+47.0% constant currency), for the year ended December 31, 2021 compared to the previous year.

(3) When excluding the net sales of Speck for August through December 2020, consolidated net sales increased by US$538.3 million, or 36.3% (+35.1% constant currency), for the year ended December 31, 2021 compared to the previous year.

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

Brands

The following table sets forth a breakdown of net sales by brand for the years ended December 31, 2021 and December 31, 2020, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,				2021 vs 2020	
	2021		2020			
	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 brand:						
Samsonite	**927.9**	**45.9%**	672.9	43.8%	37.9%	36.3%
Tumi	**506.5**	**25.1%**	321.6	20.9%	57.5%	56.3%
American Tourister	**340.3**	**16.9%**	244.5	15.9%	39.2%	37.8%
Gregory	**59.4**	**2.9%**	51.2	3.3%	15.9%	16.2%
Speck[1]	**33.0**	**1.6%**	96.4	6.3%	(65.7)%	(65.7)%
Other[2]	**153.6**	**7.6%**	150.1	9.8%	2.4%	2.0%
Net sales	**2,020.8**	**100.0%**	1,536.7	100.0%	31.5%	30.3%

Notes

(1) On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck, including the *Speck* brand.

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

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

The Group's core brands all recorded year-on-year net sales increases during the year ended December 31, 2021 as the effects of the COVID-19 pandemic on demand for the Group's products moderated as a result of the rollout of vaccines, the continuing recovery in travel and governments in many countries loosening social-distancing, travel and other restrictions. Net sales of the *Samsonite* brand during the year ended December 31, 2021 increased by US$255.0 million, or 37.9% (+36.3% constant currency), compared to the previous year. Net sales of the *Samsonite* brand increased in all the Group's regions. Net sales of the *Tumi* brand during the year ended December 31, 2021 increased by US$184.9 million, or 57.5% (+56.3% constant currency), year-on-year driven by a US$145.9 million increase in North America, a US$29.2 million increase in Asia, a US$7.1 million increase in Europe and a US$2.6 million increase in Latin America. Net sales of the *American Tourister* brand increased by US$95.8 million, or 39.2% (+37.8% constant currency), for the year ended December 31, 2021 compared to the year ended December 31, 2020. Net sales of the *Gregory* brand increased by US$8.1 million, or 15.9% (+16.2% constant currency), compared to 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 years ended December 31, 2021 and December 31, 2020, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2021		2020		2021 vs 2020	
	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 product category:						
Travel	**1,162.7**	**57.5%**	763.0	49.7%	52.4%	51.2%
Non-travel[1], [2]	**858.1**	**42.5%**	773.7	50.3%	10.9%	9.7%
Net sales	**2,020.8**	**100.0%**	1,536.7	100.0%	31.5%	30.3%

Notes

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

(2) On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck. When excluding the applicable net sales of Speck for August through December 2020, non-travel product category net sales increased by US$138.7 million, or 19.3% (+18.0% constant currency), for the year ended December 31, 2021 compared to the previous year.

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

Net sales in the travel product category during the year ended December 31, 2021 increased by US$399.7 million, or 52.4% (+51.2% constant currency), compared to the year ended December 31, 2020. Domestic travel and travel within regions continued to rebound, particularly in North America and in Europe, with continued progress in the vaccination rollout against COVID-19. This has helped drive the net sales recovery in the travel product category. Total non-travel category net sales, which includes business, casual, accessories and other products, increased by US$84.4 million, or 10.9% (+9.7% constant currency) for the year ended December 31, 2021 compared to the year ended December 31, 2020. When excluding the applicable net sales of Speck for August through December 2020, non-travel product category net sales increased by US$138.7 million, or 19.3% (+18.0% constant currency), for the year ended December 31, 2021 compared to the previous year.

Net sales of business products increased by US$100.4 million, or 27.6% (+26.2% constant currency), for the year ended December 31, 2021 compared to the previous year. When excluding the applicable net sales of Speck for August through December 2020, business product net sales increased by US$112.4 million, or 32.0% (+30.5% constant currency), for the year ended December 31, 2021 compared to the previous year. Net sales of casual products during the year ended December 31, 2021 decreased by US$1.8 million, or 0.9% (-2.1% constant currency), year-on-year. Net sales of accessories products during the year ended December 31, 2021 decreased by US$21.5 million, or 12.1% (-12.7% constant currency), year-on-year. When excluding the applicable net sales of Speck for August through December 2020, net sales of accessories products increased by US$20.5 million, or 15.1% (+14.3% constant currency), for the year ended December 31, 2021 compared to the previous year.

Distribution Channels

The Group sells its 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 years ended December 31, 2021 and December 31, 2020, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2021		2020		2021 vs 2020	
	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	**1,238.5**	**61.3%**	957.8	62.4%	29.3%	27.8%
DTC[1]	**780.3**	**38.6%**	576.9	37.5%	35.3%	34.6%
Other[2]	**1.9**	**0.1%**	2.0	0.1%	(2.6)%	(2.6)%
Net sales	**2,020.8**	**100.0%**	1,536.7	100.0%	31.5%	30.3%

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

Net sales in the wholesale channel increased by US$280.7 million, or 29.3% (+27.8% constant currency), during the year ended December 31, 2021 compared to the year ended December 31, 2020. Net sales to e-retailers, which are included in the Group's wholesale channel, increased by US$62.1 million, or 49.6% (+47.2% constant currency), during the year ended December 31, 2021 compared to the previous year.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, increased by US$203.4 million, or 35.3% (+34.6% constant currency), to US$780.3 million (representing 38.6% of net sales) for the year ended December 31, 2021 from US$576.9 million (representing 37.5% of net sales) for the year ended December 31, 2020.

Net sales in the DTC retail channel increased by US$174.4 million, or 48.1% (+48.1% constant currency), during the year ended December 31, 2021 compared to the previous year primarily due to the reopening of the Group's company-operated stores that had been temporarily closed in the prior year due to COVID-19. During the year ended December 31, 2021, the Group permanently closed 110 company-operated stores. This was partially offset by the addition of 19 new stores. This resulted in a net reduction of 91 company-operated stores during the year ended December 31, 2021 compared to a net reduction of 198 company-operated stores during the year ended December 31, 2020. The total number of company-operated retail stores was 1,005 as of December 31, 2021 compared to 1,096 company-operated retail stores as of December 31, 2020. As a result of the temporary closure during 2020 of many of the Group's company-operated stores due to the COVID-19 Impacts, the Company believes its year-to-date 2021 comparable store sales metrics are not representative of the underlying trends of its business. The Company has not included these metrics in its discussion and analysis of net sales.

Total DTC e-commerce net sales increased by US$29.0 million, or 13.5% (+11.8% constant currency), to US$243.6 million (representing 12.1% of net sales) for the year ended December 31, 2021 from US$214.6 million (representing 14.0% of net sales) for the year ended December 31, 2020 due to governments relaxing social-distancing restrictions and markets around the world reopening, which has led many shoppers to begin to shop in person again instead of shopping primarily online.

During the year ended December 31, 2021, US$430.8 million of the Group's net sales were through e-commerce channels (comprising US$243.6 million of net sales from the Group's DTC e-commerce website, which are included within the DTC channel, and US$187.2 million of net sales to e-retailers, which are included within the wholesale channel). This represented a year-on-year increase of US$91.1 million, or 26.8% (+24.9% constant currency), compared to the year ended December 31, 2020, when e-commerce comprised US$339.7 million of the Group's net sales. During the year ended December 31, 2021, the Group's net sales through e-commerce channels represented 21.3% of total net sales compared to 22.1% of total net sales for the year ended December 31, 2020.

Regions

North America

The Group's net sales in North America increased by US$205.1 million, or 34.0% (+33.8% constant currency), for the year ended December 31, 2021 compared to the year ended December 31, 2020 due to continued progress in the vaccination rollout against COVID-19, relaxing social-distancing restrictions, markets reopening and domestic travel continuing to rebound in both the United States and Canada, despite slower stock replenishment due to shipping delays and port congestion. On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck for an aggregate cash consideration of US$35.3 million. Excluding the net sales of Speck for August through December 2020, net sales in North America increased by US$259.3 million, or 47.3% (+47.0% constant currency), for the year ended December 31, 2021 compared to the previous year.

For the year ended December 31, 2021, the Group recorded a net sales decline of 40.8% (-40.9% constant currency) in North America when compared to the year ended December 31, 2019. When excluding the net sales of Speck for August through December 2019, net sales in North America decreased by 37.9% (-38.0% constant currency) for the year ended December 31, 2021 compared to the year ended December 31, 2019.

During 2021, the Group's quarterly net sales performance (when compared to the corresponding quarter in 2019) in North America experienced sequential improvement. During the fourth quarter of 2021, the Group's net sales decline narrowed to 27.4% (-27.6% constant currency) when compared to the fourth quarter of 2019; when excluding the net sales of Speck for October through December 2019, consolidated net sales decreased by 21.1% (-21.3% constant currency), for the three months ended December 31, 2021 compared to the three months ended December 31, 2019. This encouraging trend continued from the third quarter of 2021, when the decline in the Group's net sales narrowed to 29.7% (-29.9% constant currency), when excluding the net sales of Speck for August and September 2019, compared to the third quarter of 2019, due to continued progress in the vaccination rollout and increased demand for domestic travel; from the second quarter of 2021, when the Group's net sales decreased by 44.2% (-44.3% constant currency) compared to the second quarter of 2019; and from the first quarter of 2021, when the Group's net sales decreased by 57.8% (-57.9% constant currency) compared to the first quarter of 2019, as the net sales recovery was temporarily slowed by a resurgence in COVID-19 cases.

The positive quarterly trend during 2021 continued the recovery that began in the second half of 2020. The Group's net sales in North America decreased by 56.6% (-56.6% constant currency) for the three months ended December 31, 2020 compared to the three months ended December 31, 2019. Net sales decreased by 64.4% (-64.3% constant currency) for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. Net sales for the three months ended June 30, 2020 decreased by 74.0% (-74.0% constant currency) compared to the three months ended June 30, 2019.

The rise in new COVID-19 cases related to the Omicron variant and the impact from continued shipping delays and port congestion temporarily slowed net sales recovery in North America in January 2022, but sales performance improved in February 2022. When excluding the net sales of Speck in North America for January and February 2019, the decline in the Group's net sales for the first two months of 2022 compared to the same period in 2019 increased slightly versus the 21.1% (-21.3% constant currency) decline recorded in the fourth quarter of 2021 when compared to the fourth quarter in 2019.

Brands
For the year ended December 31, 2021, net sales of the *Samsonite* brand in North America increased by US$112.5 million, or 52.3% (+52.0% constant currency), compared to the previous year. Net sales of the *Tumi* brand during the year ended December 31, 2021 increased by US$145.9 million, or 91.0% (+90.6% constant currency), primarily due to the strong recovery in the Group's company-operated full price stores and DTC e-commerce sales. Net sales of the *American Tourister* brand during the year ended December 31, 2021 increased by US$27.3 million, or 47.7% (+47.4% constant currency), compared to the year ended December 31, 2020. Net sales of the *Gregory* brand increased by US$7.9 million, or 62.5% (+62.5% constant currency), compared to the previous year primarily due to strong net sales of the brand as consumers were spending more time outdoors.

Product Categories
Net sales in the travel product category for the year ended December 31, 2021 increased by US$205.8 million, or 67.0% (+66.6% constant currency), compared to the year ended December 31, 2020. Domestic travel continued to rebound in both the United States and Canada, with continued progress in the vaccination rollout against COVID-19. This has helped to drive the net sales recovery in the travel product category. Total non-travel category net sales decreased by US$0.8 million, or 0.3% (-0.5% constant currency), compared to the previous year. When excluding the applicable net sales of Speck for August through December 2020, non-travel product category net sales increased by US$53.5 million, or 22.2% (+22.0% constant currency), for the year ended December 31, 2021 compared to the previous year.

Net sales of business products during the year ended December 31, 2021 increased by US$45.5 million, or 36.5% (+36.2% constant currency), year-on-year. When excluding the applicable net sales of Speck for August through December 2020, business product net sales increased by US$57.5 million, or 51.0% (+50.7% constant currency), for the year ended December 31, 2021 compared to the previous year. Net sales of casual products decreased by US$8.2 million, or 15.0% (-15.2% constant currency), compared to the previous year. Net sales of accessories products decreased by US$36.9 million, or 32.4% (-32.5% constant currency), year-on-year. When excluding the applicable net sales of Speck for August through December 2020, net sales of accessories products increased by US$5.2 million, or 7.2% (+7.0% constant currency), for the year ended December 31, 2021 compared to the previous year.

Distribution Channels
Net sales in the wholesale channel increased by US$70.9 million, or 19.3% (+19.0% constant currency), for the year ended December 31, 2021 compared to the year ended December 31, 2020. Net sales to e-retailers, which are included in the Group's wholesale channel, increased by US$13.3 million, or 22.7% (+22.5% constant currency), during the year ended December 31, 2021 compared to the previous year.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, increased by US$134.2 million, or 57.2% (+56.8% constant currency), year-on-year to US$368.7 million for the year ended December 31, 2021 from US$234.5 million for the year ended December 31, 2020.

Net sales in the DTC retail channel increased by US$125.5 million, or 100.6% (+100.0% constant currency), during the year ended December 31, 2021 compared to the previous year primarily due to the reopening of the Group's company-operated stores that had been temporarily closed in the prior year due to COVID-19. During the year ended December 31, 2021, the Group permanently closed 12 company-operated stores in North America. This was partially offset by the addition of 2 new stores. This resulted in a net reduction of 10 company-operated stores during the year ended December 31, 2021 compared to a net reduction of 66 company-operated stores during the year ended December 31, 2020. The total number of company-operated retail stores in North America was 272 as of December 31, 2021 compared to 282 company-operated retail stores as of December 31, 2020. As a result of the temporary closure during 2020 of many of the Group's company-operated stores due to the COVID-19 Impacts, the Company believes its year-to-date 2021 comparable store sales metrics are not representative of the underlying trends of its business. The Company has not included these metrics in its discussion and analysis of net sales.

Total DTC e-commerce net sales increased by US$8.7 million, or 7.9% (+7.7% constant currency), to US$118.4 million for the year ended December 31, 2021 from US$109.7 million for the year ended December 31, 2020.

Countries

The following table sets forth a breakdown of net sales in North America by geographic location for the years ended December 31, 2021 and December 31, 2020, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2021		2020		2021 vs 2020	
	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]:						
United States	**776.3**	**96.1%**	578.9	96.1%	34.1%	34.1%
Canada	**31.3**	**3.9%**	23.5	3.9%	32.8%	25.6%
Net sales[2]	**807.5**	**100.0%**	602.5	100.0%	34.0%	33.8%

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) On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck. Excluding the net sales of Speck for August through December 2020, net sales in North America increased by US$259.3 million, or 47.3% (+47.0% constant currency), for the year ended December 31, 2021 compared to the previous year.

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

For the year ended December 31, 2021, net sales in the United States increased by US$197.3 million, or 34.1%, year-on-year as a result of continued encouraging sales performance trends due to relaxing social-distancing restrictions, markets reopening and domestic travel continuing to rebound with continued progress in the vaccination rollout against COVID-19. When excluding the net sales of Speck for August through December 2020, net sales in the United States increased by US$251.6 million, or 48.0%, for the year ended December 31, 2021 compared to the previous year.

For the year ended December 31, 2021, net sales in Canada increased by US$7.7 million, or 32.8% (+25.6% constant currency), year-on-year as restrictions on social distancing eased and markets reopened.

Asia

The Group's net sales in Asia increased by US$128.9 million, or 23.1% (+20.3% constant currency), for the year ended December 31, 2021 compared to the year ended December 31, 2020 due to relaxing social-distancing restrictions, most markets reopening and improved vaccination rates, despite continued restrictions on international travel to and from countries in the region. The Group recorded a net sales decline of 47.7% (-48.4% constant currency) in Asia when compared to the year ended December 31, 2019.

During 2021, the Group's quarterly net sales performance (when compared to the corresponding quarter in 2019) in Asia experienced improvement. During the fourth quarter of 2021, the Group's net sales decline narrowed to 38.9% (-39.3% constant currency) when compared to the fourth quarter of 2019. This encouraging trend continued from the third quarter of 2021 when the net sales decline narrowed to 47.8% (-48.7% constant currency) compared to the third quarter of 2019. The net sales performance during the second quarter of 2021 temporarily slowed with the decline in net sales of 54.9% (-56.0% constant currency) when compared to the second quarter of 2019, due to resurgences of COVID-19 cases, particularly in India, and the relatively slower vaccination rollout in important markets such as Japan and South Korea. The Group's net sales during the first quarter of 2021 decreased by 49.2% (-49.9% constant currency) compared to the first quarter of 2019.

The quarterly trend during 2021 continued the recovery that began in the second half of 2020. The Group's net sales in Asia decreased by 54.7% (-56.1% constant currency) for the three months ended December 31, 2020 compared to the three months ended December 31, 2019. Net sales decreased by 63.1% (-63.4% constant currency) for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. Net sales for the three months ended June 30, 2020 decreased by 76.2% (-75.6% constant currency) compared to the three months ended June 30, 2019.

The rise in new COVID-19 cases related to the Omicron variant and the resulting reinstatement of travel restrictions and social distancing measures in certain markets in Asia temporarily slowed net sales recovery in the region during January 2022, but sales performance improved in February 2022. The decline in the Group's net sales for the first two months of 2022 compared to the same period in 2019 remained relatively steady versus the 38.9% (-39.3% constant currency) decline recorded in the fourth quarter of 2021 when compared to the fourth quarter in 2019.

Brands

For the year ended December 31, 2021, net sales of the *Samsonite* brand increased by US$41.7 million, or 17.3% (+13.2% constant currency), compared to the previous year. Net sales of the *Tumi* brand during the year ended December 31, 2021 increased by US$29.2 million, or 23.6% (+21.2% constant currency), year-on-year. Net sales of the *American Tourister* brand during the year ended December 31, 2021 increased by US$40.4 million, or 30.5% (+28.3% constant currency), compared to the year ended December 31, 2020. Net sales of the *Gregory* brand decreased by US$1.9 million, or 6.0% (-4.4% constant currency), year-on-year, as a result of a strong net sales during 2020.

Product Categories

Net sales in the travel product category for the year ended December 31, 2021 increased by US$82.6 million, or 32.4% (+29.6% constant currency), compared to the previous year. Total non-travel category net sales increased by US$46.3 million, or 15.3% (+12.4% constant currency), compared to the year ended December 31, 2020. Net sales of business products increased by US$36.5 million, or 21.2% (+18.3% constant currency), compared to the previous year. Net sales of casual products increased by US$3.6 million, or 3.5% (+1.2% constant currency), year-on-year. Net sales of accessories products increased by US$2.2 million, or 10.9% (+8.1% constant currency), year-on-year.

Distribution Channels

Net sales in the wholesale channel increased by US$115.8 million, or 30.0% (+27.0% constant currency), for the year ended December 31, 2021 compared to the previous year. Net sales to e-retailers, which are included in the Group's wholesale channel, increased by US$31.1 million, or 93.0% (+87.1% constant currency), during the year ended December 31, 2021 compared to the previous year.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, increased by US$13.1 million, or 7.6% (+5.3% constant currency), to US$186.2 million for the year ended December 31, 2021 from US$173.0 million for the year ended December 31, 2020.

Net sales in the DTC retail channel increased by US$6.1 million, or 5.8% (+4.9% constant currency), during the year ended December 31, 2021 compared to the previous year. During the year ended December 31, 2021, the Group permanently closed 40 company-operated stores in Asia. This was partially offset by the addition of 10 new stores. This resulted in a net reduction of 30 company-operated stores during the year ended December 31, 2021 compared to a net reduction of 33 company-operated stores during the year ended December 31, 2020. The total number of company-operated retail stores in Asia was 345 as of December 31, 2021 compared to 375 company-operated retail stores as of December 31, 2020. As a result of the temporary closure during 2020 of many of the Group's company-operated stores due to the COVID-19 Impacts, the Company believes its year-to-date 2021 comparable store sales metrics are not representative of the underlying trends of its business. The Company has not included these metrics in its discussion and analysis of net sales.

Total DTC e-commerce net sales increased by US$7.0 million, or 10.4% (+5.9% constant currency), to US$74.1 million for the year ended December 31, 2021 from US$67.1 million for the year ended December 31, 2020.

Countries/Territories

The following table sets forth a breakdown of net sales in Asia by geographic location for the years ended December 31, 2021 and December 31, 2020, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2021		2020		2021 vs 2020	
	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	**227.9**	**33.1%**	166.8	29.9%	36.7%	27.5%
India	**140.0**	**20.4%**	60.5	10.8%	131.3%	131.9%
Japan	**96.7**	**14.1%**	115.6	20.7%	(16.3)%	(13.3)%
South Korea	**75.3**	**10.9%**	77.5	13.9%	(2.8)%	(5.5)%
Hong Kong[2]	**51.5**	**7.5%**	43.6	7.8%	18.0%	18.1%
Australia	**19.3**	**2.8%**	19.6	3.5%	(1.6)%	(8.5)%
Other	**76.8**	**11.2%**	75.0	13.4%	2.4%	1.3%
Net sales	**687.5**	**100.0%**	558.6	100.0%	23.1%	20.3%

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 year under comparison to current year local currency results.

Net sales in China increased by US$61.1 million, or 36.7% (+27.5% constant currency), for the year ended December 31, 2021 compared to the previous year. Net sales in India increased by US$79.5 million, or 131.3% (+131.9% constant currency), for the year ended December 31, 2021 compared to the previous year, despite a resurgence of COVID-19 cases in that country during the second quarter of 2021. 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) increased by US$7.9 million, or 18.0% (+18.1% constant currency), year-on-year. These year-on-year net sales increases were partially offset by decreases in Japan and South Korea due to continued restrictions on travel and also due to delayed rollout of vaccines, as well as in Australia due to continued lockdown and country borders largely remaining closed. Net sales in Japan decreased by US$18.8 million, or 16.3% (-13.3% constant currency), year-on-year. Net sales in South Korea decreased by US$2.2 million, or 2.8% (-5.5% constant currency), year-on-year. Net sales in Australia decreased by US$0.3 million, or 1.6% (-8.5% constant currency), compared to the previous year.

All of the Group's main markets in Asia continued to report net sales decreases during 2021 compared to 2019 including: China (-25.5%; -30.5% constant currency), India (-19.6%; -15.6% constant currency), Japan (-55.5%; -55.0% constant currency), South Korea (-59.1%; -59.8% constant currency) and Hong Kong (-66.1%; -66.3% constant currency).

Europe

The Group's net sales in Europe increased by US$116.6 million, or 38.5% (+37.7% constant currency), for the year ended December 31, 2021 compared to the year ended December 31, 2020 due to relaxing social-distancing restrictions, markets reopening and domestic travel continuing to rebound as progress was made in the vaccination rollout against COVID-19. Overall, for the year ended December 31, 2021 the Group recorded a net sales decline of 47.1% (-47.6% constant currency) in Europe when compared to the year ended December 31, 2019.

During 2021, the Group's quarterly net sales performance (when compared to the corresponding quarter in 2019) in Europe experienced sequential improvement. During the fourth quarter of 2021, the Group's net sales decline narrowed to 29.4% (-28.4% constant currency) when compared to the fourth quarter of 2019. This encouraging trend continued from the third quarter of 2021 when the net sales decline narrowed quickly to 33.8% (-35.5% constant currency) compared to the third quarter of 2019. During the second quarter of 2021, the Group's net sales decline narrowed to 59.4% (-60.4% constant currency) when compared to the second quarter of 2019, as travel restrictions began to ease in June 2021, and from the first quarter of 2021, when the decline in the Group's net sales was 70.5% (-70.9% constant currency), when compared to the first quarter of 2019, as the net sales recovery was temporarily slowed by a resurgence in COVID-19 cases.

The positive quarterly trend during 2021 continued the recovery that began in the second half of 2020. The Group's net sales in Europe decreased by 66.3% (-67.1% constant currency) for the three months ended December 31, 2020 compared to the three months ended December 31, 2019 as governments across the region reinstated restrictions due to the resurgence of COVID-19 cases in late 2020. Net sales decreased by 64.8% (-65.7% constant currency) for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. Net sales for the three months ended June 30, 2020 decreased by 86.0% (-85.7% constant currency) compared to the three months ended June 30, 2019.

The rise in new COVID-19 cases related to the Omicron variant temporarily slowed net sales recovery in Europe in January 2022, but sales performance has begun to improve in February 2022. The decline in the Group's net sales for the first two months of 2022 compared to the same period in 2019 slightly improved versus the 29.4% (-28.4% constant currency) decline recorded in the fourth quarter of 2021 when compared to the fourth quarter in 2019.

Brands

For the year ended December 31, 2021, net sales of the *Samsonite* brand increased by US$84.9 million, or 43.8% (+43.1% constant currency), compared to the previous year. Net sales of the *Tumi* brand during the year ended December 31, 2021 increased by US$7.1 million, or 20.3% (+19.5% constant currency), year-on-year. Net sales of the *American Tourister* brand during the year ended December 31, 2021 increased by US$19.7 million, or 41.7% (+41.0% constant currency), compared to the year ended December 31, 2020.

Product Categories

Net sales in the travel product category for the year ended December 31, 2021 increased by US$87.3 million, or 49.4% (+48.4% constant currency), compared to the year ended December 31, 2020. Total non-travel category net sales increased by US$29.2 million, or 23.2% (+22.7% constant currency), year-on-year. Net sales of business products increased by US$14.1 million, or 23.6% (+23.7% constant currency), year-on-year. Net sales of casual products increased by US$4.3 million, or 19.8% (+18.0% constant currency), compared to the previous year. Net sales of accessories products increased by US$6.3 million, or 20.1% (+19.0% constant currency), year-on-year.

Distribution Channels

Net sales in the wholesale channel increased by US$76.6 million, or 45.3% (+43.8% constant currency), during the year ended December 31, 2021 compared to the year ended December 31, 2020. Net sales to e-retailers, which are included in the Group's wholesale channel, increased by US$17.7 million, or 53.8% (+50.7% constant currency), during the year ended December 31, 2021 compared to the previous year.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, increased by US$40.0 million, or 29.9% (+29.9% constant currency), to US$173.6 million for the year ended December 31, 2021 from US$133.6 million for the year ended December 31, 2020.

Net sales in the DTC retail channel increased by US$28.3 million, or 28.5% (+29.0% constant currency), during the year ended December 31, 2021 compared to the previous year. During the year ended December 31, 2021, the Group permanently closed 28 company-operated stores in Europe. This was partially offset by the addition of 4 new stores. This resulted in a net reduction of 24 company-operated stores during the year ended December 31, 2021 compared to a net reduction of 70 company-operated stores during the year ended December 31, 2020. The total number of company-operated retail stores in Europe was 218 as of December 31, 2021 compared to 242 company-operated retail stores as of December 31, 2020. As a result of the temporary closure during 2020 of many of the Group's company-operated stores due to the COVID-19 Impacts, the Company believes its year-to-date 2021 comparable store sales metrics are not representative of the underlying trends of its business. The Company has not included these metrics in its discussion and analysis of net sales.

Total DTC e-commerce net sales increased by US$11.7 million, or 34.0% (+32.5% constant currency), to US$46.0 million for the year ended December 31, 2021 from US$34.3 million for the year ended December 31, 2020.

Countries

The following table sets forth a breakdown of net sales in Europe by geographic location for the years ended December 31, 2021 and December 31, 2020, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2021		2020		2021 vs 2020	
	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]	**98.1**	**23.4%**	72.0	23.8%	36.3%	33.9%
Germany	**53.1**	**12.7%**	48.0	15.9%	10.5%	8.8%
Italy	**43.8**	**10.5%**	31.9	10.5%	37.2%	35.2%
Russia	**40.3**	**9.6%**	24.5	8.1%	64.5%	65.8%
France	**39.7**	**9.5%**	28.0	9.3%	41.7%	40.0%
Spain	**33.2**	**7.9%**	20.1	6.6%	65.4%	63.6%
United Kingdom[3]	**27.4**	**6.5%**	17.8	5.9%	53.9%	46.1%
Other	**83.6**	**19.9%**	60.2	19.9%	38.7%	43.0%
Net sales	**419.1**	**100.0%**	302.5	100.0%	38.5%	37.7%

Notes

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

(2) Net sales in Belgium were US$10.1 million and US$6.7 million for the years ended December 31, 2021 and December 31, 2020, respectively, an increase of US$3.5 million, or 51.9% (+47.1% constant currency). Remaining sales consisted of direct shipments to distributors, customers and agents in other European countries, including e-commerce.

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

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

Net sales in Germany increased by US$5.1 million, or 10.5% (+8.8% constant currency), for the year ended December 31, 2021 compared to the previous year. Italy's net sales increased by US$11.9 million, or 37.2% (+35.2% constant currency), compared to the year ended December 31, 2020. Net sales in Russia increased by US$15.8 million, or 64.5% (+65.8% constant currency), year-on-year. Net sales in France increased by US$11.7 million, or 41.7% (+40.0% constant currency), compared to the previous year. Spain's net sales increased by US$13.1 million, or 65.4% (+63.6% constant currency), year-on-year. Net sales in the United Kingdom increased by US$9.6 million, or 53.9% (+46.1% constant currency), year-on-year.

All of the Group's key markets in Europe recorded net sales decreases during 2021 compared to 2019 including: Germany (-55.6%; -58.0% constant currency), Italy (-46.6%; -49.4% constant currency), Russia (-33.5%; -24.3% constant currency), France (-49.0%; -51.6% constant currency), Spain (-42.8%; -45.8% constant currency) and United Kingdom (-64.3%; -66.9% constant currency).

Latin America

The Group's net sales in Latin America increased by US$33.6 million, or 47.2% (+49.3% constant currency), for the year ended December 31, 2021 compared to the year ended December 31, 2020 due to the relaxation of social-distancing restrictions, markets reopening and significant progress made in the vaccination rollout against COVID-19 in most countries. Overall, for the year ended December 31, 2021, the Group recorded a net sales decline of 37.2% (-26.8% constant currency) in Latin America when compared to the year ended December 31, 2019.

During 2021, the Group's quarterly net sales performance (when compared to the corresponding quarter in 2019) in Latin America experienced sequential improvement. During the fourth quarter of 2021, the Group's net sales decreased by 8.0%, but increased on a constant currency basis by 7.7% when compared to the fourth quarter of 2019. This encouraging trend continued from the third quarter of 2021 when the net sales decline narrowed quickly to 26.1% (-14.6% constant currency) compared to the third quarter of 2019. During the second quarter of 2021, the Group's net sales decline was 55.5% (-48.9% constant currency) when compared to the second quarter of 2019, as net sales performance began to show some signs of improvement, and from the first quarter of 2021, when the decline in the Group's net sales was 58.8% (-51.1% constant currency), when compared to the first quarter of 2019, as the net sales recovery was temporarily slowed by a resurgence in COVID-19 cases.

