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

13-15 avenue de la Liberté, L-1931 Luxembourg
R.C.S. LUXEMBOURG: B 159.469
(Incorporated in Luxembourg with limited liability)
(Stock code: 1910)

QUARTERLY REPORT FOR THE PERIOD ENDED SEPTEMBER 30, 2020

The Board of Directors of Samsonite International S.A. (the "Company"), together with its consolidated subsidiaries (the "Group"), is pleased to present the unaudited consolidated financial and business review of the Group as of September 30, 2020 and for the three and nine month periods then ended, together with comparative figures for the three and nine month periods ended September 30, 2019. This announcement is made pursuant to the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Summary Financial Results and Highlights

The outbreak of the COVID-19 pandemic has caused a global health emergency and significant disruptions to travel, tourism and economies worldwide. The pandemic has had a significant negative impact on the Group's performance for the three and nine month periods ended September 30, 2020 and will adversely impact full-year 2020 results. The Company continues to aggressively implement cost cutting measures to navigate the current and anticipated impacts and to right-size its business for the future (see Management Discussion and Analysis - Impact of COVID-19 for further discussion).

The following tables set forth summary financial results and financial highlights for the three and nine month periods ended September 30, 2020 and September 30, 2019.

For the Three Months Ended September 30, 2020

SUMMARY FINANCIAL RESULTS

(Expressed in millions of US Dollars, except per share data)	**Three months ended September 30, 2020**	Three months ended September 30, 2019	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[1]
Net sales	**326.6**	921.5	(64.6)%	(64.7)%
Operating profit (loss)[2]	**(80.5)**	104.9	*nm*	nm
Operating profit (loss) excluding non-cash impairment charges, restructuring charges and costs related to profit improvement initiatives[2], [3]	**(65.8)**	108.3	*nm*	nm
Profit (loss) for the period[2]	**(117.5)**	57.4	*nm*	nm
Profit (loss) attributable to the equity holders[2]	**(110.7)**	53.0	*nm*	nm
Adjusted Net Income (Loss)[4]	**(98.7)**	62.0	*nm*	nm
Adjusted EBITDA[5]	**(50.7)**	133.9	*nm*	nm
Adjusted EBITDA Margin[6]	**(15.5)%**	14.5 %		
Basic and diluted earnings (loss) per share[2] *(Expressed in US Dollars per share)*	**(0.077)**	0.037	*nm*	nm
Adjusted basic and diluted earnings (loss) per share[7] *(Expressed in US Dollars per share)*	**(0.069)**	0.043	*nm*	nm

Notes

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

(2) Results for the three months ended September 30, 2020 included US$5.6 million of total non-cash impairment charges (including US$1.3 million of non-cash impairment charges in cost of sales) recorded during the third quarter of 2020 primarily related to lease right-of-use assets at certain retail locations. Results also included total restructuring charges of US$9.0 million (including US$3.7 million of restructuring charges in cost of sales) recorded during the three months ended September 30, 2020. Results for the three months ended September 30, 2019 included US$2.5 million of total non-cash impairment charges recorded during the third quarter of 2019 related to lease right-of-use assets and property, plant and equipment at certain retail locations, as well as costs related to profit improvement initiatives totaling US$0.8 million. See Gross Profit, Impairment Charges, Restructuring Charges and Other Income (Expenses) sections, respectively, in Management Discussion and Analysis for further discussion.

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

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

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

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

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

nm Not meaningful.

Summary financial highlights for the three months ended September 30, 2020

- Net sales were US$326.6 million for the three months ended September 30, 2020, compared to US$921.5 million for the three months ended September 30, 2019, a decrease of 64.6% (-64.7% constant currency). The net sales decrease was due to the negative impacts from the COVID-19 pandemic.
- Gross profit margin, as reported, was 44.9% for the three months ended September 30, 2020 compared to 55.7% for the same period in the previous year. The decrease in the gross profit margin was primarily related to a decrease in gross profit as a result of the decrease in net sales year-on-year caused primarily by the negative impacts from the COVID-19 pandemic, including increased inventory reserves, the impact of fixed sourcing and manufacturing

expenses on a lower net sales base, and the inclusion of restructuring charges and non-cash impairment charges related to the sourcing and production of the Group's products of US$3.7 million and US$1.3 million, respectively, as well as a shift in sales mix. Excluding the impact of increased inventory reserves, the impact of fixed sourcing and manufacturing expenses on a lower net sales base, restructuring charges and non-cash impairment charges, gross profit margin, as adjusted, for the three months ended September 30, 2020 and 2019 would have been 54.9% and 58.0%, respectively (see Management Discussion and Analysis - Gross Profit for further discussion).

- The Group spent US$10.6 million on marketing during the three months ended September 30, 2020 compared to US$45.4 million for the three months ended September 30, 2019, a decrease of US$34.8 million, or 76.6% (-76.8% constant currency), as the Group reduced advertising to help conserve cash and to offset the negative impacts of COVID-19 on the Group's business. As a percentage of net sales, marketing expenses decreased by 160 basis points to 3.3% for the three months ended September 30, 2020 from 4.9% for the three months ended September 30, 2019.
- As a result of overall market conditions caused by the COVID-19 pandemic, the Group recognized total non-cash impairment charges during the three months ended September 30, 2020 (the "3Q 2020 Impairment Charges") of US$5.6 million (including US$1.3 million of non-cash impairment charges in cost of sales), primarily attributable to the under-performance of certain retail locations as well as the impairment of certain molds and machinery used for the production of certain luggage product lines recorded during the third quarter of 2020. Based on an evaluation of loss-making stores in the three months ended September 30, 2019, the Group recognized total non-cash impairment charges (the "3Q 2019 Impairment Charges") of US$2.5 million, comprised of the non-cash impairment of US$1.8 million of lease right-of-use assets associated with such stores and a US$0.7 million non-cash impairment for property, plant and equipment of such stores (see Management Discussion and Analysis - Impairment Charges for further discussion).
- The Group has taken meaningful actions to reduce its fixed cost base in response to the impact of COVID-19 on the Group's business, which is estimated to result in annualized run-rate cost savings of approximately US$184 million (see Management Discussion and Analysis - Impact of COVID-19 for further discussion). In conjunction with these cost saving actions, the Group recognized total restructuring charges during the three months ended September 30, 2020 (the "3Q 2020 Restructuring Charges") of US$9.0 million (including US$3.7 million of restructuring charges in cost of sales), which primarily consisted of severance associated with permanent headcount reductions and store closure costs (see Management Discussion and Analysis - Restructuring Charges for further discussion). During the three months ended September 30, 2019, the Group recorded costs related to profit improvement initiatives included in Other Income (Expenses) totaling US$0.8 million.
- The Group incurred an operating loss of US$80.5 million for the three months ended September 30, 2020, compared to an operating profit of US$104.9 million for the same period in the previous year. The Group incurred an operating loss of US$65.8 million(1) when excluding the non-cash 3Q 2020 Impairment Charges and 3Q