The positive quarterly trend during 2021 continued the recovery that began in the second half of 2020. The Group's net sales in Latin America decreased by 46.9% (-43.2% constant currency) for the three months ended December 31, 2020 compared to the three months ended December 31, 2019. Net sales decreased by 77.8% (-74.2% constant currency) for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. Net sales for the three months ended June 30, 2020 decreased by 95.4% (-94.3% constant currency) compared to the three months ended June 30, 2019.

The rise in new COVID-19 cases related to the Omicron variant temporarily slowed net sales recovery in Latin America in January 2022, but sales performance rebounded strongly in February 2022. The Group's net sales for the first two months of 2022 compared to the same period in 2019 noticeably improved versus the 8.0% decline (+7.7% constant currency growth) recorded in the fourth quarter of 2021 when compared to the fourth quarter in 2019.

Brands

For the year ended December 31, 2021, net sales of the *Samsonite* brand in Latin America increased by US$16.0 million, or 67.2% (+72.8% constant currency), compared to the previous year. For the year ended December 31, 2021, net sales of the *Tumi* brand in Latin America increased by US$2.6 million, or 122.4% (+117.6% constant currency), compared to the previous year. Net sales of the *American Tourister* brand during the year ended December 31, 2021 increased by US$8.4 million, or 113.0% (+114.5% constant currency), compared to the year ended December 31, 2020. Net sales of the *Saxoline* brand increased by US$3.6 million, or 44.0% (+41.3% constant currency), year-on-year. Net sales of the *Secret* brand increased by US$4.2 million, or 50.0% (+51.0% constant currency), year-on-year. Net sales of the *Xtrem* brand decreased by US$1.1 million, or 5.4% (-3.9% constant currency), compared to the previous year.

Product Categories

Net sales in the travel product category for the year ended December 31, 2021 increased by US$23.9 million, or 100.4% (+104.8% constant currency), compared to the previous year. Total non-travel category net sales increased by US$9.7 million, or 20.5% (+21.4% constant currency), compared to the year ended December 31, 2020. Net sales of business products increased by US$4.3 million, or 61.4% (+64.8% constant currency), compared to the previous year. Net sales of casual products decreased by US$1.5 million, or 5.6% (-4.7% constant currency), year-on-year. Net sales of accessories products increased by US$6.9 million, or 53.5% (+53.1% constant currency), year-on-year.

Distribution Channels

Net sales in the wholesale channel increased by US$17.5 million, or 49.3% (+50.5% constant currency), for the year ended December 31, 2021 compared to the year ended December 31, 2020.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, increased by US$16.1 million, or 45.1% (+48.0% constant currency), to US$51.8 million for the year ended December 31, 2021 from US$35.7 million for the year ended December 31, 2020.

Net sales in the DTC retail channel increased by US$14.4 million, or 44.6% (+47.4% constant currency), during the year ended December 31, 2021 compared to the previous year. During the year ended December 31, 2021, the Group permanently closed 30 company-operated stores in Latin America. This was partially offset by the addition of 3 new stores. This resulted in a net reduction of 27 company-operated stores during the year ended December 31, 2021, compared to a net reduction of 29 company-operated stores during the year ended December 31, 2020. The total number of company-operated retail stores in Latin America was 170 as of December 31, 2021 compared to 197 company-operated retail stores as of December 31, 2020. As a result of the temporary closure during 2020 of many of the Group's company-operated stores due to the COVID-19 Impacts, the Company believes its year-to-date 2021 comparable store sales metrics are not representative of the underlying trends of its business. The Company has not included these metrics in its discussion and analysis of net sales.

Total DTC e-commerce net sales increased by US$1.7 million, or 49.1% (+53.7% constant currency), to US$5.2 million for the year ended December 31, 2021 from US$3.5 million for the year ended December 31, 2020.

Countries

The following table sets forth a breakdown of net sales in Latin America by geographic location for the years ended December 31, 2021 and December 31, 2020, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2021		2020		2021 vs 2020	
	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	**42.2**	**40.3%**	32.9	46.3%	28.2%	27.4%
Mexico	**29.0**	**27.7%**	14.6	20.5%	98.9%	88.8%
Brazil[2]	**12.3**	**11.7%**	8.5	11.9%	45.0%	49.0%
Other[3]	**21.3**	**20.3%**	15.2	21.3%	40.0%	58.9%
Net sales	**104.7**	**100.0%**	71.2	100.0%	47.2%	49.3%

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 in Brazil from outside of Brazil.

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

Net sales in Chile increased by US$9.3 million, or 28.2% (+27.4% constant currency), during the year ended December 31, 2021 compared to the previous year. Net sales in Mexico increased by US$14.4 million, or 98.9% (+88.8% constant currency), year-on-year. Net sales in Brazil increased by US$3.8 million, or 45.0% (+49.0% constant currency), year-on-year.

Cost of Sales and Gross Profit

Cost of sales increased by US$88.9 million, or 10.7%, to US$919.3 million (representing 45.5% of net sales) for the year ended December 31, 2021 from US$830.4 million (representing 54.0% of net sales) for the year ended December 31, 2020. The Group's gross profit was negatively impacted by an increase in global freight and raw material costs. The Group has leveraged its long-standing relationships with suppliers to mitigate the effects of cost increases where possible and has implemented price increases in certain markets to offset the resulting margin pressure.

Gross profit increased by US$395.2 million, or 56.0%, to US$1,101.5 million for the year ended December 31, 2021 from US$706.3 million for the year ended December 31, 2020 due to increased sales year over year. Gross profit margin increased to 54.5% for the year ended December 31, 2021 from 46.0% for the previous year. The increase in gross profit margin was attributable to (i) price increases on the Group's products sold to mitigate increased product, freight and duty costs, (ii) lower promotional discounts and (iii) lower provisions for inventory reserves year-on-year. The improvement in gross profit margin during the year ended December 31, 2021 was partially offset by the non-renewal of the Generalized System of Preferences program in the United States ("GSP") in January 2021, which has resulted in increased duty costs on goods imported to the United States from countries that were beneficiaries of GSP. While this negatively impacted gross profit margin by US$17.3 million, or 90 basis points, for the year ended December 31, 2021, the Group has implemented price increases on products sold in the United States to moderate the impacts from the expiration of GSP. The Group also implemented price increases in markets around the world to mitigate the pressure on the Group's gross profit margin. The devaluation of many currencies to the US Dollar also had a negative impact on gross profit margin.

The gross profit margin of 46.0% for the year ended December 31, 2020 was negatively impacted by (i) increased provisions for inventory reserves, (ii) the impact of fixed sourcing and manufacturing expenses on a lower net sales base, (iii) the inclusion of restructuring charges and non-cash impairment charges related to the sourcing and production of the Group's products and (iv) a shift in sales mix.

Distribution Expenses

Distribution expenses decreased by US$45.0 million, or 6.0%, to US$699.6 million (representing 34.6% of net sales) for the year ended December 31, 2021 from US$744.6 million (representing 48.5% of net sales) for the year ended December 31, 2020. Distribution expenses, and distribution expenses as a percentage of net sales, both decreased primarily due to actions taken by management to reduce the fixed cost structure of the business. See Directors' Report – Review of Financial Year 2021 – Impact of COVID-19 for further discussion. Distribution expenses decreased by 41.9% for the year ended December 31, 2021 compared to the year ended December 31, 2019.

Marketing Expenses

The Group spent US$82.3 million on marketing during the year ended December 31, 2021 compared to US$73.3 million for the year ended December 31, 2020, an increase of US$9.1 million, or 12.4%. As a percentage of net sales, marketing expenses decreased by 70 basis points to 4.1% for the year ended December 31, 2021 from 4.8% for the year ended December 31, 2020. Marketing expenses for the year ended December 31, 2021 decreased by 56.6% compared to the year ended December 31, 2019, and as a percentage of net sales decreased by 110 basis points from 5.2% for the year ended December 31, 2019. The Group has continued to tightly manage its marketing expenses in an effort to help conserve cash and to mitigate the effects of the COVID-19 Impacts on the Group's profitability.

General and Administrative Expenses

General and administrative expenses increased by US$6.0 million, or 3.0%, to US$206.0 million (representing 10.2% of net sales) for the year ended December 31, 2021 from US$200.0 million (representing 13.0% of net sales) for the year ended December 31, 2020. The decrease in general and administrative expenses as a percentage of net sales reflects actions taken by management to reduce the fixed cost structure of the business, including headcount reductions and other savings initiatives, to help mitigate the negative impacts on the Group's profitability caused by COVID-19. See Directors' Report – Review of Financial Year 2021 – Impact of COVID-19 for further discussion. Such savings were partially offset by the return of certain expenses that had been temporarily suspended at the onset of the pandemic, including certain employee compensation costs. General and administrative expenses decreased by 10.3% for the year ended December 31, 2021 compared to the year ended December 31, 2019.

Impairment (Reversals) Charges

The following table sets forth a breakdown of the net non-cash 2021 Impairment (Reversals) Charges for the year ended December 31, 2021 and the non-cash 2020 Impairment Charges for the year ended December 31, 2020.

(Expressed in millions of US Dollars)		**Year ended December 31,**	
		2021	2020
Impairment (reversals) charges recognized on:	Functional Area	**2021 Impairment (Reversals) Charges**	2020 Impairment Charges
Property, plant and equipment	Cost of sales	**–**	4.3
	Impairment charges included in cost of sales	**–**	4.3
Goodwill		**14.4**	496.0
Tradenames and other intangible assets		**(34.9)**	248.8
Lease right-of-use assets	Distribution	**(8.8)**	140.3
Property, plant and equipment	Distribution	**(2.2)**	31.0
	Impairment (reversals) charges (exclusive of amounts included in cost of sales)	**(31.6)**	916.0
Total impairment (reversals) charges		**(31.6)**	920.3

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

2021 Impairment (Reversals) Charges

The Group's net sales recovery accelerated during the second half of 2021. Based on valuations performed by a third-party specialist engaged by the Company in conjunction with its annual assessment during the fourth quarter of 2021, management determined that the recoverable amounts of certain intangible assets exceeded their net impaired carrying values during the year ended December 31, 2021, resulting in the reversal of certain non-cash impairment charges that had been recorded during the year ended December 31, 2020. The Group recognized net non-cash impairment reversals totaling US$45.2 million during the year ended December 31, 2021 for certain tradenames.

Based on an evaluation of company-operated retail stores during the year ended December 31, 2021, the Group determined that the recoverable amounts of certain retail stores, which represent individual CGUs, exceeded their corresponding net impaired carrying amounts, resulting in impairment reversals being recorded during the year ended December 31, 2021. During the year ended December 31, 2021 the Group recognized net non-cash impairment reversals totaling US$11.0 million, which were comprised of US$8.8 million for lease right-of-use assets and US$2.2 million for property, plant and equipment, including leasehold improvements related to such stores.

In June 2021, the Group classified the assets attributable to Speck to held for sale. Speck was sold on July 30, 2021. The Group recognized non-cash impairment charges during the year ended December 31, 2021 totaling US$24.7 million, of which US$14.4 million was attributable to goodwill and the remainder related to certain other intangible assets associated with the sale of Speck.

2020 Impairment Charges

Due to the negative impacts resulting from the COVID-19 pandemic during the year ended December 31, 2020, certain indefinite-lived intangible assets identified by the Group were tested for impairment. Based on valuations performed by a third-party specialist engaged by the Company, management determined that the carrying value of certain intangible assets exceeded their recoverable amounts, resulting in non-cash impairment charges recognized during the year ended December 31, 2020 totaling US$744.8 million, which were comprised of US$496.0 million for goodwill and US$248.8 million for certain tradenames.

Further, based on an evaluation of loss-making stores during the year ended December 31, 2020, and also due to reduced traffic and under-performance caused by the COVID-19 pandemic, the Group determined that the carrying amounts of certain retail stores, which represent individual CGUs, exceeded their corresponding recoverable amounts. Based on an evaluation of certain property, plant and equipment used in the production of certain luggage product lines during the year ended December 31, 2020, the Group determined that the carrying amounts of certain molds and machinery exceeded their respective recoverable amounts. During the year ended December 31, 2020 the Group recognized non-cash impairment charges totaling US$175.5 million, which were comprised of US$140.3 million for lease right-of-use assets and US$35.3 million for property, plant and equipment, including leasehold improvements attributable to the under-performance of certain retail locations as well as molds and machinery used in the production of certain luggage product lines.

Restructuring Charges

The following table sets forth a breakdown of the restructuring charges for the years ended December 31, 2021 and December 31, 2020.

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2021**	2020
Functional Area		
Restructuring charges included in cost of sales	**0.7**	8.5
Restructuring charges attributable to distribution function	**1.7**	44.8
Restructuring charges attributable to general and administrative function	**15.4**	9.7
Restructuring charges (exclusive of amounts included in cost of sales)	**17.1**	54.5
Total restructuring charges	**17.7**	63.0

During the year ended December 31, 2020 the Group aggressively reduced its operating expenses to mitigate the impact of lower sales on profit and cash flow as well as to right-size the business for the future in response to the COVID-19 Impacts. During the year ended December 31, 2021, the Group continued to tightly manage the fixed cost structure of the business. In conjunction with these cost saving actions and other initiatives, the Group recognized charges (the "Restructuring Charges") during each of the years ended December 31, 2021 and December 31, 2020. The Restructuring Charges during 2021 consisted primarily of severance associated with further headcount reductions, store closure costs, costs related to the sale of Speck on July 30, 2021, and certain other costs (described below). The Restructuring Charges during 2020 consisted primarily of severance associated with permanent headcount reductions, store closure costs, and certain other costs incurred to implement profit improvement initiatives.

In June 2021, the Company established a brand development and sourcing hub in Singapore as part of a global restructuring initiative to enhance alignment of the Company's product development, brand management and supply chain operations. The establishment of this hub enables the Company to design and develop products closer to market for several key brands, including *Samsonite* and *American Tourister*, as well as to manage its extensive sourcing activities. In June 2021 the Group also completed the intra-group realignment of certain intellectual property rights (the "Intra-Group IP Realignment"). During the year ended December 31, 2021, the Group recognized Restructuring Charges associated with the establishment of the brand development and sourcing hub in Singapore.

Other Income

The Group recorded other income of US$4.6 million and US$15.9 million for the years ended December 31, 2021 and December 31, 2020, respectively. Other income for the year ended December 31, 2021 included gains from the disposal of assets and gains on lease exits/remeasurements, partially offset by a loss on the sale of Speck and miscellaneous other expense incurred during the period. Other income for the year ended December 31, 2020 included gains on lease exits/remeasurements of US$17.2 million, which were partially offset by other expenses of US$1.3 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 years ended December 31, 2021 and December 31, 2020.

OPERATING PROFIT (LOSS)

	Year ended December 31,			
(Expressed in millions of US Dollars)	**2021**	2020	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[1]
Operating profit (loss), as reported	**132.7**	(1,266.2)	*nm*	*nm*
Impairment (Reversals) Charges	**(31.6)**	920.3	*nm*	*nm*
Restructuring Charges	**17.7**	63.0	(71.9)%	(72.0)%
Loss on the sale of Speck	**1.3**	–	n/a	n/a
Operating profit (loss), as adjusted	**120.1**	(282.9)	*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 year under comparison to current year local currency results.
n/a Not applicable.
nm Not meaningful.

The Group reported an operating profit of US$132.7 million for the year ended December 31, 2021 compared to an operating loss of US$1,266.2 million for the previous year. The Group had an operating profit of US$120.1 million for the year ended December 31, 2021 when excluding the net non-cash 2021 Impairment (Reversals) Charges, Restructuring Charges and the loss on the sale of Speck recognized during the year ended December 31, 2021. In comparison, the Group incurred an operating loss of US$282.9 million for the year ended December 31, 2020 when excluding the non-cash 2020 Impairment Charges and the Restructuring Charges recognized during the year ended December 31, 2020.

Net Finance Costs

Net finance costs increased by US$49.3 million, or 42.4%, to US$165.4 million for the year ended December 31, 2021 from US$116.2 million for the year ended December 31, 2020. This increase was primarily attributable to the US$30.1 million loss on extinguishment of the 2020 Incremental Term Loan B Facility and an increase in redeemable non-controlling interest put option expenses of US$24.7 million year-on-year due to improved financial performance of the Group's subsidiaries with non-controlling interests that are subject to put options. The increase in net finance costs was partially offset by a decrease in net foreign exchange losses of US$5.7 million and a decrease in interest expense on lease liabilities of US$3.7 million year-on-year.

The following table sets forth a breakdown of total finance costs for the years ended December 31, 2021 and December 31, 2020.

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2021**	2020
Recognized in profit or loss:		
Interest income	**3.6**	3.8
Total finance income	**3.6**	3.8
Interest expense on loans and borrowings	**(99.7)**	(96.2)
Loss on extinguishment of the 2020 Incremental Term Loan B Facility[(1)]	**(30.1)**	–
Amortization of deferred financing costs associated with the Amended Senior Credit Facilities	**(6.6)**	(7.7)
Interest expense on lease liabilities	**(21.5)**	(25.2)
Change in fair value of put options	**(7.8)**	16.9
Net foreign exchange loss	**(1.0)**	(6.7)
Other finance costs	**(2.3)**	(1.1)
Total finance costs	**(169.0)**	(120.0)
Net finance costs recognized in profit or loss	**(165.4)**	(116.2)

Note

(1) The Company recorded a US$30.1 million loss on extinguishment upon the closing of the borrowing under the 2021 Incremental Term Loan B Facility. The loss included US$24.1 million of unamortized deferred financing costs which were part of the net carrying value of the 2020 Incremental Term Loan B Facility which was extinguished, and an approximately US$6.0 million call premium paid to the lenders under the 2020 Incremental Term Loan B Facility.

Loss before Income Tax

The following table presents the reconciliation from the Group's loss before income tax, as reported, to loss before income tax, as adjusted, for the years ended December 31, 2021 and December 31, 2020.

LOSS BEFORE INCOME TAX

(Expressed in millions of US Dollars)	Year ended December 31, 2021	2020	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Loss before income tax, as reported	**(32.7)**	(1,382.4)	(97.6)%	(98.0)%
Impairment (Reversals) Charges	**(31.6)**	920.3	*nm*	*nm*
Restructuring Charges	**17.7**	63.0	(71.9)%	(72.0)%
Loss on the sale of Speck	**1.3**	–	n/a	n/a
Charges associated with debt borrowings and amendments[1]	**31.9**	–	n/a	n/a
Loss before income tax, as adjusted	**(13.4)**	(399.1)	(96.6)%	(97.7)%

Notes

(1) The charges associated with the Fifth Amended Credit Agreement and Sixth Amended Credit Agreement during the year ended December 31, 2021 were primarily attributable to the US$30.1 million loss on extinguishment of the 2020 Incremental Term Loan B Facility.

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

n/a Not applicable.

nm Not meaningful.

The Group incurred a loss before income tax of US$32.7 million for the year ended December 31, 2021 compared to a loss before income tax of US$1,382.4 million for the previous year. The Group incurred a loss before income tax of US$13.4 million for the year ended December 31, 2021 when excluding the net non-cash 2021 Impairment (Reversals) Charges, Restructuring Charges, the loss on the sale of Speck and charges associated with debt borrowings and amendments recognized during the year ended December 31, 2021, compared to a loss before income tax of US$399.1 million for the previous year when excluding the non-cash 2020 Impairment Charges and the Restructuring Charges recognized during the year ended December 31, 2020.

Income Tax Benefit

The Group's consolidated effective tax rate for operations was 171.8% and 6.8% for the years ended December 31, 2021 and December 31, 2020, respectively. The effective tax rate is calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets.

The Group recorded an income tax benefit of US$56.2 million for the year ended December 31, 2021 compared to an income tax benefit of US$94.4 million for the year ended December 31, 2020. The income tax benefit recorded during the year ended December 31, 2021 was due mainly to the US$32.7 million reported loss before income tax, combined with the tax impacts from the Intra-Group IP Realignment, changes in tax reserves, changes in unrecognized deferred tax assets and changes in the profit mix between high and low tax jurisdictions. The income tax benefit recorded during the year ended December 31, 2020 was due mainly to the US$1,382.4 million reported loss before income tax, non-deductible goodwill impairments and changes in unrecognized deferred tax assets.

During the year ended December 31, 2021 the Company completed the Intra-Group IP Realignment (see Directors' Report – Review of Financial Year 2021 – Restructuring Charges for further discussion). The Intra-Group IP Realignment established the following tax effects: (i) a current tax expense of US$34.5 million, (ii) deferred tax benefits of US$111.7 million and (iii) the derecognition of a portion of deferred tax benefits totaling US$34.6 million, resulting in a net tax benefit of US$42.6 million.

Included within the US$94.4 million income tax benefit for the year ended December 31, 2020 were the tax impacts related to the non-deductible goodwill impairment charges of US$122.1 million and the derecognition of deferred tax assets of US$128.1 million.

Deferred tax assets in each jurisdiction are analyzed for recoverability at each reporting date and derecognized to the extent that it is no longer probable that the assets will be utilized in future taxable periods. The analysis considers both positive and negative evidence. Due to the negative impacts from the COVID-19 pandemic resulting in a loss before income tax reported during the year ended December 31, 2021 and the significant loss before income tax reported globally during the year ended December 31, 2020, the Group derecognized certain deferred tax assets which were deemed not probable of realization in the foreseeable future. In 2021, the Group recognized deferred tax assets related to U.S. tax credits that were previously unrecognized in the amount of US$25.1 million.

Excluding the tax impacts related to the Intra-Group IP Realignment, the reduction in tax reserves and changes in unrecognized deferred tax assets during the year ended December 31, 2021, the consolidated effective tax rate for operations would have been 34.9%. Excluding the non-deductible goodwill impairment charges in 2020 and the derecognition of deferred tax assets during the year ended December 31, 2020, the Group's consolidated effective tax rate for operations would have been 24.9%. The increase in the Group's effective tax rate was mainly the result of changes in the profit mix between high and low tax jurisdictions.

Profit (Loss)

Profit (Loss) for the Year

The following table presents the reconciliation from the Group's profit (loss) for the year, as reported, to loss for the year, as adjusted, for the years ended December 31, 2021 and December 31, 2020.

PROFIT (LOSS) FOR THE YEAR

(Expressed in millions of US Dollars)	Year ended December 31, 2021	Year ended December 31, 2020	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Profit (loss) for the year, as reported	**23.5**	(1,288.0)	*nm*	*nm*
Impairment (Reversals) Charges	**(31.6)**	920.3	*nm*	*nm*
Restructuring Charges	**17.7**	63.0	(71.9)%	(72.0)%
Tax benefit associated with legal entity reorganization	**(42.6)**	–	n/a	n/a
Loss on the sale of Speck	**1.3**	–	n/a	n/a
Charges associated with debt borrowings and amendments[1]	**31.9**	–	n/a	n/a
Tax impact	**(5.8)**	(119.5)	(95.2)%	(95.3)%
Loss for the year, as adjusted	**(5.5)**	(424.1)	(98.7)%	(99.7)%

Notes

(1) The charges associated with the Fifth Amended Credit Agreement and Sixth Amended Credit Agreement during the year ended December 31, 2021 were primarily attributable to the US$30.1 million loss on extinguishment of the 2020 Incremental Term Loan B Facility.

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

n/a Not applicable.

nm Not meaningful.

Profit for the year ended December 31, 2021 was US$23.5 million compared to a loss for the year ended December 31, 2020 of US$1,288.0 million. The Group incurred a loss for the year ended December 31, 2021 of US$5.5 million when excluding the net non-cash 2021 Impairment (Reversals) Charges, Restructuring Charges, the loss on the sale of Speck and charges associated with the Fifth Amended Credit Agreement and the Sixth Amended Credit Agreement recognized during the year ended December 31, 2021, all of which are net of the related tax impact, and the US$42.6 million tax benefit associated with the Intra-Group IP Realignment. In comparison, the Group incurred a loss for the year ended December 31, 2020 of US$424.1 million when excluding the non-cash 2020 Impairment Charges and the Restructuring Charges recognized during the year ended December 31, 2020, both of which are net of the related tax impact.

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 loss attributable to the equity holders, as adjusted, for the years ended December 31, 2021 and December 31, 2020.

PROFIT (LOSS) ATTRIBUTABLE TO THE EQUITY HOLDERS

	Year ended December 31,			
(Expressed in millions of US Dollars)	**2021**	2020	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Profit (loss) attributable to the equity holders, as reported	**14.3**	(1,277.7)	*nm*	*nm*
Impairment (Reversals) Charges	**(31.6)**	920.3	*nm*	*nm*
Restructuring Charges	**17.7**	63.0	(71.9)%	(72.0)%
Tax benefit associated with legal entity reorganization	**(42.6)**	–	n/a	n/a
Loss on the sale of Speck	**1.3**	–	n/a	n/a
Charges associated with debt borrowings and amendments[1]	**31.9**	–	n/a	n/a
Tax impact	**(5.8)**	(119.5)	(95.2)%	(95.3)%
Loss attributable to the equity holders, as adjusted	**(14.7)**	(413.8)	(96.4)%	(97.4)%

Notes

(1) The charges associated with the Fifth Amended Credit Agreement and Sixth Amended Credit Agreement during the year ended December 31, 2021 were primarily attributable to the US$30.1 million loss on extinguishment of the 2020 Incremental Term Loan B Facility.

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

n/a Not applicable.

nm Not meaningful.

Profit attributable to the equity holders was US$14.3 million for the year ended December 31, 2021 compared to a loss attributable to the equity holders of US$1,277.7 million for the previous year. For the year ended December 31, 2021 the Group incurred a loss attributable to the equity holders of US$14.7 million when excluding the net non-cash 2021 Impairment (Reversals) Charges, Restructuring Charges, the loss on the sale of Speck and charges associated with the Fifth Amended Credit Agreement and the Sixth Amended Credit Agreement recognized during the year ended December 31, 2021, all of which are net of the related tax impact, and the US$42.6 million tax benefit associated with the Intra-Group IP Realignment. In comparison, the Group recorded a loss attributable to the equity holders for the year ended December 31, 2020 of US$413.8 million when excluding the non-cash 2020 Impairment Charges and the Restructuring Charges recognized during the year ended December 31, 2020, both of which are net of the related tax impact.

Basic and Diluted Earnings (Loss) per Share

Basic and diluted earnings per share was US$0.010 for the year ended December 31, 2021 compared to basic and diluted loss per share of US$0.891 for the year ended December 31, 2020. The weighted average number of shares utilized in the basic earnings (loss) per share calculation was 1,435,615,231 shares for the year ended December 31, 2021 compared to 1,433,422,967 shares for the year ended December 31, 2020. The weighted average number of shares outstanding utilized in the diluted earnings (loss) per share calculation was 1,437,729,596 shares for the year ended December 31, 2021 compared to 1,433,422,967 shares for the year ended December 31, 2020.

Basic and diluted loss per share, as adjusted, was US$0.010 for the year ended December 31, 2021 when excluding the net non-cash 2021 Impairment (Reversals) Charges, Restructuring Charges, the loss on the sale of Speck and charges associated with the Fifth Amended Credit Agreement and the Sixth Amended Credit Agreement recognized during the year ended December 31, 2021, all of which are net of the related tax impact, and the US$42.6 million tax benefit associated with the Intra-Group IP Realignment. In comparison, basic and diluted loss per share, as adjusted, was US$0.289 for the year ended December 31, 2020 when excluding the non-cash 2020 Impairment Charges and the Restructuring Charges recognized during the year ended December 31, 2020, both of which are net of the related tax impact. The year-on-year improvement in basic and diluted loss per share, as adjusted, was primarily due to improved net sales and gross profit, along with the effects of actions taken by management to reduce the fixed cost structure of the business.

Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, improved by US$401.1 million to earnings of US$182.3 million for the year ended December 31, 2021 compared to a loss of US$218.8 million for the year ended December 31, 2020. Adjusted EBITDA margin was 9.0% for the year ended December 31, 2021 compared to (14.2%) for the year ended December 31, 2020 due primarily to continued sales improvement, along with actions taken by management to reduce the fixed cost structure of the business. See Directors' Report – Review of Financial Year 2021 – Impact of COVID-19 for further discussion.

The following table presents the reconciliation from the Group's profit (loss) for the year to Adjusted EBITDA for the years ended December 31, 2021 and December 31, 2020:

	Year ended December 31,			
(Expressed in millions of US Dollars)	**2021**	2020	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(3)
Profit (loss) for the year	**23.5**	(1,288.0)	*nm*	*nm*
Plus (minus):				
Income tax benefit	**(56.2)**	(94.4)	(40.4)%	(40.6)%
Finance costs	**169.0**	120.0	40.9%	40.3%
Finance income	**(3.6)**	(3.8)	(6.4)%	(7.0)%
Depreciation	**45.8**	66.1	(30.7)%	(31.8)%
Total amortization	**151.9**	189.1	(19.7)%	(20.5)%
EBITDA	**330.4**	(1,011.0)	*nm*	*nm*
Plus (minus):				
Share-based compensation expense	**11.9**	6.6	81.0%	83.1%
Impairment (Reversals) Charges	**(31.6)**	920.3	*nm*	*nm*
Restructuring Charges	**17.7**	63.0	(71.9)%	(72.0)%
Amortization of lease right-of-use assets	**(119.9)**	(156.5)	(23.4)%	(24.3)%
Interest expense on lease liabilities	**(21.5)**	(25.2)	(14.7)%	(14.9)%
Other adjustments(1)	**(4.6)**	(15.9)	(70.7)%	(63.3)%
Adjusted EBITDA(2)	**182.3**	(218.8)	*nm*	*nm*
Adjusted EBITDA margin	**9.0%**	(14.2)%		

Notes

(1) Other adjustments primarily comprised 'Other income (expenses)' per the consolidated statements of income (loss).

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

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

nm Not meaningful.

The following tables present reconciliations from profit (loss) for the year to Adjusted EBITDA on a regional basis for the years ended December 31, 2021 and December 31, 2020:

	Year ended December 31, 2021					
(Expressed in millions of US Dollars)	**North America**	**Asia**	**Europe**	**Latin America**	**Corporate**	**Total**
Profit (loss) for the year	**21.4**	**(37.2)**	**30.6**	**(2.5)**	**11.2**	**23.5**
Plus (minus):						
Income tax (benefit) expense	**15.7**	**11.2**	**(4.8)**	**0.0**	**(78.2)**	**(56.2)**
Finance costs	**11.5**	**7.3**	**6.8**	**1.5**	**141.8**	**169.0**
Finance income	**(0.0)**	**(0.7)**	**(0.4)**	**(0.1)**	**(2.4)**	**(3.6)**
Depreciation	**13.6**	**15.2**	**14.3**	**2.5**	**0.3**	**45.8**
Total amortization	**55.0**	**50.7**	**33.4**	**10.0**	**2.9**	**151.9**
EBITDA	**117.2**	**46.4**	**79.9**	**11.4**	**75.5**	**330.4**
Plus (minus):						
Share-based compensation expense (reversal)	**(4.5)**	**(3.8)**	**(0.3)**	**0.0**	**20.5**	**11.9**
Impairment (Reversals) Charges	**3.1**	**5.6**	**(0.8)**	**–**	**(39.5)**	**(31.6)**
Restructuring Charges (Reversals)	**2.3**	**7.2**	**(0.5)**	**(0.2)**	**8.9**	**17.7**
Amortization of lease right-of-use assets	**(46.0)**	**(35.3)**	**(28.4)**	**(9.9)**	**(0.3)**	**(119.9)**
Interest expense on lease liabilities	**(11.3)**	**(4.6)**	**(3.9)**	**(1.7)**	**(0.0)**	**(21.5)**
Inter-company charges (income)[(1)]	**47.0**	**53.6**	**9.9**	**3.0**	**(113.5)**	**–**
Other adjustments[(2)]	**0.6**	**(1.4)**	**(3.0)**	**(1.9)**	**1.1**	**(4.6)**
Adjusted EBITDA[(3)]	**108.4**	**67.7**	**52.9**	**0.6**	**(47.4)**	**182.3**
Adjusted EBITDA margin	**13.4%**	**9.8%**	**12.6%**	**0.6%**	***nm***	**9.0%**

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 statements of income (loss).

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

nm Not meaningful.

(Expressed in millions of US Dollars)	North America	Asia	Europe	Latin America	Corporate	Total
	Year ended December 31, 2020					
Loss for the year	(618.0)	(201.6)	(164.1)	(63.9)	(240.3)	(1,288.0)
Plus (minus):						
Income tax (benefit) expense	(59.8)	(9.0)	10.8	7.6	(44.0)	(94.4)
Finance costs	14.0	5.6	11.4	7.1	81.8	120.0
Finance income	(0.1)	(0.4)	(0.2)	(0.0)	(3.1)	(3.8)
Depreciation	21.7	20.4	19.5	3.8	0.7	66.1
Total amortization	63.4	66.3	44.0	12.6	2.8	189.1
EBITDA	(578.7)	(118.8)	(78.6)	(32.8)	(202.1)	(1,011.0)
Plus (minus):						
Share-based compensation expense (reversal)	(0.8)	1.0	(0.2)	0.0	6.6	6.6
Impairment Charges	517.9	92.6	51.9	12.8	245.1	920.3
Restructuring Charges	15.4	11.6	27.1	4.4	4.6	63.0
Amortization of lease right-of-use assets	(53.9)	(50.8)	(39.1)	(12.5)	(0.3)	(156.5)
Interest expense on lease liabilities	(13.7)	(4.5)	(5.2)	(1.8)	0.0	(25.2)
Inter-company charges (income)[1]	43.0	41.7	4.6	1.4	(90.7)	–
Other adjustments[2]	(1.8)	8.0	(11.4)	(0.5)	(10.2)	(15.9)
Adjusted EBITDA[3]	(72.5)	(19.2)	(51.0)	(29.1)	(47.0)	(218.8)
Adjusted EBITDA margin	(12.0)%	(3.4)%	(16.9)%	(40.8)%	*nm*	(14.2)%

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 statements of income (loss).

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

nm Not meaningful.

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

EBITDA, Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS 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 year in the Company's consolidated statements of income (loss). These measures have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Company's results of operations as reported under IFRS.

Adjusted Net Income (Loss)

Adjusted Net Income, a non-IFRS measure, was US$17.4 million for the year ended December 31, 2021, compared to an Adjusted Net Loss of US$406.1 million for the year ended December 31, 2020. The improvement in Adjusted Net Income was due primarily to improved net sales and gross profit, along with the effects of actions taken by management to reduce the fixed cost structure of the business. Adjusted basic and diluted earnings per share, non-IFRS measures, were US$0.012 per share for the year ended December 31, 2021, compared to an adjusted basic and diluted loss per share of US$0.283 for the year ended December 31, 2020. 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 years ended December 31, 2021 and December 31, 2020:

	Year ended December 31,			
(Expressed in millions of US Dollars)	**2021**	2020	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[4]
Profit (loss) attributable to the equity holders	**14.3**	(1,277.7)	*nm*	*nm*
Plus (minus):				
Change in fair value of put options included in finance costs	**7.8**	(16.9)	*nm*	*nm*
Amortization of intangible assets	**32.0**	32.6	(1.7)%	(2.3)%
Charges associated with debt borrowings and amendments[1]	**31.9**	–	n/a	n/a
Impairment (Reversals) Charges	**(31.6)**	920.3	*nm*	*nm*
Restructuring Charges	**17.7**	63.0	(71.9)%	(72.0)%
Loss on the sale of Speck	**1.3**	–	n/a	n/a
Tax benefit associated with legal entity reorganization	**(42.6)**	–	n/a	n/a
Tax adjustments[2]	**(13.6)**	(127.4)	(89.4)%	(89.5)%
Adjusted Net Income (Loss)[3]	**17.4**	(406.1)	*nm*	*nm*

Notes

(1) The charges associated with the Fifth Amended Credit Agreement and Sixth Amended Credit Agreement during the year ended December 31, 2021 were primarily attributable to the US$30.1 million loss on extinguishment of the 2020 Incremental Term Loan B Facility.

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

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

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

n/a Not applicable.

nm Not meaningful.

The Company 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 Company's underlying financial performance. By presenting Adjusted Net Income (Loss) and the related adjusted basic and diluted earnings (loss) per share calculations, the Company eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, along with their respective tax effects, that impact reported profit (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 Company's consolidated statements of income (loss). 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 Company'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 (see Directors' Report – Review of Financial Year 2021 – Impact of COVID-19 for further discussion). The Group's primary sources of liquidity are its cash flows from operating activities, invested cash, available lines of credit and, subject to shareholder approval, the Company's ability to issue additional shares. The Company believes that its existing cash and estimated cash flows, along with current working capital, will be adequate to meet the foreseeable future operating and capital requirements of the Group at least through March 31, 2023.

Cash flows generated from operating activities amounted to US$387.1 million for the year ended December 31, 2021 compared to cash flows used in operating activities of US$114.2 million for the year ended December 31, 2020, reflecting improved net sales and gross profit, along with the effects of actions taken by management to reduce the fixed cost structure of the business. The increase in cash flows generated from operating activities year-on-year primarily reflects an improvement in Adjusted Net Income of US$423.5 million, a US$157.0 million improvement in changes in working capital, primarily related to reduced inventory levels, and a US$30.0 million reduction in income taxes paid, as compared to the year ended December 31, 2020. As of December 31, 2021 inventories were US$348.4 million compared to US$455.9 million as of December 31, 2020, a reduction of US$107.4 million, primarily driven by strong product sell-through due to the rebound in travel, though delayed stock replenishment due to shipping delays and port congestion was also a factor. With shipping delays and port congestion expected to continue in 2022, the Company is increasing investment in inventories to support continued business recovery.

For the year ended December 31, 2021, net cash flows provided by investing activities were US$9.4 million and were primarily related to net proceeds from the sale of Speck amounting to US$35.3 million, partially offset by US$20.8 million of capital expenditures for property, plant and equipment. For the year ended December 31, 2020, net cash flows used in investing activities were US$26.1 million and were primarily related to US$20.6 million of capital expenditures for property, plant and equipment. During 2020 and the year ended December 31, 2021, the Group took meaningful measures to limit its capital expenditures in response to the impacts on the Group's business from the COVID-19 pandemic.

Net cash flows used in financing activities were US$551.2 million for the year ended December 31, 2021 and were largely attributable to the prepayment of US$370.0 million principal amount of borrowings under the Amended Senior Credit Facilities. The Group prepaid US$125.0 million principal amount of its outstanding borrowings under its Amended Term Loan A Facility (as defined in Directors' Report – Review of Financial Year 2021 – Indebtedness) and US$145.0 million principal amount of its outstanding borrowings under its Amended Revolving Credit Facility. The Group prepaid US$100.0 million in principal in conjunction with the borrowing of the 2021 Incremental Term Loan B Facility (as further described in Directors' Report – Review of Financial Year 2021 – Indebtedness). Net cash flows used in financing activities also included US$156.5 million in payments on lease liabilities. Net cash flows provided by financing activities were US$1,158.4 million for the year ended December 31, 2020 and were largely attributable to funds received through a borrowing under the 2020 Incremental Term Loan B Facility in an aggregate principal amount of US$600.0 million, as well as from additional borrowings of US$810.3 million (USD equivalent at the applicable exchange rate on the borrowing date) under the Amended Revolving Credit Facility.

The Group had US$1,324.8 million in cash and cash equivalents as of December 31, 2021 compared to US$1,495.0 million as of December 31, 2020. 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 December 31, 2021 and December 31, 2020:

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
Amended Term Loan A Facility	**640.0**	785.0
Term Loan B Facility	**541.6**	548.2
2020 Incremental Term Loan B Facility	**–**	597.0
2021 Incremental Term Loan B Facility	**493.0**	–
Amended Revolving Credit Facility	**668.7**	822.2
Total Amended Senior Credit Facilities	**2,343.3**	2,752.4
Senior Notes[(1)]	**398.0**	427.5
Other borrowings and obligations	**60.8**	50.6
Total loans and borrowings	**2,802.0**	3,230.5
Less deferred financing costs	**(12.6)**	(39.9)
Total loans and borrowings less deferred financing costs	**2,789.4**	3,190.6

Note

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

The Group's various debt obligations are described in detail below.

Senior Credit Facilities Agreement

On April 25, 2018 (the "Closing Date"), 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"). The credit facilities provided under the Credit Agreement as it has been amended from time to time since the Closing Date are referred to herein as the "Senior Credit Facilities." Amendments to the Senior Credit Facilities since the Closing Date are described below.

Interest Rate and Fees

Under the terms of the Credit Agreement:

(a) in respect of the Term Loan A Facility and the Revolving Credit Facility, prior to the Second Amendment Closing Date (as defined below) the interest rate payable was 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

(b) in respect of the Term Loan B Facility, the interest rate payable was set 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 the outstanding principal amount of borrowings 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 paid 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.

Amortization and Final Maturity

Prior to the Second Amendment Closing Date, the Term Loan A Facility required scheduled quarterly payments 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 Term Loan B Facility requires scheduled quarterly payments 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.

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

Certain Covenants and Events of Default

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

In addition, the 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 were required to maintain (i) a pro forma total net leverage ratio of not greater than 5.50:1.00, which ratio decreased to 5.25:1.00 for test periods ending in 2020, 5.00:1.00 for test periods ending in 2021, and will decrease to 4.50:1.00 for test periods ending in 2022 and thereafter; 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 Amended Term Loan A Facility (as defined below) and the lenders under the Amended Revolving Credit Facility (as defined below). The Company's requirement to comply with the Financial Covenants was temporarily suspended during the Suspension Period 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 an amendment to the Credit Agreement (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 the remaining amounts outstanding under 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.

On March 20, 2020, the Company borrowed US$810.3 million (US Dollar equivalent at the applicable exchange rate on the borrowing date) under the Amended Revolving Credit Facility to ensure access to the Group's liquidity given the uncertainties and challenges caused by the COVID-19 pandemic. During the year ended December 31, 2021 the Group repaid US$145.0 million principal amount of its outstanding borrowings under its Amended Revolving Credit Facility. As of December 31, 2021, US$176.7 million was available to be borrowed on the Amended Revolving Credit Facility as a result of US$668.7 million of outstanding borrowings and the utilization of US$4.6 million of the facility for outstanding letters of credit extended to certain creditors. As of December 31, 2020, US$23.4 million was available to be borrowed under the US$850.0 million Amended Revolving Credit Facility as a result of US$822.2 million of outstanding borrowings and the utilization of US$4.5 million of the facility for outstanding letters of credit extended to certain creditors.

Interest Rate and Fees

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 equal to LIBOR plus 1.50% per annum (or a base rate plus 0.50% per annum) to a rate equal 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).

Amortization and Final Maturity

The Amended Term Loan A Facility requires scheduled quarterly payments with an annual amortization of 2.5% of the original principal amount of the loans under the Amended Term Loan A Facility during each of the first and second years, with a step-up to 5.0% annual amortization during each of the third and fourth years and 7.5% annual amortization during the fifth year. 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 Second Amended Credit Agreement, then the Amended Term Loan A Facility and the Amended Revolving Credit Facility will mature on the date that is 90 days prior to the maturity date of the Term Loan B Facility.

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).

Third Amended Credit Agreement

On April 29, 2020, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into an amendment to the Second Amended Credit Agreement (the "Third Amended Credit Agreement"). 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 was suspended from the beginning of the second quarter of 2020 through the date on which the compliance certificate with respect to the test period ended on September 30, 2021 was delivered to the lenders under the Amended Term Loan A Facility and the Amended Revolving Credit Facility (the "Suspension Period"). Following the Suspension Period, the Company resumed testing compliance with the total net leverage ratio and interest coverage ratio covenants following the end of the third quarter of 2021.

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

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

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

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

2020 Incremental 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 an amendment to the Third Amended Credit Agreement (the "Fourth Amended Credit Agreement"). The Fourth Amended Credit Agreement provided 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 the 2020 Incremental Term Loan B Facility Closing Date. The 2020 Incremental Term Loan B Facility was issued with original issue discount with an issue price of 97.00%. The proceeds from the borrowing under the 2020 Incremental Term Loan B Facility were used to (i) provide the Group with additional cash resources (which could be used for general corporate purposes and for working capital needs) and (ii) pay certain fees and expenses in connection thereto.

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 was equal to 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 required scheduled quarterly payments equal to 0.25% of the original principal amount of the loans thereunder beginning with the fiscal quarter ended September 30, 2020, with the balance due and payable on April 25, 2025.

Fifth Amended Credit Agreement

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

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

2021 Incremental Term Loan B Facility

On June 21, 2021 (the "2021 Incremental Term Loan B Facility Closing Date"), the Company and certain of its direct and indirect wholly-owned subsidiaries entered into an amendment to the Fifth Amended Credit Agreement with certain lenders and financial institutions (the "Sixth Amended Credit Agreement"). The Sixth Amended Credit Agreement provides for a term loan B facility (the "2021 Incremental Term Loan B Facility") in the principal amount of US$495.5 million, which was borrowed by certain indirect, wholly-owned subsidiaries of the Company on the 2021 Incremental Term Loan B Facility Closing Date. The 2021 Incremental Term Loan B Facility was issued with original issue discount with an issue price of 99.75%.

The gross proceeds from the borrowing under the 2021 Incremental Term Loan B Facility and existing cash on hand were used to (i) to prepay in full the outstanding principal and interest under the 2020 Incremental Term Loan B Facility and (ii) pay certain commissions, fees and expenses in connection thereto. In connection with the prepayment of the US$595.5 million principal amount of the Group's outstanding borrowings under the 2020 Incremental Term Loan B Facility, the Group paid the lenders thereunder a fee equal to approximately US$6.0 million, which represented 1.00% of the aggregate principal amount of the 2020 Incremental Term Loan B Facility that was prepaid as required under the terms of the Fourth Amended Credit Agreement. The Company recorded a loss on extinguishment of US$30.1 million upon the closing of the borrowing under the 2021 Incremental Term Loan B Facility. The loss included US$24.1 million of unamortized deferred financing costs which were part of the net carrying value of the 2020 Incremental Term Loan B Facility which was extinguished.

Interest Rate and Fees
Interest on the borrowings under the 2021 Incremental Term Loan B Facility began to accrue on the 2021 Incremental Term Loan B Facility Closing Date. Under the terms of the 2021 Incremental Term Loan B Facility, the interest rate is equal to LIBOR plus 3.00% per annum with a LIBOR floor of 0.75% (or a base rate plus 2.00% per annum).

Amortization and Final Maturity
The 2021 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, 2021, with the balance due and payable on April 25, 2025.

Optional Prepayment
If the Group prepays the 2021 Incremental Term Loan B Facility in whole or in part on or before the date which is six months after the 2021 Incremental Term Loan B Facility Closing Date, the Group will be required to pay to the lenders a fee equal to 1.00% of the aggregate principal amount of the 2021 Incremental Term Loan B Facility that is prepaid.

Minimum Liquidity Covenant
The 2021 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 2021 Incremental Term Loan B Facility.

Other Terms
Except as described above, the other terms of the 2021 Incremental Term Loan B Facility are the same as the terms of the Term Loan B Facility.

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

Other Information
The Group incurred US$3.5 million of deferred financing costs in conjunction with the borrowing under the 2021 Incremental Term Loan B Facility. 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 Senior Credit Facilities and the 2021 Incremental Term Loan B Facility. The amortization of deferred financing costs, which is included in interest expense, amounted to US$6.6 million and US$7.7 million for the years ended December 31, 2021 and December 31, 2020, respectively.

The Company recorded a loss on extinguishment of US$30.1 million upon the closing of the borrowing under the 2021 Incremental Term Loan B Facility. The loss included US$24.1 million of unamortized deferred financing costs which were part of the net carrying value of the 2020 Incremental Term Loan B Facility which was extinguished (see discussion on 2021 Incremental Term Loan B Facility above).

Interest Rate Swaps
The Group maintains interest rate swaps to hedge a portion of its 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 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. As

a result of the Group's interest rate swaps, LIBOR has been fixed at approximately 1.208% with respect to an amount equal to approximately 23% of the principal amount of the Amended Senior Credit Facilities at December 31, 2021, which reduces a portion of the Company's exposure to interest rate increases. 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 December 31, 2021 and December 31, 2020, the interest rate swaps were marked-to-market, resulting in a net liability position to the Group in the amount of US$3.4 million and US$21.2 million, respectively, which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income (loss).

€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.

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 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 borrowings under the Sixth Amended Credit Agreement on a first-ranking basis.

Certain Covenants and Events of Default

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

Other Loans and Borrowings

Certain consolidated subsidiaries of the Company maintain credit lines and other loans with various third-party lenders in the regions in which they operate. Other loans and borrowings are generally variable rate instruments denominated in the functional currency of the borrowing Group entity. These credit lines provide short-term financing and working capital for the day-to-day business operations of certain Group entities, including overdraft, bank guarantees, and trade finance facilities. The majority of such credit lines are uncommitted facilities. The total aggregate amount of other loans and borrowings was US$60.7 million and US$47.8 million as of December 31, 2021 and December 31, 2020, respectively. The uncommitted available facilities amounted to US$102.2 million and US$105.6 million as of December 31, 2021 and December 31, 2020, respectively.

The following represents the contractual maturity dates of the Group's loans and borrowings as of December 31, 2021 and December 31, 2020:

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
On demand or within one year	**107.3**	80.6
After one year but within two years	**53.3**	47.8
After two years but within five years	**2,641.4**	2,674.6
More than five years	**–**	427.5
	2,802.0	3,230.5

Cross-currency Swaps

The Group maintains cross-currency swaps to hedge currency risk associated with currency fluctuation between the Euro and US Dollar. In April 2019, the Group entered into a cross-currency swap which has been designated as a net investment hedge. The hedge consists of a US$50.0 million notional loan amount between the Euro and US Dollar. The Group benefits from the interest rate spread between these markets to receive fixed interest income over a five-year contractual period.

As of December 31, 2021, the cross-currency swap qualified as a net investment hedge and the monthly mark-to-market was recorded to other comprehensive income (loss). As of December 31, 2021, the cross-currency swap was marked-to-market, resulting 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 (loss). As of December 31, 2020, the cross-currency swap was marked-to-market, resulting in a net liability position to the Group in the amount of US$2.7 million, which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income (loss).

The Group previously maintained a cross-currency swap used to hedge currency risk associated with currency fluctuations between the Japanese Yen and US Dollar. In April 2019, the Group entered into a cross-currency swap which was designated as a net investment hedge. The hedge consisted of a US$25.0 million notional loan amount between the Japanese Yen and US Dollar, which was terminated in September 2021. At the time of termination, the cross-currency swap had a fair market value of US$1.2 million. The gain was recorded as a hedging gain in finance costs in the consolidated statements of income (loss). As of December 31, 2020, the cross-currency swap was marked-to-market, resulting in a net liability position to the Group in the amount of US$0.5 million, which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income (loss).

Hedging

The Company's non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventories denominated primarily in US Dollars which are designated as cash flow hedges. Cash outflows associated with these derivatives as of December 31, 2021 are expected to be US$34.0 million within one year.

Other Financial Information

Capital Expenditures

Historical Capital Expenditures

The following table sets forth the Group's capital expenditures for the years ended December 31, 2021 and December 31, 2020:

(Expressed in millions of US Dollars)	Year ended December 31,	
	2021	2020
Land	**–**	0.1
Buildings	**1.8**	1.4
Machinery, equipment, leasehold improvements and other	**19.0**	19.1
Total capital expenditures	**20.8**	20.6

Capital expenditures during the year ended December 31, 2021 were primarily related to leasehold improvements and investments in machinery and equipment. The Group continued to tightly manage its capital expenditures in response to the impacts on the Group's business from the COVID-19 pandemic.

Planned Capital Expenditures

The Group's capital expenditures budget for 2022 is approximately US$73.8 million. The Group plans to open new retail stores, refurbish existing retail stores, begin construction of a new warehouse in India and invest in new product development. Actual capital expenditures in 2022 may continue to be impacted based on the Group's recovery from COVID-19.

Contractual Obligations

The following table summarizes scheduled maturities of the Group's contractual obligations for which cash flows are fixed and determinable as of December 31, 2021:

(Expressed in millions of US Dollars)	Total	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loans and borrowings	2,802.0	107.3	53.3	2,641.4	–
Open inventory purchase orders	443.0	440.0	1.9	1.1	–
Future minimum contractual payments under lease liabilities	481.9	147.5	113.4	162.7	58.2
Future minimum payments under short-term and low-value leases	2.5	2.5	–	–	–
Total	3,729.3	697.4	168.6	2,805.2	58.2

As of December 31, 2021, the Group did not have any material off-balance sheet arrangements or contingencies except as included in the table summarizing its contractual obligations above.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries

There were no significant investments held that represented 5% or more of the Group's total assets and no material acquisitions during the year ended December 31, 2021. On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck for an aggregate cash consideration of US$35.3 million. The net proceeds from the sale were used to repay a portion of the outstanding borrowings under the Company's Amended Revolving Credit Facility.

2. Principal Risks and Uncertainties

Details of principal risks and uncertainties can be found in note 22 of the consolidated financial statements.

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

3. Effectiveness of Risk Management and Internal Control

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

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

The Board has reviewed the overall effectiveness of the Company's systems of risk management and internal control for the year ended December 31, 2021. The Board has delegated to the Audit Committee responsibility for reviewing the Company's systems of risk management and internal control and reporting the committee's findings to the Board. In conducting such review, the Audit Committee, on behalf of the Board, has (i) reviewed the Company's internal audit activities during the year and discussed such activities and the results thereof with the Company's Head of Internal Audit, (ii) reviewed and discussed the scope and results of the annual audit with the Company's external auditors, (iii) reviewed the results of management's control self-assessment process with management and the Company's Head of Internal Audit, (iv) reviewed the results of the Company's risk assessment with management and the Company's Head of Internal Audit, and (v) reviewed with management the results of the Company's internal management representation process that was performed in connection with the preparation of the Company's consolidated financial statements. Based on its review, the Board confirms, and management has also confirmed to the Board, that the Company's risk management and internal control systems are effective and adequate.

4. Financial Risk Management and Hedging

Details of financial risk management can be found in note 22 of the consolidated financial statements.

The Company's non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventories denominated primarily in US Dollars which are designated as cash flow hedges. Cash outflows associated with these derivatives as of December 31, 2021 are expected to be US$34.0 million within one year.

5. Research and Development

The Group devotes significant resources to new product design, development and innovation as it is a core part of its strategy. The Group believes it has a strong track record of innovation, and its global scale allows it to make significant expenditures on research and development. The Group incurred research and development expenses of US$17.4 million during the year ended December 31, 2021. Each of the Group's regions has a design team that develops products specifically for that region, and who are in communication with each other on a regular basis, sharing ideas and designs. The Group's design teams are continuously developing new products, based on continual improvement and innovation.

6. Capital Structure and Shareholding

Details on the capital structure of the Company can be found in note 24 of the consolidated financial statements. Since its incorporation, the Company did not proceed to acquire any of its own shares.

7. Other Information

Dividends and Distributions to Equity Holders

Due to the inherent uncertainties about the extent and duration of the COVID-19 pandemic and its impacts on the Company, no cash distribution has been paid to the Company's shareholders in 2021 or 2020.

Dividend payments to non-controlling interests amounted to US$4.8 million and US$4.1 million during the years ended December 31, 2021 and December 31, 2020, respectively.

Human Resources and Remuneration

As of December 31, 2021, the Group had a full-time equivalent headcount of approximately 9,100 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.

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

8. Strategic Review and Future Prospects

During 2021, the Group continued to implement its strategic plan in the following areas:

Financial Highlights

For the year ended December 31, 2021:

- Net sales were US$2,020.8 million for the year ended December 31, 2021 compared to US$1,536.7 million for the year ended December 31, 2020, an increase of 31.5% (+30.3% constant currency). On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck. When excluding the net sales of Speck for August through December 2020, consolidated net sales increased by US$538.3 million, or 36.3% (+35.1% constant currency), for the year ended December 31, 2021 compared to the previous year. The Group experienced improved sales trends throughout the year ended December 31, 2021 as the effects of the COVID-19 pandemic on demand for the Group's products moderated as a result of the rollout of vaccines, the continuing recovery in travel and governments in many countries loosening social-distancing, travel and other restrictions.

- For the year ended December 31, 2021, the Group recorded a net sales decline of 44.5% (-44.4% constant currency) when compared to the year ended December 31, 2019. When excluding the net sales of Speck for August through December 2019, consolidated net sales decreased by 43.5% (-43.5% constant currency) for the year ended December 31, 2021 compared to the year ended December 31, 2019.

- Gross profit margin increased to 54.5% for the year ended December 31, 2021 from 46.0% for the previous year. The increase in gross profit margin for the year ended December 31, 2021 was attributable to (i) price increases on the Group's products sold to mitigate increased product, freight and duty costs, (ii) lower promotional discounts and (iii) lower provisions for inventory reserves year-on-year. Gross profit margin during the year ended December 31, 2020 was lower due mainly to (i) increased provisions for inventory reserves, (ii) fixed manufacturing expenses on a lower sales base, (iii) the inclusion of restructuring charges and non-cash impairment charges related to the sourcing and production of the Group's products and (iv) a shift in sales mix. See Directors' Report – Review of Financial Year 2021 – Cost of Sales and Gross Profit for further discussion.

- The Group spent US$82.3 million on marketing during the year ended December 31, 2021 compared to US$73.3 million for the year ended December 31, 2020, an increase of US$9.1 million, or 12.4%. As a percentage of net sales, marketing expenses decreased by 70 basis points to 4.1% for the year ended December 31, 2021 from 4.8% for the year ended December 31, 2020. The Group has continued to tightly manage its marketing expenses in an effort to help conserve cash and to mitigate the effects of the COVID-19 Impacts on the Group's profitability.

- During the year ended December 31, 2021 the Group recognized net non-cash 2021 Impairment (Reversals) Charges of US$31.6 million. Of this amount, the Group recognized net impairment reversals totaling US$45.2 million related to non-cash impairment charges for certain tradenames that had been previously impaired during the year ended December 31, 2020, net non-cash impairment reversals of US$11.0 million resulting from improvements in certain retail stores that had been previously impaired, partially offset by non-cash impairment charges of US$24.7 million related to impairments of goodwill and other intangible assets associated with the sale of Speck. Due to the negative impacts resulting from the COVID-19 pandemic during the year ended December 31, 2020, certain indefinite-lived intangible assets identified by the Group were tested for impairment. Total non-cash 2020 Impairment Charges of US$920.3 million (including US$4.3 million of non-cash impairment charges in cost of sales) comprised of (i) US$496.0 million for goodwill, (ii) US$248.8 million for certain tradenames and (iii) based on an evaluation of loss-making stores, (a) US$140.3 million for the write-off of lease right-of-use assets and (b) US$35.3 million for the write-off of certain property, plant and equipment, including leasehold improvements and certain molds and machinery used for the production of certain luggage product lines, were recognized. See Directors' Report – Review of Financial Year 2021 – Impairment (Reversals) Charges for further discussion.

- Beginning in 2020 and continuing into 2021, the Group aggressively reduced its operating expenses to mitigate the impact of lower sales on profit and cash flow as well as to right-size the business for the future in response to the COVID-19 Impacts (see Directors' Report – Review of Financial Year 2021 – Impact of COVID-19 for further discussion). In conjunction with these cost saving actions and other initiatives, the Group recognized Restructuring Charges of US$17.7 million (including US$0.7 million of Restructuring Charges in cost of sales) and US$63.0 million (including US$8.5 million of Restructuring Charges in cost of sales) during the years ended December 31, 2021 and December 31, 2020, respectively. See Directors' Report – Review of Financial Year 2021 – Restructuring Charges for further discussion.

- The Group reported an operating profit of US$132.7 million for the year ended December 31, 2021 compared to an operating loss of US$1,266.2 million for the previous year. The Group had an operating profit of US$120.1 million for the year ended December 31, 2021 when excluding the net non-cash 2021 Impairment (Reversals) Charges, Restructuring Charges and the loss on the sale of Speck recognized during the year ended December 31, 2021. In comparison, the Group incurred an operating loss of US$282.9 million for the year ended December 31, 2020 when excluding the non-cash 2020 Impairment Charges and the Restructuring Charges recognized during the year ended December 31, 2020.

- Profit for the year ended December 31, 2021 was US$23.5 million compared to a loss for the year ended December 31, 2020 of US$1,288.0 million. The Group incurred a loss for the year ended December 31, 2021 of US$5.5 million when excluding the net non-cash 2021 Impairment (Reversals) Charges, Restructuring Charges, the loss on the sale of Speck and charges associated with the Fifth Amended Credit Agreement and the Sixth Amended Credit Agreement recognized during the year ended December 31, 2021, all of which are net of the related tax impact, and the US$42.6 million tax benefit associated with the Intra-Group IP Realignment. In comparison, the Group incurred a loss for the year ended December 31, 2020 of US$424.1 million when excluding the non-cash 2020 Impairment Charges and the Restructuring Charges recognized during the year ended December 31, 2020, both of which are net of the related tax impact.

- Profit attributable to the equity holders was US$14.3 million for the year ended December 31, 2021 compared to a loss attributable to the equity holders of US$1,277.7 million for the previous year. For the year ended December 31, 2021 the Group incurred a loss attributable to the equity holders of US$14.7 million when excluding the net non-cash 2021 Impairment (Reversals) Charges, Restructuring Charges, the loss on the sale of Speck and charges associated with the Fifth Amended Credit Agreement and the Sixth Amended Credit Agreement recognized during the year ended December 31, 2021, all of which are net of the related tax impact, and the US$42.6 million tax benefit associated with the Intra-Group IP Realignment. In comparison, the Group recorded a loss attributable to the equity holders for the year ended December 31, 2020 of US$413.8 million when excluding the non-cash 2020 Impairment Charges and the Restructuring Charges recognized during the year ended December 31, 2020, both of which are net of the related tax impact.

- Adjusted EBITDA, a non-IFRS measure, improved by US$401.1 million to earnings of US$182.3 million for the year ended December 31, 2021 compared to a loss of US$218.8 million for the year ended December 31, 2020. Adjusted EBITDA margin was 9.0% for the year ended December 31, 2021 compared to (14.2%) for the year ended December 31, 2020 due primarily to improved net sales and gross profit, along with the effects of actions taken by management to reduce the fixed cost structure of the business.

- The Group generated US$387.1 million of cash from operating activities during the year ended December 31, 2021 compared to US$114.2 million of cash used in operating activities for the previous year. As of December 31, 2021, the Group had cash and cash equivalents of US$1,324.8 million and outstanding financial debt of US$2,802.0 million (excluding deferred financing costs of US$12.6 million), resulting in a net debt position of US$1,477.2 million compared to a net debt position of US$1,735.5 million as of December 31, 2020. Total cash generation was US$199.8 million during the year ended December 31, 2021 compared to total cash burn of (US$360.1) million during the year ended December 31, 2020 as a result of the Group taking meaningful actions during 2020 and 2021 to reduce its fixed cost base and marketing expenditures, improve working capital and put a virtual freeze on capital expenditures in response to the COVID-19 Impacts. The year-on-year improvement in total cash generation (burn) was driven by increased sales, improved profitability and changes in working capital. The Company remains focused on cash preservation by tightly managing capital expenditures, marketing activities and discretionary spending. Total liquidity as of December 31, 2021 was US$1,501.4 million compared to US$1,518.3 million as of December 31, 2020. While liquidity remained relatively consistent year on year, the Group repaid US$370.0 million principal amount of borrowings under the Amended Senior Credit Facilities during 2021.

- On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck for an aggregate cash consideration of US$35.3 million. The net proceeds from the sale were used to repay a portion of the outstanding borrowings under the Company's Amended Revolving Credit Facility during the third quarter of 2021.

The Company has presented certain non-IFRS measures in the financial highlights above because each of these measures provides additional information that management believes is useful for securities analysts, investors and other interested parties to gain a more complete understanding of the Group's operational performance and of the trends impacting its business. These non-IFRS 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.

Investment in Advertising and Promotion

The Group spent US$82.3 million on marketing during the year ended December 31, 2021 compared to US$73.3 million for the year ended December 31, 2020, an increase of US$9.1 million, or 12.4%. As a percentage of net sales, marketing expenses decreased by 70 basis points to 4.1% for the year ended December 31, 2021 from 4.8% for the year ended December 31, 2020. Marketing expenses for the year ended December 31, 2021 decreased by 56.6% compared to the year ended December 31, 2019, and as a percentage of net sales decreased by 110 basis points from 5.2% for the year ended December 31, 2019. The Group has continued to tightly manage its marketing expenses in an effort to help conserve cash and to mitigate the effects of the COVID-19 Impacts on the Group's profitability.

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 Company's direct-to-consumer e-commerce channel.

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

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

- Continue to invest in research and development to develop lighter and stronger new materials, advanced manufacturing processes, exciting new designs and sustainable collections, 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 guiding principle, "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.

- Executing on the Group's plan to ensure the recovery of its business proceeds 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 as travel continues to recover.

- The Group will remain focused on improving and maintaining its gross margins through (i) reduced discounting and promotional activity; (ii) price increases to mitigate increased product costs, duties, and freight; and (iii) working closely with its suppliers to manage these increasing cost pressures.

- The Group has taken significant actions to preserve cash and reduce its fixed cost base, and will remain disciplined in managing its expenses, including its fixed selling, general and administrative expenses, to maintain this lower cost structure.

- As the impacts of COVID-19 recede and the Group's sales continue to recover, the Group will look to make selective investments in core strategic functions going forward when opportunities arise.

- The Group intends to increase its investment in marketing spend in 2022 to drive growth in brand awareness and to capitalize on the continued recovery in travel.

- The Group will look to prudently and strategically increase investment in capital expenditures and software to drive future long-term and sustainable growth.

- The Group is investing more into its working capital, primarily inventory, to support the ongoing recovery in the demand for its products, but stock replenishments may be slightly delayed due to the continuing shipping delays and port congestion.

- The Group believes that its leading brands, coupled with the best teams in the industry and its ongoing commitment to sustainability and innovation, will help strengthen its long-term market position as travel returns to pre-COVID-19 levels.

- With significant liquidity of US$1.5 billion at December 31, 2021, the Group is in a strong position not only to navigate the business through the ongoing effects of COVID-19 and increased geopolitical tensions, but also to invest for long-term growth and success.

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To the Shareholders of
Samsonite International S.A.
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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Samsonite International S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of income (loss), the consolidated statement of comprehensive income (loss), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Key audit matters

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

Goodwill and indefinite lived tradenames impairment (note 8(b))	
The key audit matter	**How the matter was addressed in our audit**
The Group's indefinite lived tradename net balance as of December 31, 2021 was US$1,296.7 million. During the fourth quarter ended December 31, 2021, the Group performed analyses, with assistance from a third-party specialist, to determine the recoverable value of indefinite lived tradenames. As a result of the analyses, the Group recorded total net impairment reversals of US$45.2 million. The impairment testing of certain material indefinite lived tradenames is considered to be a key audit matter due to the complexity of the accounting requirements and significant judgment required in determining the assumptions used to estimate the recoverable amount. The recoverable amount, which is based on the higher of the value in use or fair value less costs of disposal, has been derived from discounted forecast cash flow models to determine the amount of impairment loss, if any. These models use several key assumptions, including forecasted revenue growth rates and the company specific risk premium component of the discount rates that involve significant judgment and could be subject to management bias.	Our audit procedures in this area included, among others: • evaluating the design of certain internal controls including those over the forecasted revenue growth rates and the company specific risk premium over the Group's indefinite lived tradename impairment analyses; • evaluating the Group's ability to accurately forecast revenues by comparing previous revenue forecasts with actual results; • evaluating the appropriateness of the Group's forecasted revenue growth rates by comparing them to historical revenue growth rates; • evaluating, with assistance from our own valuation specialists, the appropriateness of the Group's forecasted revenue growth rates by comparing them against growth rates from publicly available market data for comparable entities; • evaluating, with assistance from our own valuation specialists, the appropriateness of discount rates used in the impairment testing of certain material indefinite lived tradenames, which included comparing them against publicly available market data for comparable entities; and • performing a sensitivity analysis to assess the impact of possible changes to the discount rates selected by management.

Valuation utilized for the Intra-Group IP Realignment (note 19(d))	
The key audit matter	**How the matter was addressed in our audit**
During the year ended December 31, 2021, as part of the Intra-Group IP Realignment, the Group completed an intercompany transfer of the economic rights of certain Samsonite Intellectual Property (IP). This transaction established the following tax effects: (i) a current tax expense of US$34.5 million, (ii) deferred tax benefits of US$111.7 million and (iii) the derecognition of a portion of deferred tax benefits totaling US$34.6 million, resulting in a net tax benefit of US$42.6 million. To support the accounting for the transaction, the Group performed, with the assistance of a third-party specialist, a valuation which resulted in a material value of IP transferred. The valuation of the IP transferred in the current year is considered to be a key audit matter due to the complexity of the significant judgment required in determining the assumptions used to estimate the valuation of the transaction. The value of the IP was derived from a discounted forecast cash flow model. This model uses several key assumptions, including forecasted revenue growth rates and the company specific risk premium component of the discount rates that involve significant judgment and could be subject to management bias.	Our audit procedures in this area included, among others: • evaluating the design of certain internal controls over the Group's valuation process; • evaluating the Group's ability to accurately forecast revenues by comparing previous revenue forecasts with actual results; • evaluating the appropriateness of the Group's forecasted revenue growth rates by comparing them to historical revenue growth rates; • evaluating, with assistance from our own valuation specialists, the appropriateness of the Group's forecasted revenue growth rates by comparing them against growth rates from publicly available market data for comparable entities; • evaluating, with assistance from our own valuation specialists, the appropriateness of each of the discount rates, which included comparing them against publicly available market data for comparable entities; and • performing a sensitivity analysis to assess the impact of possible changes to the discount rates selected by management.

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

Disclosures pertaining to the going concern basis of accounting (note 2(f))	
The key audit matter	**How the matter was addressed in our audit**
To support the going concern basis in preparing the consolidated financial statements, management has prepared a cash flow forecast of the Group covering the foreseeable future financial obligations including at least through March 31, 2023 and is of the opinion the Group will meet its financial obligations as and when they fall due and remain in compliance with certain of the Group's financial debt covenants. The forecasted revenue growth rate is a key assumption in the cash flow forecast of the Group. Based on the significant judgment required, we identified the determination of the need to disclose whether there are uncertainties that may cast doubt on the Group's ability to continue as a going concern basis as a key audit matter.	Our audit procedures in this area included, among others: • testing the design of certain controls over the Group's cash flow forecast process; • analyzing the requirements of the financial covenants under the Group's relevant debt agreements; • evaluating the Group's ability to accurately forecast revenue by comparing previous revenue forecasts with actual results; • evaluating the appropriateness of the Group's forecasted revenue growth rates by comparing them to historical revenue growth rates; • performing a sensitivity analysis to assess the impact of possible changes to the cash flow forecasts; and • assessing the adequacy and appropriateness of management's going concern disclosures in the consolidated financial statements.

Other information

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

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

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

Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated financial statements

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

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

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

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

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

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

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

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

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

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

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

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

KPMG

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

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

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

Report on other legal and regulatory requirements

The directors' report is consistent with the consolidated financial statements and has been prepared in accordance with the applicable legal requirements.

Luxembourg, 16 March 2022

KPMG Luxembourg
Société anonyme
Cabinet de révision agréé

Philippe Meyer

Consolidated Statements of Income (Loss)

(Expressed in millions of US Dollars, except per share data)	Note	Year ended December 31, 2021	2020
Net sales	4	**2,020.8**	1,536.7
Cost of sales		**(919.3)**	(830.4)
Gross profit		**1,101.5**	706.3
Distribution expenses		**(699.6)**	(744.6)
Marketing expenses		**(82.3)**	(73.3)
General and administrative expenses		**(206.0)**	(200.0)
Impairment Reversals (Charges) (exclusive of amounts included in cost of sales)	5, 7, 8, 18(a)	**31.6**	(916.0)
Restructuring Charges (exclusive of amounts included in cost of sales)	6	**(17.1)**	(54.5)
Other income	21	**4.6**	15.9
Operating profit (loss)		**132.7**	(1,266.2)
Finance income	20	**3.6**	3.8
Finance costs	20	**(169.0)**	(120.0)
Net finance costs	20	**(165.4)**	(116.2)
Loss before income tax		**(32.7)**	(1,382.4)
Income tax benefit	19(a)	**56.2**	94.4
Profit (loss) for the year		**23.5**	(1,288.0)
Profit (loss) attributable to equity holders		**14.3**	(1,277.7)
Profit (loss) attributable to non-controlling interests		**9.2**	(10.3)
Profit (loss) for the year		**23.5**	(1,288.0)
Earnings (loss) per share:			
Basic and diluted earnings (loss) per share *(Expressed in US Dollars per share)*	13	**0.010**	(0.891)

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Comprehensive Income (Loss)

(Expressed in millions of US Dollars)	Note	Year ended December 31, **2021**	2020
Profit (loss) for the year		**23.5**	(1,288.0)
Other comprehensive income (loss):			
Items that will never be reclassified to profit or loss:			
Re-measurements on defined benefit plans, net of tax	15(c), 19(c)	**2.4**	(1.9)
		2.4	(1.9)
Items that are or may be reclassified subsequently to profit or loss:			
Changes in fair value of hedges, net of tax	14(a), 19(c)	**19.9**	(31.2)
Settlement of cross currency swap agreement, net of tax	19(c), 22(d)	**0.9**	–
Foreign currency translation gains (losses) for foreign operations	19(c), 20	**8.0**	(26.7)
		28.8	(57.9)
Other comprehensive income (loss)		**31.2**	(59.8)
Total comprehensive income (loss) for the year		**54.7**	(1,347.8)
Total comprehensive income (loss) attributable to equity holders		**47.9**	(1,336.3)
Total comprehensive income (loss) attributable to non-controlling interests		**6.8**	(11.5)
Total comprehensive income (loss) for the year		**54.7**	(1,347.8)

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Financial Position

(Expressed in millions of US Dollars)	Note	**December 31, 2021**	December 31, 2020
Non-Current Assets			
Property, plant and equipment	7	**155.1**	187.8
Lease right-of-use assets	18(a)	**348.9**	399.6
Goodwill	8	**828.5**	849.6
Other intangible assets	8	**1,392.3**	1,418.3
Deferred tax assets	19(d)	**124.2**	54.5
Other assets and receivables	9(a)	**65.7**	78.1
Total non-current assets		**2,914.7**	2,987.9
Current Assets			
Inventories	10	**348.4**	455.9
Trade and other receivables	11	**206.2**	141.0
Prepaid expenses and other assets	9(b)	**60.2**	82.4
Cash and cash equivalents	12	**1,324.8**	1,495.0
Total current assets		**1,939.6**	2,174.3
Total assets		**4,854.3**	5,162.2
Equity and Liabilities			
Equity:			
Share capital	24(a)	**14.4**	14.3
Reserves	24(a)	**675.3**	619.8
Total equity attributable to equity holders		**689.7**	634.1
Non-controlling interests	24(b)	**36.9**	34.9
Total equity		**726.6**	669.0
Non-Current Liabilities			
Loans and borrowings	14(a)	**2,682.0**	3,110.1
Lease liabilities	18(b)	**302.8**	386.2
Employee benefits	15	**28.1**	25.2
Non-controlling interest put options	22(g)	**47.2**	35.1
Deferred tax liabilities	19(d)	**140.4**	174.5
Derivative financial instruments	14(a), 22(d)	**3.4**	24.3
Other liabilities		**6.1**	6.5
Total non-current liabilities		**3,210.0**	3,761.9
Current Liabilities			
Loans and borrowings	14(b)	**60.7**	47.8
Current portion of long-term loans and borrowings	14(b)	**46.6**	32.8
Current portion of lease liabilities	18(b)	**131.2**	145.3
Employee benefits	15	**92.9**	57.4
Trade and other payables	16	**529.0**	412.9
Current tax liabilities		**57.3**	35.1
Total current liabilities		**917.7**	731.3
Total liabilities		**4,127.7**	4,493.2
Total equity and liabilities		**4,854.3**	5,162.2
Net current assets		**1,021.9**	1,443.0
Total assets less current liabilities		**3,936.6**	4,430.9

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Changes in Equity

(Expressed in millions of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Reserves: Retained earnings/ (accumulated deficit)	Total equity attributable to equity holders	Non-controlling interests	Total equity
Year ended December 31, 2021										
Balance, January 1, 2021		1,434,880,447	14.3	1,061.1	(77.2)	48.6	(412.7)	634.1	34.9	669.0
Profit for the year		–	–	–	–	–	14.3	14.3	9.2	23.5
Other comprehensive income (loss):										
Remeasurements on defined benefit plans, net of tax	15(c), 19(c)	–	–	–	–	2.2	–	2.2	0.2	2.4
Changes in fair value of hedges, net of tax	14(a), 19(c)	–	–	–	–	19.8	–	19.8	0.1	19.9
Settlement of cross currency swap agreement, net of tax	19(c), 22(d)	–	–	–	–	0.9	–	0.9	–	0.9
Foreign currency translation gains (losses) for foreign operations	19(c), 20	–	–	–	10.7	–	–	10.7	(2.7)	8.0
Total comprehensive income for the year		–	–	–	10.7	22.9	14.3	47.9	6.8	54.7
Transactions with owners recorded directly in equity:										
Change in fair value of put options included in equity	22(g)	–	–	–	–	–	(4.3)	(4.3)	–	(4.3)
Share-based compensation expense	15	–	–	–	–	11.9	–	11.9	–	11.9
Exercise of share options	15(b)	23,278	0.0	0.1	–	–	–	0.1	–	0.1
Vesting of time-based restricted share awards	15(b)	2,001,338	0.1	5.1	–	(5.2)	–	–	–	–
Dividends paid to non-controlling interests	13(c)	–	–	–	–	–	–	–	(4.8)	(4.8)
Balance, December 31, 2021		1,436,905,063	14.4	1,066.3	(66.5)	78.2	(402.7)	689.7	36.9	726.6

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Changes in Equity (continued)

(Expressed in millions of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Reserves: Retained earnings/ (accumulated deficit)	Total equity attributable to equity holders	Non-controlling interests	Total equity
Year ended December 31, 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 year		–	–	–	–	–	(1,277.7)	(1,277.7)	(10.3)	(1,288.0)
Other comprehensive income (loss):										
Remeasurements on defined benefit plans, net of tax	15(c), 19(c)	–	–	–	–	(1.8)	–	(1.8)	(0.1)	(1.9)
Changes in fair value of hedges, net of tax	14(a), 19(c)	–	–	–	–	(31.2)	–	(31.2)	0.0	(31.2)
Foreign currency translation losses for foreign operations	19(c), 20	–	–	–	(25.6)	–	–	(25.6)	(1.1)	(26.7)
Total comprehensive loss for the year		–	–	–	(25.6)	(33.0)	(1,277.7)	(1,336.3)	(11.5)	(1,347.8)
Transactions with owners recorded directly in equity:										
Change in fair value of put options included in equity	22(g)	–	–	–	–	–	12.8	12.8	–	12.8
Share-based compensation expense	15	–	–	–	–	6.6	–	6.6	–	6.6
Vesting of time-based restricted share awards	15(b)	2,310,676	0.0	5.9	–	(5.9)	–	–	–	–
Dividends paid to non-controlling interests	13(c)	–	–	–	–	–	–	–	(4.1)	(4.1)
Balance, December 31, 2020		1,434,880,447	14.3	1,061.1	(77.2)	48.6	(412.7)	634.1	34.9	669.0

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Cash Flows

(Expressed in millions of US Dollars)	Note	Year ended December 31, **2021**	2020
Cash flows from operating activities:			
Profit (loss) for the year		**23.5**	(1,288.0)
Adjustments to reconcile profit (loss) for the year to net cash generated from (used in) operating activities:			
Depreciation	7	**45.8**	66.1
Amortization of intangible assets	8	**32.0**	32.6
Amortization of lease right-of-use assets	18(a)	**119.9**	156.5
Impairment (Reversals) Charges (inclusive of amounts in cost of sales)	5, 7, 8, 18(a)	**(31.6)**	920.3
Change in fair value of put options included in finance costs	20, 22(g)	**7.8**	(16.9)
Non-cash share-based compensation	15(a)	**11.9**	6.6
Interest expense on borrowings and lease liabilities	14, 20	**127.9**	129.1
Non-cash charge to derecognize deferred financing costs	14, 20	**24.1**	–
Income tax benefit	19(a)	**(56.2)**	(94.4)
		305.1	(88.1)
Changes in operating assets and liabilities:			
Trade and other receivables		**(74.5)**	220.1
Inventories		**81.6**	140.8
Other current assets		**(6.6)**	21.7
Trade and other payables		**180.5**	(295.1)
Other assets and liabilities		**18.1**	32.5
Cash generated from operating activities		**504.2**	31.9
Interest paid on borrowings and lease liabilities		**(118.9)**	(117.9)
Income tax refunded (paid)		**1.8**	(28.2)
Net cash generated from (used in) operating activities		**387.1**	(114.2)
Cash flows from investing activities:			
Purchases of property, plant and equipment	7	**(20.8)**	(20.6)
Other intangible asset additions		**(5.1)**	(5.5)
Proceeds from the sale of Speck	1	**35.3**	–
Net cash provided by (used in) investing activities		**9.4**	(26.1)
Cash flows from financing activities:			
Proceeds from (payments on) Amended Term Loan A Facility	14(a)	**(145.0)**	800.0
Proceeds from (payments on) 2020 Incremental Term Loan B Facility	14(a)	**(595.5)**	600.0
Proceeds from (payments on) Amended Revolving Credit Facility	14(a)	**(145.0)**	810.3
Proceeds from 2021 Incremental Term Loan B Facility	14(a)	**495.5**	–
Payment and settlement of Term Loan A Facility	14(a)	**–**	(797.0)
Other payments on term loan facilities	14(a)	**(10.6)**	(24.9)
Proceeds from other loans and borrowings	14(a)	**14.2**	24.6
Principal payments on lease liabilities	18(d)	**(156.5)**	(215.7)
Payment of deferred financing costs	14(a)	**(3.5)**	(34.8)
Proceeds from the exercise of share options	15	**0.0**	–
Dividend payments to non-controlling interests	13(c)	**(4.8)**	(4.1)
Net cash provided by (used in) financing activities		**(551.2)**	1,158.4
Net increase (decrease) in cash and cash equivalents		**(154.7)**	1,018.1
Cash and cash equivalents, at beginning of year		**1,495.0**	462.6
Effect of exchange rate changes		**(15.5)**	14.3
Cash and cash equivalents, at end of year	12	**1,324.8**	1,495.0

The accompanying notes form part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. BACKGROUND

Samsonite International S.A. (the "Company"), together with its consolidated subsidiaries (the "Group"), is principally engaged in the design, manufacture, sourcing and distribution of luggage, business and computer bags, outdoor and casual bags and travel accessories throughout the world, primarily under the *Samsonite®, Tumi®, American Tourister®, Gregory®, High Sierra®, 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.

On July 30, 2021, a wholly-owned subsidiary of the Company sold Speculative Product Design, LLC ("Speck"), including the *Speck* brand, for an aggregate cash consideration of US$35.3 million. The net proceeds from the sale were used to repay a portion of the outstanding borrowings under the Company's Amended Revolving Credit Facility (as defined in note 14 Loans and Borrowings).

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

Details of the principal subsidiaries of the Group are set out in note 24.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

Until December 31, 2012, the Company was preparing consolidated financial statements in accordance with IFRS as adopted by the European Union ("EU"). On October 30, 2013, the Company obtained from the Luxembourg Ministry of Justice, a 3-year authorization to prepare consolidated accounts under IFRS as adopted by the IASB instead of IFRS as adopted by the EU provided that a reconciliation of the equity and result for the year as reported to the equity and result for the year that would have been reported under Luxembourg legal and regulatory requirements or under IFRS as adopted by the EU is disclosed in the consolidated financial statements of the Company. The Company has received authorization from the Luxembourg Ministry of Justice to prepare the consolidated accounts under IFRS as adopted by the IASB through the period ending December 31, 2021.

2. BASIS OF PREPARATION (Continued)

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

(Expressed in millions of US Dollars)	As of December 31, **2021**	2020
Equity under IFRS as issued by the IASB	**726.6**	669.0
Reconciling item		
None	**–**	–
Equity under IFRS as adopted by the EU	**726.6**	669.0

	For the year ended December 31, **2021**	2020
Profit (loss) for the year under IFRS as issued by the IASB	**23.5**	(1,288.0)
Reconciling item		
None	**–**	–
Profit (loss) for the year under IFRS as adopted by the EU	**23.5**	(1,288.0)

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

The consolidated financial statements were authorized for issue by the Board of Directors (the "Board") on March 16, 2022.

(b) Basis of Measurement

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

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

(c) Functional and Presentation Currency

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

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

2. BASIS OF PREPARATION (Continued)

(d) Use of Judgments, Estimates and Assumptions

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

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

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

- Note 3(p) – Revenue recognition
- Note 5 – Impairment (reversals) charges
- Note 6 – Restructuring charges
- Note 7 – Property, plant and equipment
- Note 8 – Goodwill and other intangible assets
- Note 10 – Inventories
- Note 15(b) – Share-based payment arrangements
- Note 18 – Leases
- Note 19 – Income taxes
- Note 22(g) – Fair value of financial instruments
- Note 24(b) – Non-controlling interests

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

- Note 5 – Impairment (reversals) charges
- Note 7 – Property, plant and equipment
- Note 8 – Goodwill and other intangible assets
- Note 15(b) – Share-based payment arrangements
- Note 17 – Contingent liabilities
- Note 18 – Leases
- Note 19 – Income taxes
- Note 22 – Financial risk management and financial instruments

2. BASIS OF PREPARATION (Continued)

(e) Changes in Accounting Policies

The IASB has issued a number of new, revised and amended IFRS. For the purpose of preparing the consolidated financial statements for the year ended December 31, 2021, the following revised standards became effective.

Amendments to Interest Rate Benchmark Reform

In August 2020, the IASB issued *Interest Rate Benchmark Reform – Phase 2* ("IBOR Reform – Phase 2 Amendments"), which amends IFRS 9, *Financial Instruments*, IAS 39, *Financial Instruments: Recognition and Measurement*, IFRS 7, *Financial Instruments: Disclosures*, IFRS 4, *Insurance Contracts* and IFRS 16, *Leases*. The IBOR Reform – Phase 2 Amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortized cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate; such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

The Group amended its financial instruments that had contractual terms indexed to the London Interbank Offered Rate ("LIBOR") for borrowings under the Amended Revolving Credit Facility that were denominated in Euros on October 22, 2021 (see note 14 Loans and Borrowings for further discussion). The application of IBOR Reform – Phase 2 Amendments did not have a significant impact on the financial position and performance of the Group for the EURO denominated borrowings that were transitioned from LIBOR.

Although US Dollar referenced LIBOR was planned to be discontinued by the end of 2021, the ICE Benchmark Administration ("IBA"), the FCA-regulated and authorized administrator of LIBOR, announced that it has started to consult on its intention to cease the publication of certain US Dollar referenced LIBORs after June 2023. As of December 31, 2021, it is still unclear when the announcement that will set a date for the termination of the publication of US Dollar LIBOR will take place. As of December 31, 2021, the Group has several bank loans referenced to US Dollar LIBOR (see Note 14 Loans and Borrowings for further discussion) which will or may be subject to interest rate benchmark reform. The Group expects no significant gains or losses should the interest rate benchmark for these loans change resulting from the IBOR Reform – Phase 2 Amendments.

(f) Impact of COVID-19

During the year ended December 31, 2021 the Group experienced improved sales trends as the effects of the COVID-19 pandemic on demand for the Group's products moderated as a result of the rollout of vaccines, the continuing recovery in travel and governments in many countries loosening social-distancing, travel and other restrictions. The Group's net sales recovery accelerated during the second half of 2021. During 2020 and through the first half of 2021, certain government-mandated restrictions and lockdowns resulted in temporary closures of certain retail stores in which the Company's products were sold, quarantines and social-distancing required or recommended by governments, and significant reductions in travel and discretionary spending among consumers, which led to reduced demand for many of the Group's products (collectively, the "COVID-19 Impacts").

While navigating through the challenges caused by COVID-19, 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 likely continue to have, adverse impacts on the Group's business, financial condition and results of operations.

2. BASIS OF PREPARATION (Continued)

During the year ended December 31, 2020, the Group's net sales were significantly impacted by the COVID-19 pandemic, with full-year 2020 consolidated net sales decreasing by US$2,102.1 million, or 57.8% (-57.5% constant currency), compared to the year ended December 31, 2019. The Group's management took steps beginning in the first quarter of 2020 to enhance the Company's liquidity and further improve its resilience in response to the COVID-19 Impacts. In addition to strengthening the Company's liquidity, the Group reduced its operating expenses to mitigate the impact of lower sales on profit and cash flow as well as to right-size the business for the future. Management continues to tightly manage the Group's operating expenses.

During 2021, the Group's quarterly net sales performance (when compared to the corresponding quarter in 2019) experienced sequential improvement. During the fourth quarter of 2021, the Group's net sales decline narrowed to 30.9% (-30.2% constant currency) when compared to the fourth quarter of 2019. On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck for US$35.3 million. When excluding the net sales of Speck for the fourth quarter of 2019, consolidated net sales decreased by 28.8% (-28.0% constant currency), for the fourth quarter of 2021 compared to the fourth quarter of 2019. This encouraging trend continued from the third quarter of 2021, when the decline in the Group's net sales narrowed to 37.3% (-37.6% constant currency), when excluding the net sales of Speck for August and September 2019, compared to the third quarter of 2019; from the second quarter of 2021, when the Group's net sales decreased by 51.8% (-52.2% constant currency) compared to the second quarter of 2019; and from the first quarter of 2021, when the Group's net sales decreased by 57.4% (-57.3% constant currency) compared to the first quarter of 2019. The Group's actions to enhance and preserve liquidity and reduce expenses are discussed in greater detail below.

During 2020, in order to strengthen the Company's financial flexibility in response to the COVID-19 Impacts, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into certain 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 (as defined in note 14 Loans and Borrowings) in the aggregate principal amount of US$600.0 million. The Group borrowed US$810.3 million (US Dollar equivalent at the applicable exchange rate on the borrowing date) under its Amended Revolving Credit Facility (as defined in note 14 Loans and Borrowings) on March 20, 2020 and US$600.0 million under the 2020 Incremental Term Loan B Facility on May 7, 2020. The amendment to the Group's credit agreement entered into on April 29, 2020 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 and, for each of the three quarters beginning with the third quarter of 2021 and ending with the first quarter of 2022, the Company has elected to use Consolidated Adjusted EBITDA (as defined in note 14 Loans and Borrowings) from the first two quarters of 2019 and fourth quarter of 2019 (the "Historical EBITDA") (instead of actual Consolidated Adjusted EBITDA from the fourth quarter of 2020 and the first two quarters of 2021) to calculate compliance with the Financial Covenants (as defined in note 14 Loans and Borrowings). During the Suspension Period (as defined in note 14 Loans and Borrowings), the Company was required to comply with a minimum liquidity covenant of US$500.0 million and the Group was subject to additional restrictions on its ability to incur indebtedness and make restricted payments (including payments of distributions or dividends to the Company's shareholders) and investments. The minimum liquidity covenant will remain in effect for so long as the Company uses the Historical EBITDA to calculate compliance with the Financial Covenants.

2. BASIS OF PREPARATION (Continued)

On June 7, 2021, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into the Fifth Amended Credit Agreement (as defined in note 14 Loans and Borrowings). Under the terms of the Fifth Amended Credit Agreement, the Historical EBITDA for each of the quarters ended December 31, 2020, March 31, 2021 and June 30, 2021 that is used for the purpose of calculating the maximum total net leverage ratio and minimum interest coverage ratio under the Financial Covenants will be increased by an amount equal to US$65.7 million. This amount was determined based on the annualized run-rate fixed cost savings from the Company's comprehensive cost reduction program that was implemented during 2020. The Fifth Amended Credit Agreement further strengthened the Company's financial flexibility to navigate its business through the challenges from the COVID-19 pandemic.

On June 21, 2021, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into the Sixth Amended Credit Agreement (as defined in note 14 Loans and Borrowings). The Sixth Amended Credit Agreement provides for the 2021 Incremental Term Loan B Facility in the principal amount of US$495.5 million, which was borrowed by the Group on June 21, 2021 and, together with US$100.0 million of cash on the statement of financial position, was used to repay the aggregate US$595.5 million principal amount then outstanding under the 2020 Incremental Term Loan B Facility. The interest rate applicable to the Group's borrowings under the 2021 Incremental Term Loan B Facility is equal to LIBOR plus 3.00% per annum with a LIBOR floor of 0.75% (or a base rate plus 2.00% per annum). The loans under the 2021 Incremental Term Loan B Facility were issued with original issue discount with an issue price of 99.75%. See note 14 Loans and Borrowings for further description of the Group's credit agreement.

As of December 31, 2021, the carrying amount of the Group's loans and borrowings was US$2,789.4 million, net of US$12.6 million in deferred financing costs. During the year ended December 31, 2021, the Group prepaid US$370.0 million principal amount of borrowings under the Amended Senior Credit Facilities (as defined in note 14 Loans and Borrowings), and cash and cash equivalents held by the Group amounted to US$1,324.8 million as of December 31, 2021. Along with US$176.7 million available to be borrowed on the Group's Amended Revolving Credit Facility, the Group had total liquidity of US$1,501.4 million as of December 31, 2021.

During the year ended December 31, 2021, the Group continued to realize fixed cost savings from a combination of permanent and temporary actions completed, primarily during 2020. Permanent actions consisted primarily of headcount reductions and savings from closing stores. Temporary actions consisted primarily of furloughs, temporary headcount reductions, eliminating bonuses, salary reductions, temporary rent reductions and other expense reductions, such as travel and entertainment and professional services. These fixed cost savings have been reflected as reductions in the Group's cost of sales, distribution expenses and general and administrative expenses reported in the consolidated statements of income (loss).

2. BASIS OF PREPARATION (Continued)

The Credit Agreement (as defined in note 14 Loans and Borrowings) and the Indenture (as defined in note 14 Loans and Borrowings) require the Company and its subsidiaries to comply with certain restrictive covenants, including certain financial covenants under the Credit Agreement. Under the terms of the Credit Agreement, the Company's requirement to test the maximum total net leverage ratio and minimum interest coverage ratio under its Financial Covenants was suspended during the Suspension Period. Following the Suspension Period, the Company resumed testing compliance with the total net leverage ratio and interest coverage ratio covenants beginning with the measurement period ended September 30, 2021. For the measurement periods ended September 30, 2021 and December 31, 2021, and for the measurement period ending March 31, 2022, the Company has elected to use Historical EBITDA (instead of actual Consolidated Adjusted EBITDA from the fourth quarter of 2020 and the first two quarters of 2021) to calculate the total net leverage and minimum interest coverage ratios. The Historical EBITDA for each of the quarters ended December 31, 2020, March 31, 2021 and June 30, 2021 used to calculate compliance with the Financial Covenants will be increased by the Add-back Amount (as defined in note 14 Loans and Borrowings).

Under the Financial Covenants, beginning with the test period ending on March 31, 2022, and for each test period ending thereafter, the Company's total net leverage ratio as of the last day of such test period must not exceed 4.50:1.00. For the test period ending on June 30, 2022 and for each test period ending thereafter, the Company's actual Consolidated Adjusted EBITDA for each fiscal quarter included in the applicable test period must be used to determine compliance with the total net leverage ratio and the interest coverage ratio. Until March 31, 2022, the Company is required to comply with a minimum liquidity covenant of US$500.0 million. Thereafter, under the Terms of the 2021 Incremental Term Loan B Facility, the Company is required to comply with a minimum liquidity covenant of US$100.0 million until repayment in full of the 2021 Incremental Term Loan B Facility. The Company was in compliance with the Financial Covenants and the minimum liquidity covenant as of December 31, 2021 and remains in compliance with such covenants as of the date hereof.

A prolonged downturn in the Company's business, including a further extended downturn caused by the impacts of the COVID-19 pandemic, could result in a breach of the total net leverage ratio and/or minimum interest coverage ratio covenants which, if not cured or waived, could have a material adverse effect on the Company's financial condition and results of operations. The principal risks associated with the Company's leverage include the following:

- the Company's ability to obtain additional financing in the future for acquisitions, capital expenditures, general corporate purposes or other purposes could be limited;

- the Company's borrowings under the Credit Agreement accrue interest at variable rates, and increases in certain benchmark interest rates would increase the Company's cost of borrowing (note, however, that the Group maintained interest rate swaps with respect to approximately 23% of the principal amount of the borrowings under the Credit Agreement at December 31, 2021, which reduces a portion of the Company's exposure to interest rate increases);

- the Company's leverage could increase its vulnerability to declining economic conditions, including the adverse impact on the Company's business from COVID-19, particularly if the decline is further prolonged;

- failure to comply with any of the covenants under the Credit Agreement or the Indenture could result in an event of default which, if not cured or waived, could have a material adverse effect on the Company's financial condition and results of operations, and may cast doubt on the Group's ability to continue as a going concern;

2. BASIS OF PREPARATION (Continued)

- financial and restrictive covenants under the Credit Agreement, and restrictive covenants under the Indenture, could adversely affect or limit the Company's ability to, among other things, implement business plans, react to changes in economic conditions or return capital to the Company's shareholders (whether through cash distributions, share repurchases, or otherwise); and

- a substantial portion of the Company's cash and cash flow from operations must be used to pay principal and interest on the Senior Credit Facilities and interest on the Senior Notes until maturity, therefore reducing the cash flow available to fund the Company's operations, capital expenditures and other business opportunities.

The Group's management has prepared and reviewed the Group's cash flow projections, including the potential effects of certain downside scenarios. Based on these projections, the Company believes the Group will meet its financial obligations as and when they fall due and will comply with the Financial Covenants at least through March 31, 2023. As such, the consolidated financial statements have been prepared on a going concern basis of accounting.

Whether the Group is able to achieve its plans and measures based on the cash flow projections described above, which incorporate assumptions about future events and conditions, is subject to inherent uncertainties. In particular, whether the Group will be able to generate adequate operating cash flows may depend upon factors such as further spread of the COVID-19 virus, continued restrictions on travel, imposition of quarantines and further worldwide distribution of COVID-19 vaccines.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Significant Accounting Policies

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

(b) Principles of Consolidation

(i) Subsidiaries

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

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

(ii) Non-controlling Interests

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

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

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

(iii) Business Combinations

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Foreign Currency Translation

(i) Foreign Currency Transactions

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

(ii) Foreign Operations

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

(d) Segment Reporting

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, Plant and Equipment

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

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

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

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

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

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

(f) Leases

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Rent Concessions from Impact of COVID-19

Due to the impact of the COVID-19 pandemic, many lessees have sought rent concessions from lessors. Rent concessions generally and usually meet the definition of a lease modification and consequential accounting. The IASB has issued amendments to IFRS 16 to simplify how lessees account for rent concessions. The amendment became 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 June 30, 2021; and
- there is no substantive change to the other terms and conditions of the lease.

In March 2021, the IASB extended the COVID-19 related rent concessions by one year. This change amended IFRS 16 to permit a lessee to apply the practical expedient regarding COVID-19 related rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022 (rather than only payments originally due on or before June 30, 2021).

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 regular guidance under IFRS 16 will continue to apply. The Group recorded all such short-term rent concessions, amounting to benefits of US$21.0 million and US$28.7 million for the years ended December 31, 2021 and December 31, 2020, respectively, as benefits to variable rent expense, primarily presented in distribution expenses, in the consolidated statements of income (loss). See note 18(e) Rent Concessions under IFRS 16 for further discussion.

(g) Goodwill and Other Intangible Assets

(i) Goodwill

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

(ii) Intangible Assets (Other Than Goodwill)

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

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

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

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

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

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

(h) Impairment

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

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

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

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

(ii) Non-financial Assets

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

(i) Inventories

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

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

(j) Trade and Other Receivables

Trade accounts receivable are recorded at invoiced amounts, less estimated allowances for trade terms, sales incentive programs, discounts, markdowns, chargebacks and returns as discussed below in Revenue Recognition. Royalty receivables are recorded at amounts earned based on the licensees' sales of licensed products, subject in some cases to contractual minimum royalties due from individual licensees. The Group maintains an allowance for credit losses for estimated losses that will result from the inability of customers to make required payments. The allowance is determined based on review of specific customer accounts where credit losses are expected to occur, as well as an assessment of the collectability of total receivables considering the aging of balances, historical and anticipated trends, and current economic conditions. All accounts are subject to ongoing review of ultimate collectability. Receivables are written off against the allowance when it is probable the amounts will not be recovered.

(k) Cash and Cash Equivalents

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Interest-bearing Borrowings

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

(m) Financial Instruments

(i) Non-derivative Financial Assets and Liabilities

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

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

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

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

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

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

(ii) Derivative Financial Instruments

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

(iii) Share Capital

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Employee Benefits

(i) Defined Contribution Plans

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

(ii) Defined Benefit Plans

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

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

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

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

(iii) Other Long-term Employee Benefits

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

(iv) Termination Benefits

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

(v) Short-term Employee Benefits

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

(vi) Share-based Compensation

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

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.

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.

(o) Income Taxes

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

(p) Revenue Recognition

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

(r) Finance Income and Costs

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

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

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

(s) Earnings (Loss) Per Share

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Provisions and Contingent Liabilities

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

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

(u) New Standards and Interpretations

Certain new standards, amendments to standards and interpretations that may be applicable to the Group are not yet effective for the year ended December 31, 2021, and have not been applied in preparing these consolidated financial statements.

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

In May 2020, the IASB issued amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts, Cost of Fulfilling a Contract* ("IAS 37"), to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. These amendments to IAS 37 are not expected to have a material impact on the consolidated financial statements of the Group.

In May 2020, the IASB issued amendments to IAS 16, *Property, Plant and Equipment – Proceeds before Intended Use* ("IAS 16"), which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendments to IAS 16 are effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. These amendments to IAS 16 are not expected to have a material impact on the consolidated financial statements of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9, *Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities* ("IFRS 9"). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. This amendment is not expected to have a material impact on the consolidated financial statements of the Group.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. SEGMENT REPORTING

(a) Operating Segments

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

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

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

4. SEGMENT REPORTING (Continued)

Segment information as of and for the years ended December 31, 2021 and December 31, 2020 is as follows:

	Year ended December 31, 2021					
(Expressed in millions of US Dollars)	North America	Asia	Europe	Latin America	Corporate[5]	Consolidated
External revenues	**807.5**	**687.5**	**419.1**	**104.7**	**1.9**	**2,020.8**
Operating profit (loss)	**95.5**	**34.2**	**42.1**	**2.0**	**(41.2)**	**132.7**
Depreciation and amortization[1]	**68.6**	**65.8**	**47.7**	**12.4**	**3.1**	**197.7**
Capital expenditures	**2.5**	**13.1**	**3.1**	**2.0**	**0.1**	**20.8**
Impairment (Reversals) Charges[2]	**3.1**	**5.6**	**(0.8)**	**–**	**(39.5)**	**(31.6)**
Restructuring Charges (Reversals)[3]	**2.3**	**7.2**	**(0.5)**	**(0.2)**	**8.9**	**17.7**
Finance income	**0.0**	**0.7**	**0.4**	**0.1**	**2.4**	**3.6**
Finance costs[4]	**(11.5)**	**(7.3)**	**(6.8)**	**(1.5)**	**(141.8)**	**(169.0)**
Income tax (expense) benefit	**(15.7)**	**(11.2)**	**4.8**	**–**	**78.2**	**56.2**
Total assets	**1,228.7**	**1,101.0**	**630.1**	**109.6**	**1,785.0**	**4,854.3**
Total liabilities	**881.5**	**512.4**	**466.5**	**70.8**	**2,196.6**	**4,127.7**

	Year ended December 31, 2020					
(Expressed in millions of US Dollars)	North America	Asia	Europe	Latin America	Corporate[5]	Consolidated
External revenues	602.5	558.6	302.5	71.2	2.0	1,536.7
Operating loss	(620.8)	(163.7)	(137.6)	(47.8)	(296.3)	(1,266.2)
Depreciation and amortization[1]	85.2	86.7	63.5	16.4	3.5	255.2
Capital expenditures	4.1	10.3	4.3	1.5	0.4	20.6
Impairment Charges[2]	517.9	92.6	51.9	12.8	245.1	920.3
Restructuring Charges[3]	15.4	11.6	27.1	4.4	4.6	63.0
Finance income	0.1	0.4	0.2	0.0	3.1	3.8
Finance costs[4]	(14.0)	(5.6)	(11.4)	(7.1)	(81.8)	(120.0)
Income tax (expense) benefit	59.8	9.0	(10.8)	(7.6)	44.0	94.4
Total assets	1,128.7	1,117.2	615.8	113.0	2,187.5	5,162.2
Total liabilities	746.5	474.6	484.9	69.5	2,717.6	4,493.2

Notes

(1) Depreciation and amortization expense for the years ended December 31, 2021 and December 31, 2020 included amortization expense associated with lease right-of-use assets recorded in accordance with IFRS 16.

(2) Impairment Charges for the year ended December 31, 2020 included US$4.3 million of impairment charges recognized in cost of sales. There were no impairment charges or reversals recognized in cost of sales during the year ended December 31, 2021.

(3) Restructuring Charges for the years ended December 31, 2021 and December 31, 2020 included US$0.7 million and US$8.5 million, respectively, of restructuring charges recognized in cost of sales.

(4) Finance costs for the year ended December 31, 2021 included a US$30.1 million loss on the extinguishment of the 2020 Incremental Term Loan B Facility (see note 14(a) Non-current Obligations and note 20 Finance Income and Finance Costs). Finance costs for the years ended December 31, 2021 and December 31, 2020 also included interest expense on financial liabilities, which included 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.

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

4. SEGMENT REPORTING (Continued)

The following table sets forth a disaggregation of net sales by brand for the years ended December 31, 2021 and December 31, 2020:

(Expressed in millions of US Dollars)	Year ended December 31, 2021	2020
Net sales by brand:		
Samsonite	**927.9**	672.9
Tumi	**506.5**	321.6
American Tourister	**340.3**	244.5
Gregory	**59.4**	51.2
Speck(1)	**33.0**	96.4
Other(2)	**153.6**	150.1
Net sales	**2,020.8**	1,536.7

Notes

(1) The *Speck* brand was sold on July 30, 2021.

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

The following table sets forth a disaggregation of net sales by product category for the years ended December 31, 2021 and December 31, 2020:

(Expressed in millions of US Dollars)	Year ended December 31, 2021	2020
Net sales by product category:		
Travel	**1,162.7**	763.0
Non-travel(1)	**858.1**	773.7
Net sales	**2,020.8**	1,536.7

Note

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

4. SEGMENT REPORTING (Continued)

The following table sets forth a disaggregation of net sales by distribution channel for the years ended December 31, 2021 and December 31, 2020:

(Expressed in millions of US Dollars)	**Year ended December 31,** **2021**	2020
Net sales by distribution channel:		
Wholesale	**1,238.5**	957.8
Direct-to-consumer ("DTC")(1)	**780.3**	576.9
Other(2)	**1.9**	2.0
Net sales	**2,020.8**	1,536.7

Notes

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

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

(b) Geographical Information

The following tables set out enterprise-wide information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant, and equipment, intangible assets and goodwill (specified non-current assets). The geographical location of customers is generally based on the selling location of the goods. The geographical location of the specified non-current assets is based on the physical location of the assets.

4. SEGMENT REPORTING (Continued)

(i) Revenue from External Customers

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

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2021**	2020
North America:		
United States	**776.3**	578.9
Canada	**31.3**	23.5
Total North America	**807.5**	602.5
Asia:		
China	**227.9**	166.8
India	**140.0**	60.5
Japan	**96.7**	115.6
South Korea	**75.3**	77.5
Hong Kong(1)	**51.5**	43.6
Indonesia	**22.7**	19.5
United Arab Emirates	**21.2**	9.8
Australia	**19.3**	19.6
Taiwan	**10.9**	12.6
Singapore	**9.3**	12.0
Thailand	**8.4**	13.4
Other	**4.3**	7.8
Total Asia	**687.5**	558.6
Europe:		
Belgium(2)	**98.1**	72.0
Germany	**53.1**	48.0
Italy	**43.8**	31.9
Russia	**40.3**	24.5
France	**39.7**	28.0
Spain	**33.2**	20.1
United Kingdom(3)	**27.4**	17.8
Netherlands	**14.9**	10.4
Turkey	**14.3**	7.5
Switzerland	**10.8**	6.9
Austria	**8.4**	7.7
Sweden	**7.6**	6.9
Norway	**6.3**	4.4
Other	**21.1**	16.3
Total Europe	**419.1**	302.5
Latin America:		
Chile	**42.2**	32.9
Mexico	**29.0**	14.6
Brazil(4)	**12.3**	8.5
Other	**21.3**	15.2
Total Latin America	**104.7**	71.2
Corporate and other (royalty revenue):		
Luxembourg	**1.9**	2.0
Total Corporate and other	**1.9**	2.0
Total	**2,020.8**	1,536.7

Notes

(1) 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.

(2) Net sales in Belgium were US$10.1 million and US$6.7 million for the years ended December 31, 2021 and December 31, 2020, respectively. 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) Excludes sales made to distributors in Brazil from outside the country.

4. SEGMENT REPORTING (Continued)

(ii) Specified Non-current Assets

The following table presents the Group's specific material non-current assets by location at December 31, 2021 and December 31, 2020. Specific material non-current assets are disclosed based on the subsidiary's country of domicile. For the years ended December 31, 2021 and December 31, 2020, non-current assets mainly comprise tradenames, customer relationships, property, plant and equipment, lease right-of-use assets and deposits.

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2021**	2020
United States	**1,221.6**	1,231.9
Singapore[1]	**504.2**	7.1
Luxembourg[1]	**117.4**	649.0
Belgium	**68.7**	83.1
Japan	**60.6**	96.1
China	**39.0**	41.4
India	**37.9**	35.6
Hungary	**22.7**	27.8
Hong Kong	**19.3**	21.3
Chile	**19.0**	26.9
Germany	**18.1**	21.5
Italy	**18.0**	20.1
South Korea	**16.8**	21.6
Mexico	**14.3**	12.5
Canada	**13.3**	17.1
France	**12.3**	16.4
United Kingdom	**11.6**	13.8
Spain	**10.3**	11.0
Russia	**6.2**	9.8

Note

(1) In June 2021, the Company established a brand development and sourcing hub in Singapore as part of a global restructuring initiative to enhance alignment of the Company's product development, brand management and supply chain operations. The establishment of this hub enables the Company to design and develop products closer to market for several key brands, including *Samsonite* and *American Tourister*, as well as to manage its extensive sourcing activities. In June 2021 the Group also completed the intra-group realignment of certain intellectual property rights (see note 6 Restructuring Charges for further discussion).

5. IMPAIRMENT (REVERSALS) CHARGES

In accordance with IAS 36, *Impairment of Assets* ("IAS 36"), the Group is required to evaluate its intangible assets with indefinite lives at least annually, or when an event has occurred or circumstances change that would more likely than not reduce the recoverable amount of a CGU below its carrying value (resulting in an impairment charge), or when an event has occurred or circumstances change that would result in the recoverable amount of intangible assets, excluding goodwill, exceeding its net impaired carrying value (resulting in an impairment reversal), where applicable. The Group is also required to perform a review for impairment indicators at the end of each reporting period on its tangible and intangible assets with finite useful lives. If there is any indication that an asset may be impaired or there may be an impairment reversal, the Group must estimate the recoverable amount of the asset or CGU.

5. IMPAIRMENT (REVERSALS) CHARGES (Continued)

2021 Impairment (Reversals) Charges

The Group's net sales recovery accelerated during the second half of 2021. Based on valuations performed by a third-party specialist engaged by the Company in conjunction with its annual assessment during the fourth quarter of 2021, management determined that the recoverable amounts of certain intangible assets exceeded their net impaired carrying values during the year ended December 31, 2021, resulting in the reversal of certain impairment charges that had been recorded during the year ended December 31, 2020. The Group recognized net impairment reversals totaling US$45.2 million during the year ended December 31, 2021 for certain tradenames.

Based on an evaluation of company-operated retail stores during the year ended December 31, 2021, the Group determined that the recoverable amounts of certain retail stores, which represent individual CGUs, exceeded their corresponding net impaired carrying amounts, resulting in impairment reversals being recorded during the year ended December 31, 2021. During the year ended December 31, 2021 the Group recognized net impairment reversals totaling US$11.0 million, which were comprised of US$8.8 million for lease right-of-use assets and US$2.2 million for property, plant and equipment, including leasehold improvements related to such stores.

In June 2021, the Group classified the assets attributable to Speck to held for sale. Speck was sold on July 30, 2021. The Group recognized impairment charges during the year ended December 31, 2021 totaling US$24.7 million, of which US$14.4 million was attributable to goodwill and the remainder related to certain other intangible assets associated with the sale of Speck.

2020 Impairment Charges

Due to the negative impacts resulting from the COVID-19 pandemic during the year ended December 31, 2020, certain indefinite-lived intangible assets identified by the Group were tested for impairment. Based on valuations performed by a third-party specialist engaged by the Company, management determined that the carrying value of certain intangible assets exceeded their recoverable amounts, resulting in impairment charges recognized during the year ended December 31, 2020 totaling US$744.8 million, which were comprised of US$496.0 million for goodwill and US$248.8 million for certain tradenames.

Further, based on an evaluation of loss-making stores during the year ended December 31, 2020, and also due to reduced traffic and under-performance caused by the COVID-19 pandemic, the Group determined that the carrying amounts of certain retail stores, which represent individual CGUs, exceeded their corresponding recoverable amounts. Based on an evaluation of certain property, plant and equipment used in the production of certain luggage product lines during the year ended December 31, 2020, the Group determined that the carrying amounts of certain molds and machinery exceeded their respective recoverable amounts. During the year ended December 31, 2020 the Group recognized impairment charges totaling US$175.5 million, which were comprised of US$140.3 million for lease right-of-use assets and US$35.3 million for property, plant and equipment, including leasehold improvements attributable to the under-performance of certain retail locations as well as molds and machinery used in the production of certain luggage product lines.

5. IMPAIRMENT (REVERSALS) CHARGES (Continued)

The following table sets forth a breakdown of the impairment (reversals) charges for the year ended December 31, 2021 (the "2021 Impairment (Reversals) Charges") and for the year ended December 31, 2020 (the "2020 Impairment Charges").

(Expressed in millions of US Dollars)		Year ended December 31, 2021	2020
Impairment (reversals) charges recognized on:	Line item in consolidated statements of income (loss) where impairment (reversals) charges recorded:	**2021 Impairment (Reversals) Charges**	2020 Impairment Charges
Property, plant and equipment	Cost of sales	**–**	4.3
	Impairment charges included in cost of sales	**–**	4.3
Goodwill	Impairment Charges	**14.4**	496.0
Tradenames and other intangible assets	Impairment (Reversals) Charges	**(34.9)**	248.8
Lease right-of-use assets	Impairment (Reversals) Charges	**(8.8)**	140.3
Property, plant and equipment	Impairment (Reversals) Charges	**(2.2)**	31.0
	Impairment (reversals) charges (exclusive of amounts included in cost of sales)	**(31.6)**	916.0
Total impairment (reversals) charges		**(31.6)**	920.3

Expenses related to lease right-of-use assets and property, plant and equipment, including leasehold improvements, related to stores, have historically been classified as distribution expenses on the consolidated statements of income (loss) using the function of expense presentation method for the affected assets. Expenses related to molds and machinery used in the production of certain luggage product lines have historically been classified as cost of sales on the consolidated statements of income (loss) using the function of expense presentation method for the affected assets.

The 2021 Impairment (Reversals) Charges of (US$31.6) million and the 2020 Impairment Charges of US$916.0 million, (which excludes US$4.3 million of impairment charges in cost of sales) were recorded in the Group's consolidated statements of income (loss) in the line item "Impairment (Reversals) Charges" (see also note 7 Property, Plant and Equipment, note 8 Goodwill and Other Intangible Assets and note 18 Leases for further discussion).

6. RESTRUCTURING CHARGES

The following table sets forth a breakdown of the restructuring charges for the years ended December 31, 2021 and December 31, 2020.

(Expressed in millions of US Dollars)	Year ended December 31, 2021	2020
Functional Area		
Restructuring charges included in cost of sales	**0.7**	8.5
Restructuring charges attributable to distribution function	**1.7**	44.8
Restructuring charges attributable to general and administrative function	**15.4**	9.7
Restructuring charges (exclusive of amounts included in cost of sales)	**17.1**	54.5
Total restructuring charges	**17.7**	63.0

6. RESTRUCTURING CHARGES (Continued)

During the year ended December 31, 2020 the Group aggressively reduced its operating expenses to mitigate the impact of lower sales on profit and cash flow as well as to right-size the business for the future in response to the COVID-19 Impacts. During the year ended December 31, 2021, the Group continued to tightly manage the fixed cost structure of the business. In conjunction with these cost saving actions and other initiatives, the Group recognized charges related to such restructuring initiatives (the "Restructuring Charges") of US$17.7 million and US$63.0 million during the years ended December 31, 2021 and December 31, 2020, respectively.

The 2021 restructuring charges of US$17.1 million (which excludes US$0.7 million of restructuring charges in cost of sales) and the 2020 restructuring charges of US$54.5 million, (which excludes US$8.5 million of restructuring charges in cost of sales) were recorded in the Group's consolidated statements of income (loss) in the line item "Restructuring Charges".

The Restructuring Charges during 2021 consisted primarily of severance associated with further headcount reductions, store closure costs, costs related to the sale of Speck on July 30, 2021, and certain other costs (described below). The Restructuring Charges during 2020 consisted primarily of severance associated with permanent headcount reductions, store closure costs, and certain other costs incurred to implement profit improvement initiatives.

In June 2021, the Company established a brand development and sourcing hub in Singapore as part of a global restructuring initiative to enhance alignment of the Company's product development, brand management and supply chain operations. The establishment of this hub enables the Company to design and develop products closer to market for several key brands, including *Samsonite* and *American Tourister*, as well as to manage its extensive sourcing activities. In June 2021 the Group also completed the intra-group realignment of certain intellectual property rights (the "Intra-Group IP Realignment"). During the year ended December 31, 2021, the Group recognized Restructuring Charges associated with the establishment of the brand development and sourcing hub in Singapore.

Severance costs were accounted for in accordance with IAS 19, *Employee Benefits*. Expenses related to personnel have historically been classified primarily in cost of sales, distribution expenses and general and administrative expenses, and occupancy costs have historically been classified as distribution expenses on the consolidated statements of income (loss) using the function of expense presentation method.

During the year ended December 31, 2021, approximately US$9.0 million of severance and other employee-related costs were recognized in Restructuring Charges, of which US$1.4 million and US$6.9 million related to personnel costs historically presented as distribution expenses and general and administrative expenses, respectively, on the consolidated statements of income (loss) using the function of expense presentation method. Additionally, US$0.7 million of severance and other employee-related costs were recognized in cost of sales on the consolidated statements of income (loss) during the year ended December 31, 2021. Approximately US$0.3 million of store closure costs were recognized in Restructuring Charges, all of which related to occupancy costs historically presented as distribution expenses on the consolidated statements of income (loss) using the function of expense presentation method. Additional Restructuring Charges during the year ended December 31, 2021 totaling US$8.4 million related to the costs associated with the establishment of the brand development and sourcing hub in Singapore.

6. RESTRUCTURING CHARGES (Continued)

During the year ended December 31, 2020, approximately US$35.9 million of severance and other employee-related costs were recognized in Restructuring Charges, of which US$26.2 million and US$9.7 million related to personnel costs historically presented as distribution expenses and general and administrative expenses, respectively, on the consolidated statements of income (loss) using the function of expense presentation method. Approximately US$8.5 million of severance and other employee-related costs were recognized in cost of sales on the consolidated statements of income (loss) during the year ended December 31, 2020. Additionally, approximately US$18.6 million of store closure costs were recognized in Restructuring Charges, all of which related to occupancy costs historically presented as distribution expenses on the consolidated statements of income (loss) using the function of expense presentation method.

Restructuring Charges Accrual Activity

The following table presents the activity associated with the Restructuring Charges accrual at December 31, 2021 and December 31, 2020:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2021**	2020
Balance at January 1	**24.8**	–
Restructuring expense recognized during the year	**18.5**	63.3
Amounts paid during the year	**(25.0)**	(40.6)
Restructuring expense reversed during the year	**(0.8)**	(0.3)
Foreign exchange/other changes during the year	**(1.5)**	2.5
Balance at December 31	**16.0**	24.8

7. PROPERTY, PLANT AND EQUIPMENT

The historical cost and accumulated depreciation for property, plant and equipment as of December 31, 2021 and December 31, 2020 was as follows:

(Expressed in millions of US Dollars)	Land	Buildings	Machinery, equipment, leasehold improvements and other	Total
2021				
Historical cost	**11.7**	**94.7**	**650.6**	**756.9**
Accumulated depreciation and impairment	**(1.3)**	**(44.0)**	**(556.5)**	**(601.8)**
Net carrying amount as of December 31, 2021	**10.3**	**50.7**	**94.1**	**155.1**
2020				
Historical cost	12.1	95.7	730.4	838.2
Accumulated depreciation and impairment	(1.4)	(43.6)	(605.3)	(650.3)
Net carrying amount as of December 31, 2020	10.7	52.1	125.1	187.8

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

The changes in the carrying amount for property, plant and equipment for the years ended December 31, 2021 and December 31, 2020 are as follows:

(Expressed in millions of US Dollars)	**Land**	**Buildings**	**Machinery, equipment, leasehold improvements and other**	**Total**
Net carrying amount as of January 1, 2021	**10.7**	**52.1**	**125.1**	**187.8**
Additions	**–**	**1.8**	**19.0**	**20.8**
Depreciation	**–**	**(2.9)**	**(42.9)**	**(45.8)**
Disposals	**–**	**–**	**(5.0)**	**(5.0)**
Impairment Reversals	**–**	**–**	**2.2**	**2.2**
Exchange differences and other movements	**(0.4)**	**(0.4)**	**(4.3)**	**(5.0)**
Net carrying amount as of December 31, 2021	**10.3**	**50.7**	**94.1**	**155.1**

(Expressed in millions of US Dollars)	Land	Buildings	Machinery, equipment, leasehold improvements and other	Total
Net carrying amount as of January 1, 2020	10.3	51.4	205.3	267.1
Additions	0.1	1.4	19.1	20.6
Depreciation	–	(2.8)	(63.3)	(66.1)
Disposals	–	–	(3.1)	(3.1)
Impairment Charges	–	–	(35.3)	(35.3)
Exchange differences and other movements	0.3	2.0	2.3	4.6
Net carrying amount as of December 31, 2020	10.7	52.1	125.1	187.8

Depreciation expense for the years ended December 31, 2021 and December 31, 2020 amounted to US$45.8 million and US$66.1 million, respectively. Of this amount, US$11.7 million and US$16.6 million was included in cost of sales during the years ended December 31, 2021 and December 31, 2020, respectively. Remaining amounts were presented in distribution expenses and general and administrative expenses. All land owned by the Group is freehold.

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

Based on an evaluation of company-operated retail stores during the year ended December 31, 2021, the Group determined that the recoverable amounts of certain retail stores, which represent individual CGUs, exceeded their corresponding net impaired carrying amounts, resulting in impairment reversals being recorded during the year ended December 31, 2021 totaling US$2.2 million.

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Based on an evaluation of loss-making stores during the year ended December 31, 2020, and also due to reduced traffic and under-performance caused by the COVID-19 pandemic, the Group determined that the carrying amounts of certain retail stores, which represent individual CGUs, exceeded their corresponding recoverable amounts. Based on an evaluation of certain property, plant and equipment used in the production of certain luggage product lines during the year ended December 31, 2020, the Group determined that the carrying amounts of certain molds and machinery exceeded their respective recoverable amounts. During the year ended December 31, 2020 the Group recognized impairment charges totaling US$35.3 million for property, plant and equipment, including leasehold improvements attributable to the under-performance of certain retail locations as well as molds and machinery used in the production of certain luggage product lines.

Expenses related to property, plant and equipment, including leasehold improvements, related to stores, have historically been classified as distribution expenses on the consolidated statements of income (loss) using the function of expense presentation method for the affected assets. Expenses related to molds and machinery used in the production of certain luggage product lines have historically been classified as cost of sales on the consolidated statements of income (loss) using the function of expense presentation method for the affected assets.

The US$2.2 million in impairment reversals recognized for the year ended December 31, 2021 was recorded in the Group's consolidated statements of income (loss) in the line item "Impairment (Reversals) Charges". Of the US$35.3 million in impairment charges recognized for the year ended December 31, 2020, US$31.0 million was recorded in the Group's consolidated statements of income (loss) in the line item "Impairment Charges" and US$4.3 million was recorded in cost of sales (see also note 5 Impairment (Reversals) Charges, note 8 Goodwill and Other Intangible Assets and note 18 Leases).

Capital Commitments

Capital commitments outstanding as of December 31, 2021 and December 31, 2020 were US$5.9 million and US$1.6 million, respectively, which were not recognized as liabilities in the consolidated statements of financial position as they have not met the recognition criteria.

8. GOODWILL AND OTHER INTANGIBLE ASSETS

(a) Goodwill

The Group's goodwill balance amounted to US$828.5 million as of December 31, 2021, of which approximately US$52.5 million is expected to be deductible for income tax purposes. As of December 31, 2020, the Group's goodwill balance amounted to US$849.6 million, of which approximately US$64.7 million is expected to be deductible for income tax purposes.

The carrying amount of goodwill was as follows:

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
Cost:		
As of January 1	**2,315.4**	2,308.8
Disposal attributable to Speck	**(14.4)**	–
Exchange differences	**(6.7)**	6.6
As of December 31	**2,294.3**	2,315.4
Accumulated impairment losses:		
As of January 1	**(1,465.8)**	(969.8)
Impairment Charges	**(14.4)**	(496.0)
Disposal attributable to Speck	**14.4**	–
Other movements	**0.0**	0.0
Exchange differences	**(0.0)**	(0.0)
As of December 31	**(1,465.8)**	(1,465.8)
Carrying amount	**828.5**	849.6

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

(Expressed in millions of US Dollars)	North America	Asia	Europe	Latin America	Consolidated
As of December 31, 2021	**282.7**	**487.7**	**58.0**	**–**	**828.5**
As of December 31, 2020	297.1	491.1	61.4	–	849.6

(b) Other Intangible Assets

The historical cost and accumulated amortization for other intangible assets as of December 31, 2021 and December 31, 2020 was as follows:

(Expressed in millions of US Dollars)	Tradenames	Customer relationships	Other	Total
2021				
Historical cost	**1,551.0**	**272.3**	**53.7**	**1,876.9**
Accumulated amortization and impairments	**(254.3)**	**(194.1)**	**(36.2)**	**(484.7)**
Net carrying amount as of December 31, 2021	**1,296.7**	**78.2**	**17.5**	**1,392.3**
2020				
Historical cost	1,582.7	276.8	48.9	1,908.3
Accumulated amortization and impairments	(293.8)	(167.2)	(29.1)	(490.1)
Net carrying amount as of December 31, 2020	1,288.9	109.6	19.8	1,418.3

8. GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

The changes in the carrying amount for other intangible assets for the years ended December 31, 2021 and December 31, 2020 are as follows:

(Expressed in millions of US Dollars)	**Tradenames**	**Customer relationships**	**Other**	**Total**
Net carrying amount as of January 1, 2021	**1,288.9**	**109.6**	**19.8**	**1,418.3**
Additions	**–**	**–**	**5.1**	**5.1**
Amortization	**–**	**(24.5)**	**(7.5)**	**(32.0)**
Sale of Speck	**(31.1)**	**–**	**(0.0)**	**(31.1)**
Impairment Reversals (Charges)	**39.5**	**(4.6)**	**–**	**34.9**
Exchange differences and other movements	**(0.6)**	**(2.4)**	**0.1**	**(2.9)**
Net carrying amount as of December 31, 2021	**1,296.7**	**78.2**	**17.5**	**1,392.3**

(Expressed in millions of US Dollars)	Tradenames	Customer relationships	Other	Total
Net carrying amount as of January 1, 2020	1,537.5	131.8	21.9	1,691.1
Additions	–	–	5.5	5.5
Amortization	–	(24.5)	(8.0)	(32.6)
Impairment Charges	(248.8)	–	–	(248.8)
Exchange differences and other movements	0.2	2.4	0.5	3.0
Net carrying amount as of December 31, 2020	1,288.9	109.6	19.8	1,418.3

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

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
Tumi	**673.2**	628.6
Samsonite	**462.5**	462.5
American Tourister	**70.0**	70.0
Gregory	**38.6**	38.6
High Sierra	**20.0**	20.0
Hartmann	**11.0**	10.0
Lipault	**10.7**	10.0
ebags	**6.8**	6.8
Speck(1)	**–**	36.8
Other	**4.0**	5.7
Total tradenames	**1,296.7**	1,288.9

Note

(1) The *Speck* tradename was sold on July 30, 2021.

Amortization expense for intangible assets for the years ended December 31, 2021 and December 31, 2020 was US$32.0 million and US$32.6 million, respectively, and is presented primarily in distribution expenses in the consolidated statements of income (loss). Future amortization expense related to finite life intangible assets as of December 31, 2021 for the next five years is estimated to be US$22.2 million, US$16.3 million, US$14.1 million, US$12.2 million, US$11.4 million and a total of US$19.5 million thereafter.

8. GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

The impairment charges for the years ended December 31, 2021 and December 31, 2020 and the impairment reversals for the year ended December 31, 2021 were recorded in the Group's consolidated statements of income (loss) in the line item "Impairment (Reversals) Charges" (see also note 5 Impairment (Reversals) Charges, note 7 Property, Plant and Equipment and note 18 Leases).

(c) Goodwill and Other Intangible Assets Valuations

(i) Goodwill

In accordance with IAS 36, the Group is required to evaluate its intangible assets with indefinite 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 CGU below its carrying value (resulting in an impairment charge). An impairment loss that has been recognized on goodwill is not reversed in subsequent periods if estimates used to determine the recoverable amount change.

2021 Impairment Charges

In June 2021, the Group classified the assets attributable to Speck to held for sale. Speck was sold on July 30, 2021. The Group recognized impairment charges during the year ended December 31, 2021 totaling US$14.4 million related to impairment of goodwill associated with the sale of Speck.

2020 Impairment Charges

Due to the negative impacts resulting from the COVID-19 pandemic during the year ended December 31, 2020, certain indefinite-lived intangible assets identified by the Group were tested for impairment. Based on valuations performed by a third-party specialist engaged by the Company, management determined that the carrying value of certain intangible assets exceeded their recoverable amounts, resulting in impairment charges recognized during the year ended December 31, 2020 totaling US$496.0 million for goodwill.

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

As part of the annual evaluation process, separate calculations are prepared for each of the groups of CGUs that make up the consolidated Group. These calculations used discounted cash flow projections based on financial estimates reviewed by management covering a five-year period. 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 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. Changes in key assumptions could impact calculated recoverable values and may result in further impairment.

8. GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

(ii) Other Intangible Assets

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

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

2021 Impairment (Reversals) Charges

The Group's net sales recovery accelerated during the second half of 2021. Based on valuations performed by a third-party specialist engaged by the Company in conjunction with its annual assessment during the fourth quarter of 2021, management determined that the recoverable amounts of certain intangible assets exceeded their net impaired carrying values during the year ended December 31, 2021, resulting in the reversal of certain impairment charges that had been recorded during the year ended December 31, 2020. The Group recognized net impairment reversals totaling US$45.2 million during the year ended December 31, 2021 for certain tradenames.

In June 2021, the Group classified the assets attributable to Speck to held for sale. Speck was sold on July 30, 2021. The Group recognized impairment charges during the year ended December 31, 2021 totaling US$10.3 million related to impairments of tradenames and other intangible assets associated with the sale of Speck.

2020 Impairment Charges

Due to the negative impacts resulting from the COVID-19 pandemic during the year ended December 31, 2020, certain indefinite-lived intangible assets identified by the Group were tested for impairment. Based on valuations performed by a third-party specialist engaged by the Company, management determined that the carrying value of certain intangible assets exceeded their recoverable amounts, resulting in impairment charges recognized during the year ended December 31, 2020 totaling US$248.8 million for certain tradenames.

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

8. GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

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

9. PREPAID EXPENSES, OTHER ASSETS AND RECEIVABLES

(a) Non-current

Other assets and receivables consisted of the following:

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
Deposits	**31.2**	36.6
Other	**34.5**	41.6
Total other assets and receivables	**65.7**	78.1

(b) Current

Prepaid expenses and other current assets consisted of the following:

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
Prepaid value-added tax	**27.7**	23.1
Prepaid income taxes	**10.0**	37.7
Prepaid advertising	**3.7**	3.2
Prepaid insurance	**2.3**	3.0
Prepaid other	**16.5**	15.3
Total prepaid expenses and other assets	**60.2**	82.4

10. INVENTORIES

Inventories consisted of the following:

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
Raw materials	**19.8**	23.9
Work in process	**1.8**	1.6
Finished goods	**326.8**	430.3
Total inventories	**348.4**	455.9

The amounts above as of December 31, 2021 and December 31, 2020 include inventories carried at net realizable value (estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to perform the sale) of US$40.4 million and US$103.2 million, respectively. During the years ended December 31, 2021 and December 31, 2020, the write-down of inventories to net realizable value amounted to US$39.2 million and US$66.6 million, respectively. During the years ended December 31, 2021 and December 31, 2020 the reversal of reserves recognized in profit or loss amounted to US$22.5 million and US$5.6 million, respectively.

11. TRADE AND OTHER RECEIVABLES

Trade and other receivables are presented net of related allowances for credit losses of US$31.8 million and US$32.4 million as of December 31, 2021 and December 31, 2020, respectively.

(a) Aging Analysis

Included in trade and other receivables are trade receivables (net of allowance for credit losses) of US$197.6 million and US$129.8 million as of December 31, 2021 and December 31, 2020, respectively, with the following aging analysis by due date of the respective invoice:

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
Current	**172.9**	109.9
0 – 30 days past due	**23.6**	18.7
Greater than 30 days past due	**1.1**	1.2
Total trade receivables, net of allowance	**197.6**	129.8

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

(b) Impairment of Trade Receivables

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

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

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
As of January 1	**32.4**	16.9
Impairment loss recognized	**3.3**	28.4
Impairment loss written back or off	**(3.9)**	(12.9)
As of December 31	**31.8**	32.4

12. CASH AND CASH EQUIVALENTS

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
Bank balances	**1,226.0**	1,431.8
Overnight sweep accounts and time deposits	**98.8**	63.2
Total cash and cash equivalents	**1,324.8**	1,495.0

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 December 31, 2021 and December 31, 2020.

13. EARNINGS (LOSS) PER SHARE

(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 years ended December 31, 2021 and December 31, 2020.

(Expressed in millions of US Dollars, except share and per share data)	Year ended December 31,	
	2021	2020
Issued ordinary shares at the beginning of the year	**1,434,880,447**	1,432,569,771
Weighted-average impact of share options exercised and restricted share units vested during the year	**734,784**	853,196
Weighted-average number of ordinary shares at the end of the year	**1,435,615,231**	1,433,422,967
Profit (loss) attributable to the equity holders	**14.3**	(1,277.7)
Basic earnings (loss) per share *(Expressed in US Dollars per share)*	**0.010**	(0.891)

For the year ended December 31, 2021, basic earnings per share was negatively impacted by a US$30.1 million loss on the extinguishment of the 2020 Incremental Term Loan B Facility (see note 14 Loans and Borrowings and note 20 Finance Income and Finance Costs) and by US$17.7 million in Restructuring Charges (as described in note 6 Restructuring Charges), and the related tax impacts, partly offset by net Impairment Reversals (as described in note 5 Impairment (Reversals) Charges) totaling US$31.6 million, and its related tax impact. For the year ended December 31, 2020, basic loss per share was negatively impacted by the Impairment Charges (as described in note 5 Impairment (Reversals) Charges) totaling US$920.3 million and by US$63.0 million in Restructuring Charges (as described in note 6 Restructuring Charges), 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)	Year ended December 31,	
	2021	2020
Weighted-average number of ordinary shares (basic) at the end of the year	**1,435,615,231**	1,433,422,967
Effect of share options exercised and restricted share units vested	**2,114,365**	–
Weighted-average number of shares for the year	**1,437,729,596**	1,433,422,967
Profit (loss) attributable to the equity holders	**14.3**	(1,277.7)
Diluted earnings (loss) per share *(Expressed in US Dollars per share)*	**0.010**	(0.891)

The calculation of diluted loss per share for the year ended December 31, 2020 does not assume the exercise of share options since it would result in a decrease in loss per share.

Diluted earnings (loss) per share was impacted by the same factors noted above for basic earnings (loss) per share. At December 31, 2021 and December 31, 2020, 94,731,680 and 96,199,451 unvested share awards, respectively, were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive.

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the year during which the options were outstanding.

13. EARNINGS (LOSS) PER SHARE (Continued)

(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, no cash distribution has been paid to the Company's shareholders in 2021 or 2020.

Dividend payments to non-controlling interests amounted to US$4.8 million and US$4.1 million during the years ended December 31, 2021 and December 31, 2020, respectively.

14. LOANS AND BORROWINGS

(a) Non-current Obligations

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

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
Amended Term Loan A Facility	**640.0**	785.0
Term Loan B Facility	**541.6**	548.2
2020 Incremental Term Loan B Facility	**–**	597.0
2021 Incremental Term Loan B Facility	**493.0**	–
Amended Revolving Credit Facility	**668.7**	822.2
Total Senior Credit Facilities	**2,343.3**	2,752.4
Senior Notes(1)	**398.0**	427.5
Other long-term borrowings and obligations	**0.1**	2.9
Total loans and borrowings	**2,741.3**	3,182.7
Less deferred financing costs	**(12.6)**	(39.9)
Total loans and borrowings less deferred financing costs	**2,728.7**	3,142.9
Less current portion of long-term borrowings and obligations	**(46.6)**	(32.8)
Non-current loans and borrowings	**2,682.0**	3,110.1

Note

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

The contractual maturities of non-current loans and borrowings are included in note 22(c) Exposure to Liquidity Risk.

The Group's various debt obligations are described in detail below.

Senior Credit Facilities Agreement

On April 25, 2018 (the "Closing Date"), 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"). The credit facilities provided under the Credit Agreement as it has been amended from time to time since the Closing Date are referred to herein as the "Senior Credit Facilities." Amendments to the Senior Credit Facilities since the Closing Date are described below.

14. LOANS AND BORROWINGS (Continued)

Interest Rate and Fees

Under the terms of the Credit Agreement:

(a) in respect of the Term Loan A Facility and the Revolving Credit Facility, prior to the Second Amendment Closing Date (as defined below) the interest rate payable was 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

(b) in respect of the Term Loan B Facility, the interest rate payable was set 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 the outstanding principal amount of borrowings 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 paid 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.

Amortization and Final Maturity

Prior to the Second Amendment Closing Date, the Term Loan A Facility required scheduled quarterly payments 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 Term Loan B Facility requires scheduled quarterly payments 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.

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

14. LOANS AND BORROWINGS (Continued)

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 each of its restricted subsidiaries to: (i) incur additional indebtedness; (ii) pay dividends or distributions on its capital stock or redeem, repurchase or retire its capital stock or its other indebtedness; (iii) make investments, loans and acquisitions; (iv) engage in transactions with its affiliates; (v) sell assets, including capital stock of its subsidiaries; (vi) consolidate or merge; (vii) materially alter the business it conducts; (viii) incur liens; and (ix) prepay or amend any junior debt or subordinated debt.

In addition, the 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 were required to maintain (i) a pro forma total net leverage ratio of not greater than 5.50:1.00, which ratio decreased to 5.25:1.00 for test periods ending in 2020, 5.00:1.00 for test periods ending in 2021, and will decrease to 4.50:1.00 for test periods ending in 2022 and thereafter; 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 Amended Term Loan A Facility (as defined below) and the lenders under the Amended Revolving Credit Facility (as defined below). The Company's requirement to comply with the Financial Covenants was temporarily suspended during the Suspension Period 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 an amendment to the Credit Agreement (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 the remaining amounts outstanding under 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.

On March 20, 2020, the Company borrowed US$810.3 million (US Dollar equivalent at the applicable exchange rate on the borrowing date) under the Amended Revolving Credit Facility to ensure access to the Group's liquidity given the uncertainties and challenges caused by the COVID-19 pandemic. During the year ended December 31, 2021 the Group repaid US$145.0 million principal amount of its outstanding borrowings under its Amended Revolving Credit Facility. As of December 31, 2021, US$176.7 million was available to be borrowed on the Amended Revolving Credit Facility as a result of US$668.7 million of outstanding borrowings and the utilization of US$4.6 million of the facility for outstanding letters of credit extended to certain creditors. As of December 31, 2020, US$23.4 million was available to be borrowed under the US$850.0 million Amended Revolving Credit Facility as a result of US$822.2 million of outstanding borrowings and the utilization of US$4.5 million of the facility for outstanding letters of credit extended to certain creditors.

14. LOANS AND BORROWINGS (Continued)

Interest Rate and Fees

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 equal to LIBOR plus 1.50% per annum (or a base rate plus 0.50% per annum) to a rate equal 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).

Amortization and Final Maturity

The Amended Term Loan A Facility requires scheduled quarterly payments with an annual amortization of 2.5% of the original principal amount of the loans under the Amended Term Loan A Facility during each of the first and second years, with a step-up to 5.0% annual amortization during each of the third and fourth years and 7.5% annual amortization during the fifth year. 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 Second Amended Credit Agreement, then the Amended Term Loan A Facility and the Amended Revolving Credit Facility will mature on the date that is 90 days prior to the maturity date of the Term Loan B Facility.

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).

Third Amended Credit Agreement

On April 29, 2020, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into an amendment to the Second Amended Credit Agreement (the "Third Amended Credit Agreement"). 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 was suspended from the beginning of the second quarter of 2020 through the date on which the compliance certificate with respect to the test period ended on September 30, 2021 was delivered to the lenders under the Amended Term Loan A Facility and the Amended Revolving Credit Facility (the "Suspension Period"). Following the Suspension Period, the Company resumed testing compliance with the total net leverage ratio and interest coverage ratio covenants following the end of the third quarter of 2021.

14. LOANS AND BORROWINGS (Continued)

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

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

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

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

2020 Incremental 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 an amendment to the Third Amended Credit Agreement (the "Fourth Amended Credit Agreement"). The Fourth Amended Credit Agreement provided 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 the 2020 Incremental Term Loan B Facility Closing Date. The 2020 Incremental Term Loan B Facility was issued with original issue discount with an issue price of 97.00%. The proceeds from the borrowing under the 2020 Incremental Term Loan B Facility were used to (i) provide the Group with additional cash resources (which could be used for general corporate purposes and for working capital needs) and (ii) pay certain fees and expenses in connection thereto.

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 was equal to 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 required scheduled quarterly payments equal to 0.25% of the original principal amount of the loans thereunder beginning with the fiscal quarter ended September 30, 2020, with the balance due and payable on April 25, 2025.

14. LOANS AND BORROWINGS (Continued)

Fifth Amended Credit Agreement

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

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

2021 Incremental Term Loan B Facility

On June 21, 2021 (the "2021 Incremental Term Loan B Facility Closing Date"), the Company and certain of its direct and indirect wholly-owned subsidiaries entered into an amendment to the Fifth Amended Credit Agreement with certain lenders and financial institutions (the "Sixth Amended Credit Agreement"). The Sixth Amended Credit Agreement provides for a term loan B facility (the "2021 Incremental Term Loan B Facility") in the principal amount of US$495.5 million, which was borrowed by certain indirect, wholly-owned subsidiaries of the Company on the 2021 Incremental Term Loan B Facility Closing Date. The 2021 Incremental Term Loan B Facility was issued with original issue discount with an issue price of 99.75%.

The gross proceeds from the borrowing under the 2021 Incremental Term Loan B Facility and existing cash on hand were used to (i) to prepay in full the outstanding principal and interest under the 2020 Incremental Term Loan B Facility and (ii) pay certain commissions, fees and expenses in connection thereto. In connection with the prepayment of the US$595.5 million principal amount of the Group's outstanding borrowings under the 2020 Incremental Term Loan B Facility, the Group paid the lenders thereunder a fee equal to approximately US$6.0 million, which represented 1.00% of the aggregate principal amount of the 2020 Incremental Term Loan B Facility that was prepaid as required under the terms of the Fourth Amended Credit Agreement. The Company recorded a loss on extinguishment of US$30.1 million upon the closing of the borrowing under the 2021 Incremental Term Loan B Facility. The loss included US$24.1 million of unamortized deferred financing costs which were part of the net carrying value of the 2020 Incremental Term Loan B Facility which was extinguished.

Interest Rate and Fees

Interest on the borrowings under the 2021 Incremental Term Loan B Facility began to accrue on the 2021 Incremental Term Loan B Facility Closing Date. Under the terms of the 2021 Incremental Term Loan B Facility, the interest rate is equal to LIBOR plus 3.00% per annum with a LIBOR floor of 0.75% (or a base rate plus 2.00% per annum).

Amortization and Final Maturity

The 2021 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, 2021, with the balance due and payable on April 25, 2025.

Optional Prepayment

If the Group prepays the 2021 Incremental Term Loan B Facility in whole or in part on or before the date which is six months after the 2021 Incremental Term Loan B Facility Closing Date, the Group will be required to pay to the lenders a fee equal to 1.00% of the aggregate principal amount of the 2021 Incremental Term Loan B Facility that is prepaid.

14. LOANS AND BORROWINGS (Continued)

Minimum Liquidity Covenant

The 2021 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 2021 Incremental Term Loan B Facility.

Other Terms

Except as described above, the other terms of the 2021 Incremental Term Loan B Facility are the same as the terms of the Term Loan B Facility.

Seventh Amended Credit Agreement

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

Other Information

The Group incurred US$3.5 million of deferred financing costs in conjunction with the borrowing under the 2021 Incremental Term Loan B Facility. 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 Senior Credit Facilities and the 2021 Incremental Term Loan B Facility. The amortization of deferred financing costs, which is included in interest expense, amounted to US$6.6 million and US$7.7 million for the years ended December 31, 2021 and December 31, 2020, respectively.

The Company recorded a loss on extinguishment of US$30.1 million upon the closing of the borrowing under the 2021 Incremental Term Loan B Facility. The loss included US$24.1 million of unamortized deferred financing costs which were part of the net carrying value of the 2020 Incremental Term Loan B Facility which was derecognized (see discussion on 2021 Incremental Term Loan B Facility above).

Interest Rate Swaps

The Group maintains interest rate swaps to hedge a portion of its 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 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. As a result of the Group's interest rate swaps, LIBOR has been fixed at approximately 1.208% with respect to an amount equal to approximately 23% of the principal amount of the Amended Senior Credit Facilities at December 31, 2021, which reduces a portion of the Company's exposure to interest rate increases. 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 December 31, 2021 and December 31, 2020, the interest rate swaps were marked-to-market, resulting in a net liability position to the Group in the amount of US$3.4 million and US$21.2 million, respectively, which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income (loss).

14. LOANS AND BORROWINGS (Continued)

€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.

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 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 borrowings under the Sixth Amended Credit Agreement on a first-ranking basis.

Certain Covenants and Events of Default

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

14. LOANS AND BORROWINGS (Continued)

(b) Current Obligations and Credit Facilities

Current obligations represent current debt obligations and were as follows:

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
Current portion of long-term borrowings and obligations	**46.6**	32.8
Other loans and borrowings	**60.7**	47.8
Total current obligations	**107.3**	80.6

Other Loans and Borrowings

Certain consolidated subsidiaries of the Company maintain credit lines and other loans with various third-party lenders in the regions in which they operate. Other loans and borrowings are generally variable rate instruments denominated in the functional currency of the borrowing Group entity. These credit lines provide short-term financing and working capital for the day-to-day business operations of certain Group entities, including overdraft, bank guarantees, and trade finance facilities. The majority of such credit lines are uncommitted facilities. The total aggregate amount of other loans and borrowings was US$60.7 million and US$47.8 million as of December 31, 2021 and December 31, 2020, respectively. The uncommitted available facilities amounted to US$102.2 million and US$105.6 million as of December 31, 2021 and December 31, 2020, respectively.

14. LOANS AND BORROWINGS (Continued)

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

	Liabilities		Equity			
(Expressed in millions of US Dollars)	Loans and borrowings[2]	Lease liabilities	Share capital	Reserves	Non-controlling interests	Total
Balance at January 1, 2021	3,193.0	531.5	14.3	619.8	34.9	4,393.6
Changes from financing cash flows:						
Payments on Amended Term Loan A Facility	(145.0)	–	–	–	–	(145.0)
Payments on 2020 Incremental Term Loan B Facility	(595.5)	–	–	–	–	(595.5)
Payments on Amended Revolving Credit Facility	(145.0)	–	–	–	–	(145.0)
Proceeds from issuance of 2021 Incremental Term Loan B Facility	495.5	–	–	–	–	495.5
Other payments on term loan facilities	(10.6)	–	–	–	–	(10.6)
Proceeds from other loans and borrowings	14.2	–	–	–	–	14.2
Principal payments on lease liabilities	–	(156.5)	–	–	–	(156.5)
Payment of deferred financing costs	(3.5)	–	–	–	–	(3.5)
Proceeds from the exercise of share options	–	–	–	0.0	–	0.0
Dividend payments to non-controlling interests	–	–	–	–	(4.8)	(4.8)
Total changes from financing cash flows	(389.9)	(156.5)	–	0.0	(4.8)	(551.2)
The effect of changes in foreign exchange rates/other	(44.5)	58.9	–	–	–	14.4
Other changes:						
Liability-related						
Interest expense on borrowings and lease liabilities	99.7	21.5	–	–	–	121.2
Interest paid on borrowings and lease liabilities	(97.4)	(21.5)	–	–	–	(118.9)
Amortization of deferred financing costs	6.6	–	–	–	–	6.6
Non-cash charge to derecognize deferred financing costs	24.1	–	–	–	–	24.1
Net changes in defined benefit pension plan	–	–	–	2.2	–	2.2
Total other changes	33.0	–	–	2.2	–	35.2
Other movements in equity[1]	–	–	0.0	53.3	6.8	60.1
Balance at December 31, 2021	2,791.6	434.0	14.4	675.3	36.9	3,952.1

Notes

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

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

14. LOANS AND BORROWINGS (Continued)

(Expressed in millions of US Dollars)	Liabilities		Equity			
	Loans and borrowings[2]	Lease liabilities	Share capital	Reserves	Non-controlling interests	Total
Balance at January 1, 2020	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 2020 Incremental Term Loan B Facility	600.0	–	–	–	–	600.0
Proceeds from Amended Revolving Credit Facility	810.3	–	–	–	–	810.3
Other payments on term loan facilities	(24.9)	–	–	–	–	(24.9)
Proceeds from other loans and borrowings	24.6	–	–	–	–	24.6
Principal payments on lease liabilities	–	(215.7)	–	–	–	(215.7)
Payment of deferred financing costs	(34.8)	–	–	–	–	(34.8)
Dividend payments to non-controlling interests	–	–	–	–	(4.1)	(4.1)
Total changes from financing cash flows	1,378.2	(215.7)	–	–	(4.1)	1,158.4
The effect of changes in foreign exchange rates/other	46.0	97.3	–	–	–	143.4
Other changes:						
Liability-related						
Interest expense on borrowings and lease liabilities	96.2	25.2	–	–	–	121.4
Interest paid on borrowings and lease liabilities	(92.6)	(25.2)	–	–	–	(117.9)
Amortization of deferred financing costs	7.7	–	–	–	–	7.7
Net changes in defined benefit pension plan	–	–	–	(0.8)	–	(0.8)
Total other changes	11.3	–	–	(0.8)	–	10.4
Other movements in equity[1]	–	–	0.0	(1,316.1)	(11.5)	(1,327.5)
Balance at December 31, 2020	3,193.0	531.5	14.3	619.8	34.9	4,393.6

Notes

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

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

15. 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$395.1 million and US$353.2 million for the years ended December 31, 2021 and December 31, 2020, respectively. Of these amounts, US$28.7 million and US$29.4 million was included in cost of sales during the years ended December 31, 2021 and December 31, 2020, respectively. The remaining amounts were presented in distribution expenses and general and administrative expenses.

15. EMPLOYEE BENEFITS (Continued)

During the years ended December 31, 2021 and December 31, 2020, the Group incurred severance costs attributable to headcount reductions totaling US$1.5 million and US$36.9 million, respectively. The severance costs incurred during the years ended December 31, 2021 and December 31, 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 COVID-19 Impacts on the Group's business. Of the US$1.5 million in severance costs recognized for the year ended December 31, 2021, US$0.8 million was recorded in the Group's consolidated statements of income (loss) in the line item "Restructuring Charges" and US$0.7 million was recorded in cost of sales. Of the US$36.9 million in severance costs recognized for the year ended December 31, 2020, US$28.4 million was recorded in the Group's consolidated statements of income (loss) in the line item "Restructuring Charges" and US$8.5 million was recorded in cost of sales. See note 6 Restructuring Charges for further discussion.

Share-based compensation cost of US$11.9 million and US$6.6 million was recognized in the consolidated statements of income (loss), with a corresponding increase in equity reserves, for the years ended December 31, 2021 and December 31, 2020, respectively.

The average worldwide full-time equivalent headcount was approximately 9,105 and 11,843, respectively, for the years ended December 31, 2021 and December 31, 2020, respectively.

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

(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 February 28, 2022 (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 20,591,981 shares, representing approximately 1.4% 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.

15. EMPLOYEE BENEFITS (Continued)

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

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

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

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

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

	Number of options	**Weighted-average exercise price**
Outstanding at January 1, 2021	**81,010,536**	**HK$22.08**
Granted during the year	**14,348,844**	**HK$20.76**
Exercised during the year	**(23,278)**	**HK$16.04**
Lapsed during the year	**(8,178,432)**	**HK$23.46**
Outstanding at December 31, 2021	**87,157,670**	**HK$21.74**
Exercisable at December 31, 2021	**54,851,124**	**HK$23.74**

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

At December 31, 2021, the range of exercise prices for outstanding share options was HK$15.18 to HK$31.10 with a weighted average contractual life of 6.2 years. At December 31, 2020, the range of exercise prices for outstanding share options was HK$15.18 to HK$31.10 with a weighted average contractual life of 6.5 years.

15. EMPLOYEE BENEFITS (Continued)

Restricted Share Units ("RSUs")

No RSUs were granted during the years ended December 31, 2021 and December 31, 2020. Prior to 2020, two types of RSU awards have been granted by the Company: time-based RSUs ("TRSUs") and performance-based RSUs ("PRSUs").

Time-based Restricted Share Units

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

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

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

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

15. EMPLOYEE BENEFITS (Continued)

Performance-based Restricted Share Units

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

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

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

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

In the Company's circular to shareholders dated April 15, 2019 relating to, among other things, the grant of PRSUs, the Company stated that the final number of shares which will vest under the PRSUs will vary depending on the level of achievement of performance conditions applicable to the PRSUs, thereby ensuring that the actual payout is linked to the Company's performance. The Remuneration Committee determined that in relation to the PRSUs which were granted on June 17, 2019, the performance conditions are based on (i) fiscal year 2019 to 2021 three-year adjusted earnings per share ("EPS") compound annual growth rate ("CAGR") (with a 50% weighting) and (ii) fiscal year 2019 to 2021 three-year relative total shareholders' return ("TSR") (with a 50% weighting). Relative TSR measures the Company's TSR to the TSR of a benchmark group, consisting of the Company's peer group companies.

As the actual fiscal year 2019 to 2021 three-year cumulative adjusted EPS CAGR was below the 90% threshold, and the actual fiscal year 2019 to 2021 three-year relative TSR performance was also below the threshold level, none of the outstanding PRSUs granted by the Company on June 17, 2019 will vest and such PRSUs will therefore lapse on June 17, 2022, which will be the three-year anniversary of the grant date for such PRSUs.

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. During the years ended December 31, 2021 and December 31, 2020, there were no cancellations of share options, TRSUs or PRSUs.

15. EMPLOYEE BENEFITS (Continued)

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

(c) Defined Benefit Plans and Schemes

Plan Descriptions

The Group sponsors various pension and other post-retirement plans in certain jurisdictions. As of December 31, 2021 and December 31, 2020, the total unfunded liability recognized for such plans amounted to US$28.1 million and US$25.2 million, respectively. Details of certain defined benefit plans are presented below.

A Belgian subsidiary of the Group sponsors a pre-pension defined benefit retirement plan, which covers certain employees who meet certain age and years of service eligibility requirements. Benefits are calculated based on a final pay formula and are contributed until the employee reaches the legal retirement age. The Belgian subsidiary also provides long-service benefits (jubilee awards) to employees who meet certain years of service eligibility requirements. The expense is recorded as incurred and the outstanding liability is calculated annually by an independent actuary. Together, these defined benefit plans make up the Belgian Plans. The latest independent actuarial valuations of the Belgian Plans were provided as of December 31, 2021 and were prepared by independent qualified actuaries, Mercer (Belgium), who are members of the Institute of Actuaries in Belgium, using the projected unit credit method.

The actuarial valuations indicate that the Group's obligations under the Belgian Plans as of December 31, 2021 and December 31, 2020 were US$14.9 million and US$16.4 million, respectively, neither of which was funded by plan assets.

Remeasurements to the Group's defined benefit plans can include the effect of changes in demographic assumptions, the effect of changes in financial assumptions and the effect of experience adjustments, all of which are recognized in other comprehensive income or loss ("OCI"). For the years ended December 31, 2021 and December 31, 2020, remeasurements recognized in OCI to the Belgian Plans were US$2.1 million and US$3.2 million, respectively.

The total net periodic benefit cost (gain), including service cost (gain) and interest expense on defined benefit obligation, is recognized in the consolidated statements of income (loss). For the years ended December 31, 2021 and December 31, 2020, total net periodic benefit cost (gain) amounted to US$1.1 million and US$(0.3) million, respectively.

15. EMPLOYEE BENEFITS (Continued)

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

	Belgian Plans
2021	
Weighted average assumptions used to determine benefit obligations as of December 31:	
Discount rate	**0.90%**
Price inflation rate	**2.00%**
Weighted average assumptions used to determine net periodic benefit cost for the year ended December 31:	
Discount rate	**0.50%**
2020	
Weighted average assumptions used to determine benefit obligations as of December 31:	
Discount rate	0.50%
Price inflation rate	1.60%
Weighted average assumptions used to determine net periodic benefit cost for the year ended December 31:	
Discount rate	0.60%

(d) Defined Contribution Plan

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

In connection with this plan, the Group recognized an expense of US$3.5 million and US$4.0 million for the years ended December 31, 2021 and December 31, 2020, respectively. Forfeited contributions were inconsequential for the periods presented.

16. TRADE AND OTHER PAYABLES

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
Accounts payable	**355.0**	240.2
Accrued restructuring	**16.0**	24.8
Other payables and accruals	**146.5**	136.4
Other tax payables	**11.5**	11.5
Total trade and other payables	**529.0**	412.9

16. TRADE AND OTHER PAYABLES (Continued)

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

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
Current	**264.9**	163.0
0 – 30 days past due	**10.7**	7.1
Greater than 30 days past due	**2.2**	6.8
Total trade payables	**277.8**	176.8

17. 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 statements of income (loss). When the date of the settlement of an obligation is not reliably measurable, the provisions are not discounted and are classified in current liabilities.

The Group did not settle any material litigation during the years ended December 31, 2021 and December 31, 2020.

18. 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 years ended December 31, 2021 and December 31, 2020 and the carrying amount of lease right-of-use assets by class of underlying asset as of December 31, 2021 and December 31, 2020.

(Expressed in millions of US Dollars)	**Real estate**	**Other**	**Total**
For the year ended December 31, 2021:			
Additions of lease right-of-use assets	**66.9**	**1.2**	**68.1**
Amortization expense of lease right-of-use assets	**116.5**	**3.4**	**119.9**
Impairment reversals on lease right-of-use assets	**(8.8)**	**–**	**(8.8)**
Balance at December 31, 2021:			
Carrying value of lease right-of-use assets	**342.8**	**6.2**	**348.9**

(Expressed in millions of US Dollars)	Real estate	Other	Total
For the year ended December 31, 2020:			
Additions of lease right-of-use assets	145.2	2.2	147.4
Amortization expense of lease right-of-use assets	152.5	4.1	156.5
Impairment charges on lease right-of-use assets	140.2	0.0	140.3
Balance at December 31, 2020:			
Carrying value of lease right-of-use assets	390.3	9.3	399.6

18. LEASES (Continued)

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

2021 Impairment (Reversals) Charges

Based on an evaluation of company-operated retail stores during the year ended December 31, 2021, the Group determined that the recoverable amounts of certain retail stores, which represent individual CGUs, exceeded their corresponding net impaired carrying amounts, resulting in impairment reversals being recorded during the year ended December 31, 2021. During the year ended December 31, 2021 the Group recognized net impairment reversals totaling US$8.8 million.

2020 Impairment Charges

Based on an evaluation of loss-making stores during the year ended December 31, 2020, and also due to reduced traffic and under-performance caused by the COVID-19 pandemic, the Group determined that the carrying amounts of certain retail stores, which represent individual CGUs, exceeded their corresponding recoverable amounts. During the year ended December 31, 2020 the Group recognized impairment charges totaling US$140.3 million for lease right-of-use assets attributable to the under-performance of certain retail locations.

Expenses related to lease right-of-use assets have historically been classified as distribution expenses on the consolidated statements of income (loss) using the function of expense presentation method. These impairment charges for the years ended December 31, 2021 and December 31, 2020 were recorded in the Group's consolidated statements of income (loss) in the line item "Impairment (Reversals) Charges" (see also note 5 Impairment (Reversals) Charges, note 7 Property, Plant and Equipment and note 8 Goodwill and Other Intangible Assets for further discussion.)

(b) Lease Liabilities

The Group's IFRS 16 lease liabilities primarily consist of leases of retail stores, distribution centers, warehouses, office facilities, equipment and automobiles. As of December 31, 2021 and December 31, 2020, future minimum contractual payments under lease liabilities were as follows:

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
Within one year	**147.5**	165.4
After one year but within two years	**113.4**	131.8
After two years but within five years	**162.7**	211.7
More than five years	**58.2**	89.7
Total future minimum payments under lease liabilities[1]	**481.9**	598.6

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.

18. LEASES (Continued)

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

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

The rental cost for short-term, low-value and current expense for variable lease payments are recorded as incurred to rent expense and amounted to US$35.2 million, net of rent concessions of US$21.0 million (see discussion below) for the year ended December 31, 2021. For the year ended December 31, 2020, 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$31.9 million, net of rent concessions of US$28.7 million (see discussion below). 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$17.8 million and US$5.6 million for the years ended December 31, 2021 and December 31, 2020, respectively.

As of December 31, 2021 and December 31, 2020, future minimum contractual payments under short-term and low-value lease payments were as follows:

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
Within one year	**2.5**	2.9
After one year but within two years	**–**	0.0
Total future minimum payments under short-term and low-value leases	**2.5**	3.0

(d) Total Cash Outflows for Leases

The following table sets forth a breakdown of total cash outflows for the years ended December 31, 2021 and December 31, 2020 related to IFRS 16 lease liabilities and those leases exempt from capitalization under IFRS 16.

	Year ended December 31, 2021		
(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	**156.5**	**–**	**156.5**
Interest paid on lease liabilities	**21.5**	**–**	**21.5**
Rent expense – short-term, variable and low value leases[1]	**–**	**35.2**	**35.2**
Contingent rent	**–**	**17.8**	**17.8**
Total cash outflow	**178.0**	**53.0**	**231.1**

18. LEASES (Continued)

(Expressed in millions of US Dollars)	Year ended December 31, 2020 Lease liabilities	Short-term, low-value and variable leases	Total cash outflow for leases
Principal payments on lease liabilities	215.7	–	215.7
Interest paid on lease liabilities	25.2	–	25.2
Rent expense – short-term, variable and low value leases[1]	–	31.9	31.9
Contingent rent	–	5.6	5.6
Total cash outflow	240.9	37.5	278.4

Note

(1) Reflects costs for leases which did not qualify for capitalization under IFRS 16 and are net of rent concessions (see discussion below).

(e) Rent Concessions under IFRS 16

During the years ended December 31, 2021 and December 31, 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 benefits of US$21.0 million and US$28.7 million for the years ended December 31, 2021 and December 31, 2020, respectively, to variable rent expense, primarily presented in distribution expenses, in the consolidated statements of income (loss). Any substantial modifications to the contractual terms over the life of the leases have been remeasured in accordance with IFRS 16. See note 3(f) Leases for further discussion.

19. INCOME TAXES

(a) Taxation in the Consolidated Statements of Income (Loss)

Taxation in the consolidated statements of income (loss) for the years ended December 31, 2021 and December 31, 2020 consisted of the following:

(Expressed in millions of US Dollars)	Year ended December 31, **2021**	 2020
Current tax benefit (expense) – Hong Kong Profits Tax:		
Current period	**(3.6)**	1.1
Current tax benefit (expense) – foreign:		
Current period	**(23.6)**	25.0
Tax expense on Intra-Group IP Realignment	**(34.5)**	–
Adjustment for prior periods	**5.7**	7.5
Total current tax benefit (expense) – foreign	**(52.4)**	32.5
Total current tax benefit (expense)	**(56.0)**	33.6
Deferred tax benefit (expense):		
Origination and reversal of temporary differences	**43.1**	190.1
Tax benefit on Intra-Group IP Realignment	**111.7**	–
Tax benefit on Intra-Group IP Realignment – derecognized	**(34.6)**	–
Current year losses for which no deferred tax assets are recognized	**(50.5)**	(75.4)
Change in recognized temporary differences and tax credits	**44.6**	(54.3)
Change in tax rate	**(2.1)**	0.4
Total deferred tax benefit	**112.2**	60.8
Total income tax benefit	**56.2**	94.4

19. INCOME TAXES (Continued)

The Group recorded an income tax benefit of US$56.2 million for the year ended December 31, 2021 compared to an income tax benefit of US$94.4 million for the year ended December 31, 2020. The income tax benefit recorded during the year ended December 31, 2021 was due mainly to the US$32.7 million reported loss before income tax, combined with the tax impacts from the Intra-Group IP Realignment, changes in tax reserves, changes in unrecognized deferred tax assets and changes in the profit mix between high and low tax jurisdictions. The income tax benefit recorded during the year ended December 31, 2020 was due mainly to the US$1,382.4 million reported loss before income tax, non-deductible goodwill impairments and changes in unrecognized deferred tax assets.

During the year ended December 31, 2021 the Company completed the Intra-Group IP Realignment (see note 6 Restructuring Charges for further discussion). The Intra-Group IP Realignment established the following tax effects: (i) a current tax expense of US$34.5 million, (ii) deferred tax benefits of US$111.7 million and (iii) the derecognition of a portion of deferred tax benefits totaling US$34.6 million, resulting in a net tax benefit of US$42.6 million.

Included within the US$94.4 million income tax benefit for the year ended December 31, 2020 were the tax impacts related to the non-deductible goodwill impairment charges of US$122.1 million and the derecognition of deferred tax assets of US$128.1 million.

Deferred tax assets in each jurisdiction are analyzed for recoverability at each reporting date and derecognized to the extent that it is no longer probable that the assets will be utilized in future taxable periods. The analysis considers both positive and negative evidence. Due to the negative impacts from the COVID-19 pandemic resulting in a loss before income tax reported during the year ended December 31, 2021 and the significant loss before income tax reported globally during the year ended December 31, 2020, the Group derecognized certain deferred tax assets which were deemed not probable of realization in the foreseeable future. In 2021, the Group recognized deferred tax assets related to U.S. tax credits that were previously unrecognized in the amount of US$25.1 million.

Excluding the tax impacts related to the Intra-Group IP Realignment, the reduction in tax reserves and changes in unrecognized deferred tax assets during the year ended December 31, 2021, the consolidated effective tax rate for operations would have been 34.9%. Excluding the non-deductible goodwill impairment charges in 2020 and the derecognition of deferred tax assets during the year ended December 31, 2020, the Group’s consolidated effective tax rate for operations would have been 24.9%. The increase in the Group’s effective tax rate was mainly the result of changes in the profit mix between high and low tax jurisdictions.

The provision for Hong Kong Profits Tax for the years ended December 31, 2021 and December 31, 2020 was calculated at an effective tax rate of 16.5% of the estimated assessable profits for the year. Taxation for overseas subsidiaries was charged at the appropriate current rates of taxation in the relevant countries.

19. INCOME TAXES (Continued)

(b) Reconciliation Between Tax Benefit and Loss Before Taxation at Applicable Tax Rates

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2021**	2020
Profit (loss) for the year	**23.5**	(1,288.0)
Total income tax benefit	**56.2**	94.4
Loss before income tax	**(32.7)**	(1,382.4)
Income tax benefit (expense) using the Group's applicable tax rate	**12.8**	345.7
Tax incentives	**5.1**	(0.2)
Net tax impact of Intra-Group IP Realignment	**42.6**	–
Change in tax rates – other	**(2.1)**	0.4
Change in tax reserves	**6.6**	(6.6)
Goodwill impairment charges	**–**	(122.1)
Permanent differences	**1.3**	(0.8)
Change in tax effect of undistributed earnings	**(1.5)**	(0.1)
Current year losses for which no deferred tax assets are recognized	**(50.5)**	(75.4)
Recognition of previously unrecognized tax losses	**1.8**	–
Change in recognized temporary differences and tax credits	**44.6**	(54.3)
Share-based compensation	**(4.9)**	(2.7)
Withholding (taxes) – net of credits	**(0.7)**	8.5
Other	**(4.6)**	(5.5)
Over (under) provided in prior periods	**5.7**	7.5
	56.2	94.4

The Group's consolidated effective tax rate for operations was 171.8% and 6.8% for the years ended December 31, 2021 and December 31, 2020, respectively. The effective tax rate is calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets.

The provision for taxation for the years ended December 31, 2021 and December 31, 2020 was calculated using the Group's applicable tax rate of 39.1% and 25.0%, respectively. The applicable rate was based on the Group's weighted average worldwide tax rate.

Uncertain Tax Positions

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

19. INCOME TAXES (Continued)

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

(Expressed in millions of US Dollars)	Year ended December 31, 2021 Before tax	Year ended December 31, 2021 Income tax benefit (expense)	Year ended December 31, 2021 Net of tax	Year ended December 31, 2020 Before tax	Year ended December 31, 2020 Income tax benefit (expense)	Year ended December 31, 2020 Net of tax
Remeasurements on defined benefit plans	**2.4**	**(0.0)**	**2.4**	(0.9)	(1.0)	(1.9)
Changes in fair value of hedges	**24.8**	**(4.9)**	**19.9**	(40.3)	9.1	(31.2)
Settlement of cross currency swap agreement	**1.2**	**(0.3)**	**0.9**	–	–	–
Foreign currency translation gains (losses) for foreign operations	**8.0**	**–**	**8.0**	(26.7)	–	(26.7)
	36.4	**(5.2)**	**31.2**	(67.9)	8.1	(59.8)

(d) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities were attributable to the following:

(Expressed in millions of US Dollars)	December 31, 2021	December 31, 2020
Deferred tax assets:		
Allowance for credit losses	**4.9**	4.3
Inventories	**8.9**	16.1
Lease liabilities	**76.0**	113.5
Property, plant and equipment	**9.6**	15.1
Intangible assets	**69.6**	–
Pension and post-retirement benefits	**3.3**	2.7
Share-based compensation	**0.8**	1.2
Tax losses	**24.8**	17.3
Reserves	**26.7**	24.6
Financing charges[1]	**10.7**	10.1
Tax credits	**28.2**	1.1
Other	**7.3**	14.2
Set off of tax[2]	**(146.6)**	(165.7)
Total gross deferred tax assets	**124.2**	54.5
Deferred tax liabilities:		
Lease right-of-use assets	**(63.0)**	(96.7)
Property, plant and equipment	**(0.7)**	(7.5)
Intangible assets	**(189.4)**	(194.1)
Deferred gain on legal entity reorganization	**(24.3)**	(28.5)
Other	**(9.6)**	(13.4)
Set off of tax[2]	**146.6**	165.7
Total gross deferred tax liabilities	**(140.4)**	(174.5)
Net deferred tax liability	**(16.2)**	(120.0)

Notes

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

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

19. INCOME TAXES (Continued)

The movement in temporary differences for the years ended December 31, 2021 and December 31, 2020 was:

(Expressed in millions of US Dollars)	**Balance, January 1, 2021**	**Recognized in profit or loss**	**Recognized in equity[3]**	**Other[4]**	**Balance, December 31, 2021**
Allowance for credit losses	**4.3**	**0.7**	**–**	**(0.1)**	**4.9**
Inventories	**16.1**	**(7.0)**	**–**	**(0.2)**	**8.9**
Lease liabilities[1]	**113.5**	**(31.7)**	**–**	**(5.8)**	**76.0**
Lease right-of-use assets[1]	**(96.7)**	**28.8**	**–**	**4.9**	**(63.0)**
Property, plant and equipment[1]	**7.6**	**1.7**	**–**	**(0.4)**	**8.9**
Intangible assets[1]	**(194.1)**	**74.7**	**–**	**(0.4)**	**(119.8)**
Pension and post-retirement benefits	**2.7**	**1.1**	**(0.0)**	**(0.5)**	**3.3**
Share-based compensation	**1.2**	**(0.4)**	**–**	**–**	**0.8**
Tax losses	**17.3**	**8.1**	**–**	**(0.6)**	**24.8**
Reserves	**24.6**	**2.8**	**–**	**(0.7)**	**26.7**
Financing charges[2]	**10.1**	**0.9**	**–**	**(0.3)**	**10.7**
Deferred gain on legal entity reorganization	**(28.5)**	**4.2**	**–**	**–**	**(24.3)**
Tax credits	**1.1**	**27.1**	**–**	**–**	**28.2**
Other	**0.8**	**1.2**	**(5.2)**	**0.9**	**(2.3)**
Net deferred tax asset (liability)	**(120.0)**	**112.2**	**(5.2)**	**(3.2)**	**(16.2)**

Notes

(1) Includes 2021 impairment charges excluding goodwill.

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

(3) Income tax expense of US$5.2 million recognized in other comprehensive income (loss).

(4) Other comprises primarily foreign exchange rate effects.

(Expressed in millions of US Dollars)	Balance, January 1, 2020	Recognized in profit or loss	Recognized in equity[3]	Other[4]	Balance, December 31, 2020
Allowance for credit losses	3.0	1.2	–	0.1	4.3
Inventories	13.2	2.7	–	0.2	16.1
Lease liabilities[1]	157.3	(47.6)	–	3.8	113.5
Lease right-of-use assets[1]	(149.9)	56.7	–	(3.5)	(96.7)
Property, plant and equipment[1]	8.2	(0.6)	–	0.0	7.6
Intangible assets[1]	(257.5)	63.7	–	(0.3)	(194.1)
Pension and post-retirement benefits	6.7	(3.5)	(1.0)	0.5	2.7
Share-based compensation	1.9	(0.7)	–	0.0	1.2
Tax losses	11.7	5.9	–	(0.3)	17.3
Reserves	29.9	(5.6)	–	0.3	24.6
Financing charges[2]	13.6	(3.6)	–	0.1	10.1
Deferred gain on legal entity reorganization	(28.6)	0.1	–	0.0	(28.5)
Tax credits	–	1.1	–	–	1.1
Other	(0.8)	(9.0)	9.1	1.5	0.8
Net deferred tax asset (liability)	(191.3)	60.8	8.1	2.4	(120.0)

Notes

(1) Includes 2020 impairment charges excluding goodwill.

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

(3) Income tax benefit of US$8.1 million recognized in other comprehensive income (loss).

(4) Other comprises primarily foreign exchange rate effects.

19. INCOME TAXES (Continued)

Unrecognized Deferred Tax Assets

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

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
Deductible temporary differences	**224.5**	205.7
Tax credits	**–**	25.1
Tax losses	**474.2**	386.1
Balance at end of year	**698.7**	616.9

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

Available tax losses (recognized and unrecognized):

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020	**Life of tax losses**	**Expires if not used by[1]**
North America	**131.4**	138.7	Definite	2022 – 2037
North America	**39.5**	31.7	Indefinite	n/a
Asia	**73.5**	57.9	Definite	2023 – 2031
Asia	**152.5**	44.9	Indefinite	n/a
Europe	**48.5**	71.3	Definite	2022 – 2038
Europe	**144.7**	129.6	Indefinite	n/a
Latin America	**50.2**	45.4	Definite	2022 – 2033
Latin America	**28.3**	29.6	Indefinite	n/a
Total	**668.6**	549.1		

Notes

(1) Applies to December 31, 2021 balances.

n/a Not applicable.

Unrecognized Deferred Tax Liabilities

As of December 31, 2021 and December 31, 2020, a deferred tax liability of US$45.5 million and US$46.4 million, respectively, related to investments in subsidiaries is not recognized because the Group controls whether the liability will be incurred and it is satisfied that the temporary difference will not be reversed in the foreseeable future.

Valuation Utilized for Intra-Group IP Realignment

As noted above, during the year ended December 31, 2021 the Company completed the Intra-Group IP Realignment which resulted in the following tax effects: (i) a current tax expense of US$34.5 million, (ii) deferred tax benefits of US$111.7 million and (iii) the derecognition of a portion of deferred tax benefits totaling US$34.6 million, resulting in a net tax benefit of US$42.6 million.

In order to determine the fair value of the intellectual property rights that were transferred, the Group, with the assistance of third-party experts, completed a valuation. The valuation was prepared using discounted cash flow projections based on financial estimates reviewed by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using estimated growth rates. 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 8.0%-11.0% were used in discounting the projected cash flows.
- Pre-tax cash flows were projected based on the historical operating results and forecasts.
- The terminal values were extrapolated using constant long-term growth rate based on recent forecasts of real GDP long-term growth rates developed by the OECD at the global level.

19. INCOME TAXES (Continued)

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 an impact on future results.

20. FINANCE INCOME AND FINANCE COSTS

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

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2021**	2020
Recognized in income or loss:		
Interest income	**3.6**	3.8
Total finance income	**3.6**	3.8
Interest expense on loans and borrowings	**(99.7)**	(96.2)
Loss on extinguishment of the 2020 Incremental Term Loan B Facility[1]	**(30.1)**	–
Amortization of deferred financing costs associated with the Senior Credit Facilities	**(6.6)**	(7.7)
Interest expense on lease liabilities	**(21.5)**	(25.2)
Change in fair value of put options	**(7.8)**	16.9
Net foreign exchange loss	**(1.0)**	(6.7)
Other finance costs	**(2.3)**	(1.1)
Total finance costs	**(169.0)**	(120.0)
Net finance costs recognized in profit or loss	**(165.4)**	(116.2)
Recognized in other comprehensive income (loss):		
Foreign currency translation gains (losses) for foreign operations	**8.0**	(26.7)
Changes in fair value of hedges	**24.8**	(40.3)
Settlement of cross currency swap agreement	**1.2**	–
Income tax benefit (expense) on finance income and finance costs recognized in other comprehensive income (loss)	**(5.2)**	9.1
Net finance costs recognized in total other comprehensive income (loss), net of tax	**28.8**	(57.9)
Attributable to:		
Equity holders of the Company	**31.4**	(56.8)
Non-controlling interests	**(2.6)**	(1.1)

Note

(1) The Company recorded a US$30.1 million loss on extinguishment upon the closing of the borrowing under the 2021 Incremental Term Loan B Facility. The loss included US$24.1 million of unamortized deferred financing costs which were part of the net carrying value of the 2020 Incremental Term Loan B Facility which was derecognized, and an approximately US$6.0 million call premium paid to the lenders under the 2020 Incremental Term Loan B Facility.

21. ADDITIONAL DISCLOSURE OF CERTAIN EXPENSES

Loss before income tax was arrived at after recognizing the following expenses for the years ended December 31, 2021 and December 31, 2020:

(Expressed in millions of US Dollars)	Year ended December 31, **2021**	2020
Depreciation of fixed assets	**45.8**	66.1
Amortization of intangible assets	**32.0**	32.6
Amortization of lease right-of-use assets	**119.9**	156.5
Impairment (Reversals) Charges	**(31.6)**	920.3
Restructuring Charges	**17.7**	63.0
Employee benefits expense	**395.1**	353.2
Other income(1)	**(4.6)**	(15.9)
Auditors' remuneration	**7.2**	7.0
Research and development	**17.4**	19.4
Rent expense(2)	**36.9**	43.3

Notes

(1) The Group recorded other income of US$4.6 million and US$15.9 million for the years ended December 31, 2021 and December 31, 2020, respectively. Other income for the year ended December 31, 2021 included gains from the disposal of assets and gains on lease exits/remeasurements, partially offset by a loss on the sale of Speck and miscellaneous other expense incurred during the period. Other income for the year ended December 31, 2020 included gains on lease exits/remeasurements of US$17.2 million, which were partially offset by other expenses of US$1.3 million.

(2) Rent expense for the years ended December 31, 2021 and December 31, 2020 represents those contracts/agreements which are not recognized on the consolidated statements of financial position in accordance with IFRS 16, including month-to-month contracts, certain shop-in-shop arrangements and variable rent agreements.

The fees in relation to the audit and related services for the years ended December 31, 2021 and December 31, 2020 provided by KPMG Luxembourg, Société coopérative and its foreign member firms, the external auditors of the Group, were as follows:

(Expressed in millions of US Dollars)	Year ended December 31, **2021**	2020
Legal annual audit fees	**5.4**	4.4
Fees for tax services	**1.2**	0.1
Other non-audit fees	**0.6**	2.5
Total	**7.2**	7.0

22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

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

(a) Risk Management

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

22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(b) Exposure to Credit Risk

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

Trade and Other Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The percentage of the Company's net sales and trade and other receivables that were attributable to the Group's five largest customers was less than 30% as of and for the years ended December 31, 2021 and December 31, 2020. The percentage of the Company's net sales that were attributable to the Group's largest customer was less than 10% during the years ended December 31, 2021 and December 31, 2020. There were no concentrations of credit risk associated with any single customer on the Group's sales for the periods presented or trade and other receivables as of December 31, 2021 and December 31, 2020. Geographically there is no concentration of credit risk.

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

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

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

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
Trade and other receivables	**206.2**	141.0

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

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
North America	**72.2**	45.2
Asia	**76.3**	63.6
Europe	**32.1**	12.1
Latin America	**17.0**	9.0
Total trade receivables	**197.6**	129.8

22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(c) Exposure to Liquidity Risk

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

The Group's primary sources of liquidity are its cash flows from operating activities, invested cash, available lines of credit (see note 14 Loans and Borrowings) and, subject to shareholder approval, its ability to issue additional shares. The Group believes that its existing cash and estimated cash flows, along with current working capital, will be adequate to meet the foreseeable future operating and capital requirements of the Group at least through March 31, 2023.

The following tables summarize the scheduled maturities of the Group's contractual obligations for which cash flows are fixed and determinable as of December 31, 2021 and December 31, 2020. The tables also indicate the periods in which the cash flows associated with derivatives, that are cash flow hedges, are expected to occur and impact profit or loss.

	December 31, 2021					
(Expressed in millions of US Dollars)	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities[1]:						
Senior Credit Facilities[2]	**2,333.1**	**2,343.3**	**46.6**	**53.3**	**2,243.4**	**–**
Senior Notes[2], [3]	**395.5**	**398.0**	**–**	**–**	**398.0**	**–**
Other borrowings and obligations	**60.8**	**60.8**	**60.7**	**0.0**	**0.0**	**–**
Trade and other payables	**529.0**	**529.0**	**529.0**	**–**	**–**	**–**
Derivative financial instruments[4]:						
Interest rate swap agreements – liabilities[5]	**3.4**	**18.0**	**6.7**	**6.7**	**4.5**	**–**
Cross-currency swap agreements – assets[6]	**0.1**	**3.1**	**1.3**	**1.3**	**0.5**	**–**
Foreign exchange forward contracts – assets	**1.3**	**34.0**	**34.0**	**–**	**–**	**–**
Other:						
Open inventory purchase orders	**–**	**443.0**	**440.0**	**1.9**	**1.1**	**–**
Lease liabilities	**434.0**	**481.9**	**147.5**	**113.4**	**162.7**	**58.2**
Short-term and low-value leases	**–**	**2.5**	**2.5**	**–**	**–**	**–**

	December 31, 2020					
(Expressed in millions of US Dollars)	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities[1]:						
Senior Credit Facilities[2]	2,715.5	2,752.4	32.7	47.7	2,672.1	–
Senior Notes[2, 3]	424.5	427.5	–	–	–	427.5
Other borrowings and obligations	50.6	50.6	47.9	0.2	2.5	–
Trade and other payables	412.9	412.9	412.9	–	–	–
Derivative financial instruments[4]:						
Interest rate swap agreements – liabilities[5]	21.2	25.9	8.0	6.7	11.2	–
Cross-currency swap agreements – liabilities[6]	3.1	5.3	1.6	1.5	2.2	–
Foreign exchange forward contracts – liabilities	5.2	84.7	84.7	–	–	–
Other:						
Open inventory purchase orders	–	229.8	213.6	16.2	0.0	–
Lease liabilities	531.5	598.6	165.4	131.8	211.7	89.7
Short-term and low-value leases	–	3.0	2.9	0.0	–	–

Notes

(1) The contractual cash flows for non-derivative financial liabilities represent contractual future cash payments consisting of principal only.

(2) The carrying amounts for the Senior Credit Facilities and Senior Notes represent the principal balance less remaining deferred financing costs.

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

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

(5) See note 14(a) Non-current Obligations for further details on interest rate swaps in effect during the period.

(6) See note 22(d)(i) Currency Risk – Cross-currency Swaps for further details in effect during the period.

(d) Exposure to Market Risk

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

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

(i) Currency Risk

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

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

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

22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

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

	December 31, 2021				
	Euro *(Euro millions)*	**Renminbi** *(RMB millions)*	**Indian Rupee** *(INR millions)*	**Won** *(KRW millions)*	**Yen** *(JPY millions)*
Cash	**121.1**	**202.3**	**1,836.9**	**16,351.3**	**698.6**
Trade and other receivables, net	**27.0**	**159.7**	**934.8**	**11,087.9**	**1,171.3**
Inter-company receivables (payables)	**(5.8)**	**6.3**	**(70.0)**	**(1,385.0)**	**(534.2)**
Trade and other payables	**(58.4)**	**(197.6)**	**(1,350.3)**	**(5,410.0)**	**(207.8)**
Statement of financial position exposure	**83.9**	**170.7**	**1,351.5**	**20,644.2**	**1,127.9**

	December 31, 2020				
	Euro *(Euro millions)*	Renminbi *(RMB millions)*	Indian Rupee *(INR millions)*	Won *(KRW millions)*	Yen *(JPY millions)*
Cash	79.5	184.9	777.6	17,848.7	131.8
Trade and other receivables, net	9.1	135.0	115.8	8,660.4	1,180.4
Inter-company receivables (payables)	(5.8)	(30.3)	(39.4)	(1,034.9)	(544.1)
Trade and other payables	(30.8)	(145.3)	(510.6)	(3,151.7)	(98.2)
Statement of financial position exposure	51.9	144.3	343.4	22,322.5	669.9

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

	Average rate		**Reporting date spot rate**	
	2021	2020	**2021**	2020
Euro	**1.1830**	1.1452	**1.1370**	1.2215
Renminbi	**0.1552**	0.1451	**0.1573**	0.1532
Indian Rupee	**0.0135**	0.0135	**0.0134**	0.0137
Korean Won	**0.0009**	0.0009	**0.0008**	0.0009
Japanese Yen	**0.0091**	0.0094	**0.0087**	0.0097

Foreign Currency Sensitivity Analysis

If each of the above currencies that more significantly affect the Group's financial performance had strengthened by 10% against the US Dollar, profit (loss) for the years ended December 31, 2021 and December 31, 2020 and equity as of December 31, 2021 and December 31, 2020 would have increased (decreased) by:

	Profit (loss) for the year ended December 31,		**Equity as of December 31,**	
(Expressed in millions of US Dollars)	**2021**	2020	**2021**	2020
Euro	**2.8**	(16.2)	**39.8**	12.9
Renminbi	**1.5**	(0.5)	**6.6**	4.9
Indian Rupee	**1.0**	(2.2)	**4.1**	3.1
Korean Won	**(0.2)**	(0.6)	**5.4**	6.2
Japanese Yen	**(3.6)**	(4.2)	**(1.8)**	1.8

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

22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Cross-currency Swaps

The Group maintains cross-currency swaps to hedge currency risk associated with currency fluctuation between the Euro and US Dollar. In April 2019, the Group entered into a cross-currency swap which has been designated as a net investment hedge. The hedge consists of a US$50.0 million notional loan amount between the Euro and US Dollar. The Group benefits from the interest rate spread between these markets to receive fixed interest income over a five-year contractual period.

As of December 31, 2021, the cross-currency swap qualified as a net investment hedge and the monthly mark-to-market was recorded to other comprehensive income (loss). As of December 31, 2021, the cross-currency swap was marked-to-market, resulting 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 (loss). As of December 31, 2020, the cross-currency swap was marked-to-market, resulting in a net liability position to the Group in the amount of US$2.7 million, which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income (loss).

The Group previously maintained a cross-currency swap used to hedge currency risk associated with currency fluctuations between the Japanese Yen and US Dollar. In April 2019, the Group entered into a cross-currency swap which was designated as a net investment hedge. The hedge consisted of a US$25.0 million notional loan amount between the Japanese Yen and US Dollar, which was terminated in September 2021. At the time of termination, the cross-currency swap had a fair market value of US$1.2 million. The gain was recorded as a hedging gain in finance costs in the consolidated statements of income (loss). As of December 31, 2020, the cross-currency swap was marked-to-market, resulting in a net liability position to the Group in the amount of US$0.5 million, which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income (loss).

(ii) Interest Rate Risk

The Group monitors its exposure to changes in interest rates on borrowings on variable rate debt instruments. From time to time, the Group enters into interest rate swap agreements to manage interest rate risk. See note 14(a) Non-current Obligations for further details on interest rate swaps in effect during the period.

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

(Expressed in millions of US Dollars)	**December 31, 2021**	December 31, 2020
Variable rate instruments:		
Financial assets	**98.8**	63.2
Financial liabilities[1]	**(2,404.0)**	(2,800.1)
Total variable rate instruments	**(2,305.2)**	(2,736.9)
Fixed rate instruments:		
Interest rate swap agreements – liabilities	**(3.4)**	(21.2)
Financial liabilities[2]	**(398.0)**	(430.3)
Total fixed rate instruments	**(401.4)**	(451.4)

Notes

(1) Primarily comprised the Senior Credit Facilities.

(2) Primarily comprised the Senior Notes.

22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Sensitivity Analysis for Variable Rate Instruments

If the benchmark interest rates on each of the Amended Term Loan A Facility, Term Loan B Facility, 2021 Incremental Term Loan B Facility and Amended Revolving Credit Facility increased by 100 basis points, with all other variables held constant, and in the absence of any interest rate swaps, the profit for the year would have decreased by US$15.8 million for the year ended December 31, 2021 and equity would have decreased by US$15.8 million as of December 31, 2021. A 100 basis point decrease in interest rates under each of the Amended Term Loan A Facility, Term Loan B Facility, 2021 Incremental Term Loan B Facility and Amended Revolving Credit Facility would have an equal, but opposite impact to profit for the year and equity as of December 31, 2021.

If the benchmark interest rates on each of the Amended Term Loan A Facility, Term Loan B Facility, 2020 Incremental Term Loan B Facility and Amended Revolving Credit Facility increased by 100 basis points, with all other variables held constant, and in the absence of any interest rate swaps, the loss for the year would have increased by US$21.3 million for the year ended December 31, 2020 and equity would have decreased by US$21.3 million as of December 31, 2020. A 100 basis point decrease in interest rates under each of the Amended Term Loan A Facility, Term Loan B Facility, 2020 Incremental Term Loan B Facility and Amended Revolving Credit Facility would have an equal, but opposite impact to loss for the year and equity as of December 31, 2020.

Fair Value Sensitivity Analysis for Fixed Rate Instruments

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

(e) Capital Management

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

The Group's capital needs are primarily managed through cash and cash equivalents (note 12), trade and other receivables (note 11), inventories (note 10), property, plant and equipment (note 7), trade and other payables (note 16) and loans and borrowings (note 14).

(f) Fair Value Versus Carrying Amounts

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

22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(g) Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 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 value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

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

Loans and Borrowings

As of December 31, 2021, the fair value of the Amended Term Loan A Facility, Term Loan B Facility, 2021 Incremental Term Loan B Facility and Senior Notes (see note 14 Loans and Borrowings for further discussion), including their respective current portions, was US$2,034.3 million. The difference between the fair value and carrying value of the Amended Term Loan A Facility, Term Loan B Facility, 2021 Incremental Term Loan B Facility and Senior Notes is due to the Group's fixed and variable rate debt obligations carrying interest rates that are above or below market rates at the measurement date. The fair value of the Amended Term Loan A Facility, Term Loan B Facility, 2021 Incremental Term Loan B Facility and Senior Notes was calculated based on estimated rates for the same or similar instruments with similar terms and remaining maturities, which represent Level 2 inputs in the fair value hierarchy.

22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

The following table presents the estimated fair value of the Amended Term Loan A Facility, Term Loan B Facility, 2021 Incremental Term Loan B Facility and Senior Notes as of December 31, 2021, and the estimated fair value of the Amended Term Loan A Facility, Term Loan B Facility, 2020 Incremental Term Loan B Facility and Senior Notes as of December 31, 2020:

			Fair value measurements at reporting date using		
(Expressed in millions of US Dollars)	Carrying amount	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2021					
Amended Term Loan A Facility	**640.0**	**633.6**	**–**	**633.6**	**–**
Term Loan B Facility	**541.6**	**525.3**	**–**	**525.3**	**–**
2021 Incremental Term Loan B Facility	**493.0**	**489.9**	**–**	**489.9**	**–**
Senior Notes(1)	**398.0**	**385.4**	**–**	**385.4**	**–**
Total	**2,072.5**	**2,034.3**	**–**	**2,034.3**	**–**
December 31, 2020					
Amended Term Loan A Facility	785.0	769.3	–	769.3	–
Term Loan B Facility	548.2	537.3	–	537.3	–
2020 Incremental Term Loan B Facility	597.0	592.5	–	592.5	–
Senior Notes(1)	427.5	407.2	–	407.2	–
Total	2,357.7	2,306.3	–	2,306.3	–

Note

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

Derivatives

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

Redeemable Non-controlling Interests

The Group has entered into agreements that include put and call option arrangements to sell and to acquire non-controlling interests in certain majority-owned subsidiaries exercisable at fair value at certain predetermined dates. Pursuant to these agreements, the Group has call options to acquire the remaining shares owned by the non-controlling interest holders and these non-controlling interest holders have put options to sell their ownership in these subsidiaries to the Group. In addition, the Group has the right to buy-out these non-controlling interests in the event of termination of the underlying agreements. The table of contractual maturities (note 22(c) Exposure to Liquidity Risk) above does not include amounts for the repurchase of non-controlling interests as they do not represent contractual maturities.

22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

The following table presents assets and liabilities that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) as of December 31, 2021 and December 31, 2020:

		Fair value measurements at reporting date using		
(Expressed in millions of US Dollars)	**December 31, 2021**	**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	**0.1**	**–**	**0.1**	**–**
Foreign currency forward contracts	**1.3**	**1.3**	**–**	**–**
Total assets	**1.4**	**1.3**	**0.1**	**–**
Liabilities:				
Non-controlling interest put options	**47.2**	**–**	**–**	**47.2**
Interest rate swap agreements(1)	**3.4**	**–**	**3.4**	**–**
Total liabilities	**50.7**	**–**	**3.4**	**47.2**

		Fair value measurements at reporting date using		
(Expressed in millions of US Dollars)	December 31, 2020	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities:				
Non-controlling interest put options	35.1	–	–	35.1
Interest rate swap agreements(1)	21.2	–	21.2	–
Cross-currency swap agreements	3.1	–	3.1	–
Foreign currency forward contracts	5.2	5.2	–	–
Total liabilities	64.6	5.2	24.3	35.1

Note

(1) The change in value of the interest rate swap agreements from December 31, 2020 to December 31, 2021 was due to changes in the LIBOR curve.

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 Group maintains interest rate swaps which are used to hedge interest rate risk associated with the Senior Credit Facilities. See note 14(a) Non-current Obligations for further discussion. Since the interest rate swap fair values are based predominantly on observable inputs, such as the interest yield curve, that are corroborated by market data, they are categorized as Level 2 in the fair value hierarchy.

The Group maintains cross-currency swaps which are used to hedge currency risk associated with currency fluctuation between the Euro and US Dollar. See note 22(d)(i) Currency Risk – Cross-currency Swaps for further discussion. Since the cross-currency swap fair value is based predominantly on observable inputs, such as the Dodd-Frank mid-market rate, that are corroborated by market data, it is categorized as Level 2 in the fair value hierarchy.

22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

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$1.3 million and a liability of US$5.2 million as of December 31, 2021 and December 31, 2020, 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 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	(12.8)
Change in fair value included in finance costs	(16.9)
Balance at December 31, 2020 and January 1, 2021	35.1
Change in fair value included in equity	**4.3**
Change in fair value included in finance costs	**7.8**
Balance at December 31, 2021	**47.2**

For the fair value of put options, reasonably possible changes to one of the significant unobservable inputs, holding other inputs constant, would have the following effects at December 31, 2021:

	Profit or Loss		Shareholders' Equity	
(Expressed in millions of US Dollars)	Increase	Decrease	Increase	Decrease
EBITDA multiple (movement of 0.1x)	**0.8**	**(0.8)**	**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

(a) Transactions with Key Management Personnel

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

23. RELATED PARTY TRANSACTIONS (Continued)

Key management personnel are comprised of the Group's directors and senior management team. Compensation paid to key management personnel during the years ended December 31, 2021 and December 31, 2020 comprised:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2021**	2020
Director's fees	**1.3**	1.2
Salaries, allowances and other benefits in kind	**6.4**	6.7
Bonus[(1)]	**12.8**	2.9
Termination benefits	**–**	1.1
Share-based compensation[(2)]	**11.3**	5.1
Contributions to post-employment plans	**0.4**	0.4
Total compensation	**32.3**	17.5

Notes

(1) Bonus or other approved compensation arrangements reflect 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 taken during the period of awards granted previously.

(b) Directors' Remuneration

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

	Year ended December 31, 2021					
(Expressed in millions of US Dollars)	Directors' fees	Salaries, allowances and other benefits in kind	Bonus[(1)]	Share-based compensation expense[(2)]	Contributions to post-employment plans	Total
Executive Director						
Kyle Gendreau	-	1.2	2.7	4.6	0.0	8.5
Non-Executive Director						
Timothy Parker	0.5	-	-	-	-	0.5
Independent Non-Executive Directors						
Paul Etchells	0.2	-	-	-	-	0.2
Jerome Griffith	0.1	-	-	-	-	0.1
Keith Hamill	0.1	-	-	-	-	0.1
Tom Korbas	0.1	-	-	-	-	0.1
Bruce Hardy McLain	0.1	-	-	-	-	0.1
Ying Yeh	0.1	-	-	-	-	0.1
Total	1.3	1.2	2.7	4.6	0.0	9.8

Notes

(1) Bonus or other approved compensation arrangements reflect 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 taken during the period of awards granted previously.

23. RELATED PARTY TRANSACTIONS (Continued)

	Year ended December 31, 2020					
(Expressed in millions of US Dollars)	Directors' fees	Salaries, allowances and other benefits in kind	Bonus[2]	Share-based compensation expense[3]	Contributions to post-employment plans	Total
Executive Director						
Kyle Gendreau	–	1.0	0.7	1.6	0.0	3.4
Non-Executive Director						
Timothy Parker	0.4	–	–	–	–	0.4
Independent Non-Executive Directors						
Paul Etchells	0.2	–	–	–	–	0.2
Jerome Griffith	0.1	–	–	–	–	0.1
Keith Hamill	0.1	–	–	–	–	0.1
Tom Korbas[1]	0.1	–	–	–	–	0.1
Bruce Hardy McLain	0.1	–	–	–	–	0.1
Ying Yeh	0.1	–	–	–	–	0.1
Total	1.2	1.0	0.7	1.6	0.0	4.6

Notes

(1) Mr. Korbas was re-designated from a Non-Executive Director to an Independent Non-Executive Director effective March 17, 2021.

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

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

No director received any emoluments from the Group as an inducement to join or upon joining the Group during the years ended December 31, 2021 and December 31, 2020. No director received any compensation during the years ended December 31, 2021 and December 31, 2020 for the loss of office as a director of the Company or of any other office in connection with the management of the affairs of the Group. No director waived or agreed to waive any emoluments during the periods presented. No director received any loans from the Group during the years ended December 31, 2021 and December 31, 2020.

(c) Individuals with the Highest Emoluments

The five highest paid individuals of the Group included one director during the years ended December 31, 2021 and December 31, 2020 whose emoluments are disclosed above. Details of remuneration paid to the remaining highest paid individuals of the Group are as follows:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2021**	2020
Salaries, allowances and other benefits in kind	**2.5**	2.3
Bonus[1]	**4.9**	1.2
Share-based compensation expense[2]	**3.8**	2.1
Contributions to post-employment plans	**0.1**	0.1
Total	**11.2**	5.7

Notes

(1) Bonus or other approved compensation arrangements reflect 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 taken during the period of awards granted previously.

23. RELATED PARTY TRANSACTIONS (Continued)

The emoluments of each individual for 2021 and 2020 fall within these ranges:

	Year ended December 31,	
	2021	2020
HK$8,000,000 – HK$8,500,000 (US$1,029,323 – US$1,093,656):	**0**	1
HK$10,500,000 – HK$11,000,000 (US$1,350,987 – US$1,415,319):	**0**	1
HK$12,000,000 – HK$12,500,000 (US$1,543,985 – US$1,608,318):	**0**	1
HK$12,500,000 – HK$13,000,000 (US$1,608,318 – US$1,672,650):	**0**	1
HK$19,500,000 – HK$20,000,000 (US$2,508,975 – US$2,573,308):	**1**	0
HK$20,000,000 – HK$20,500,000 (US$2,573,308 – US$2,637,641):	**1**	0
HK$21,000,000 – HK$21,500,000 (US$2,701,973 – US$2,766,306):	**1**	0
HK$25,500,000 – HK$26,000,000 (US$3,280,968 – US$3,345,300):	**1**	0

No amounts have been paid to these individuals as compensation for loss of office or as an inducement to join or upon joining the Group during the years ended December 31, 2021 and December 31, 2020.

24. SHARE CAPITAL AND RESERVES AND PARTICULARS OF GROUP ENTITIES

(a) Share Capital and Reserves

(i) Ordinary Shares

There were no changes to the authorized share capital of the Company during 2021 or 2020.

As of December 31, 2021 and December 31, 2020, the Company had 2,063,094,937 and 2,065,119,553, respectively, shares authorized but unissued and 1,436,905,063 and 1,434,880,447, respectively, ordinary shares with par value of US$0.01 per share issued and outstanding.

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

During the year ended December 31, 2021, the Company issued 23,278 ordinary shares at a weighted-average exercise price of HK$16.04 per share in connection with the exercise of vested share options that were granted under the Company's Share Award Scheme. During the year ended December 31, 2021, the Company issued 2,001,338 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 year ended December 31, 2021.

During the year ended December 31, 2020, there were no exercises of share options that were granted under the Company's Share Award Scheme. During the year ended December 31, 2020, the Company issued 2,310,676 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 year ended December 31, 2020.

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

(ii) Treasury Shares

There are no treasury shares held by the Group.

(iii) Distributable Reserves

As of December 31, 2021, reserves available for distribution to shareholders amounted to approximately US$1.7 billion as shown in the statutory financial statements of Samsonite International S.A. and calculated in accordance with the Company's Articles of Incorporation.

(iv) Foreign Currency Translation Reserve

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

(v) Other Reserves

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

(b) Non-controlling Interests

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

The agreements governing certain majority-owned subsidiaries include put and call options whereby the Group may be required to acquire the respective non-controlling interest at amounts intended to represent current fair value. As of December 31, 2021 and December 31, 2020, the financial liabilities recognized related to these put options were US$47.2 million and US$35.1 million, respectively.

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

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

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

For the year ended December 31, 2021:

(Expressed in millions of US Dollars)	**Samsonite Chile S.A.**	**Samsonite South Asia Private Limited**
NCI percentage	**15%**	**40%**
Non-current assets	**44.9**	**38.8**
Current assets	**25.5**	**82.8**
Non-current liabilities	**6.6**	**31.1**
Current liabilities	**24.2**	**49.3**
Net assets	**39.6**	**41.2**
Carrying amount of NCI	**5.9**	**16.5**
Net outside revenue	**42.2**	**140.0**
Profit for the year	**2.2**	**10.0**
Other comprehensive loss	**(6.5)**	**(0.2)**
Total comprehensive income (loss)	**(4.3)**	**9.7**
Profit allocated to NCI	**0.3**	**4.0**
Other comprehensive loss allocated to NCI	**(1.0)**	**(0.1)**
Net increase (decrease) in cash and cash equivalents	**(4.0)**	**14.0**

For the year ended December 31, 2020:

(Expressed in millions of US Dollars)	Samsonite Chile S.A.	Samsonite South Asia Private Limited
NCI percentage	15%	40%
Non-current assets	56.3	38.3
Current assets	28.2	99.8
Non-current liabilities	13.3	32.7
Current liabilities	27.3	74.0
Net assets	43.9	31.5
Carrying amount of NCI	6.6	12.6
Net outside revenue	32.9	60.5
Loss for the year	(9.5)	(22.2)
Other comprehensive income (loss)	1.3	(2.3)
Total comprehensive loss	(8.2)	(24.6)
Loss allocated to NCI	(1.4)	(8.9)
Other comprehensive income (loss) allocated to NCI	0.2	(0.9)
Dividends paid to NCI	–	2.3
Net increase in cash and cash equivalents	5.4	6.6

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

(c) Particulars of Group Entities

Entity name	Country/Territory	Ownership % December 31, 2021	Ownership % December 31, 2020
Samsonite International S.A.	Luxembourg	**Parent**	Parent
AboutBags NV	Belgium	**100**	100
Astrum R.E. LLC	United States	**100**	100
Bypersonal S.A. de C.V.	Mexico	**100**	100
Delilah Europe Investments S.à r.l.	Luxembourg	**100**	100
Delilah US Investments S.à r.l.	Luxembourg	**100**	100
Direct Marketing Ventures, LLC	United States	**100**	100
Equipaje en Movimiento, S.A. de C.V.	Mexico	**100**	100
Global Licensing Company, LLC	United States	**100**	100
HL Operating, LLC	United States	**100**	100
Jody Apparel II, LLC	United States	**100**	100
Lonberg Express S.A.	Uruguay	**100**	100
Limited Liability Company “Samsonite”	Russia	**100**	100
McGregor II, LLC	United States	**100**	100
PT Samsonite Indonesia	Indonesia	**60**	60
PTL Holdings, Inc.	United States	**100**	100
Samsonite (Malaysia) Sdn Bhd	Malaysia	**100**	100
Samsonite (Thailand) Co., Ltd.	Thailand	**60**	60
Samsonite A/S	Denmark	**100**	100
Samsonite AB (Aktiebolag)	Sweden	**100**	100
Samsonite AG	Switzerland	**100**	100
Samsonite Argentina S.A.	Argentina	**95**	95
Samsonite Asia Limited	Hong Kong	**100**	100
Samsonite Australia Pty Limited	Australia	**100**	100
Samsonite Belgium Holdings BV	Belgium	**100**	100
Samsonite Brands Private Limited	Singapore	**100**	–
Samsonite Brasil Ltda.	Brazil	**100**	100
Samsonite BV	Netherlands	**100**	100
Samsonite Canada Inc.	Canada	**100**	100
Samsonite CES Holding BV[(1)]	Netherlands	**–**	100
Samsonite Chile S.A.	Chile	**85**	85
Samsonite China Holdings Limited	Hong Kong	**100**	100
Samsonite (China) Co., Ltd.	China	**100**	100
Samsonite Colombia S.A.S.	Colombia	**100**	100
Samsonite Company Stores, LLC	United States	**100**	100
Samsonite Espana S.A.	Spain	**100**	100
Samsonite Europe Holdings S.à r.l.	Luxembourg	**100**	100
Samsonite Europe NV	Belgium	**100**	100
Samsonite Finanziaria S.r.l.[(2)]	Italy	**–**	100
Samsonite Finco S.à r.l.	Luxembourg	**100**	100
Samsonite Finland Oy	Finland	**100**	100
Samsonite Franquias do Brasil Eireli	Brazil	**100**	100
Samsonite Gesm.b.H.	Austria	**100**	100
Samsonite GmbH	Germany	**100**	100
Samsonite Hungaria Borond KFT	Hungary	**100**	100
Samsonite Importaciones, S.A. de C.V.	Mexico	**100**	100
Samsonite IP Holdings S.à r.l.	Luxembourg	**100**	100
Samsonite Japan Co. Ltd.	Japan	**100**	100

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

		Ownership %	
Entity name	Country/Territory	**December 31, 2021**	December 31, 2020
Samsonite Korea Limited	South Korea	**100**	100
Samsonite Latinoamerica S.A. de C.V.	Mexico	**100**	100
Samsonite Limited	United Kingdom	**100**	100
Samsonite LLC	United States	**100**	100
Samsonite Macau Limitada	Macau	**100**	100
Samsonite Mauritius Limited	Mauritius	**100**	100
Samsonite Mercosur Limited	Bahamas	**100**	100
Samsonite Mexico, S.A. de C.V.	Mexico	**100**	100
Samsonite Middle East FZCO	United Arab Emirates	**60**	60
Samsonite Norway AS	Norway	**100**	100
Samsonite Pacific LLC	United States	**100**	100
Samsonite Panama S.A.	Panama	**100**	100
Samsonite Peru S.A.C.	Peru	**100**	100
Samsonite Philippines Inc.	Philippines	**60**	60
Samsonite S.A.S.	France	**100**	100
Samsonite S.p.A.	Italy	**100**	100
Samsonite Seyahat Ürünleri Sanayi ve Ticaret Anonim Sirketi	Turkey	**60**	60
Samsonite Singapore Pte Ltd	Singapore	**100**	100
Samsonite South Asia Private Limited	India	**60**	60
Samsonite Southern Africa (Pty) Ltd.	South Africa	**60**	60
Samsonite Sp.zo.o	Poland	**100**	100
Samsonite Sub Holdings S.à r.l.	Luxembourg	**100**	100
Samsonite US Holdco, LLC	United States	**100**	100
SC Chile Uno S.A.	Chile	**100**	100
SC Inversiones Chile Ltda	Chile	**100**	100
Speculative Product Design, LLC(3)	United States	**–**	100
The Tumi Haft Company, LLC	United States	**100**	100
Tumi Asia, Limited	Hong Kong	**100**	100
Tumi Asia (Macau) Co., Ltd.	Macau	**100**	100
Tumi Canada Holdings, LLC	United States	**100**	100
Tumi Canada ULC	Canada	**100**	100
Tumi Charlotte Airport LLC	United States	**90**	90
Tumi D2C GmbH	Germany	**100**	100
Tumi Dulles Airport LLC	United States	**90**	90
Tumi Houston Airport LLC	United States	**70**	70
Tumi Inc.	United States	**100**	100
Tumi International LLC	United States	**100**	100
Tumi Ireland Limited	Ireland	**100**	100
Tumi Japan Inc.	Japan	**100**	100
Tumi Services GmbH	Germany	**100**	100
Tumi Stores, Inc.	United States	**100**	100
Tumi (UK) Limited	United Kingdom	**100**	100

Notes

(1) This entity was dissolved during 2021.

(2) This entity was collapsed into Samsonite S.p.A. during 2021.

(3) This entity was sold on July 30, 2021.

25. SUBSEQUENT EVENTS

The Group has evaluated events occurring subsequent to December 31, 2021, the reporting date, through March 16, 2022, the date this financial information was authorized for issuance by the Board. There are no subsequent events to report for the relevant period.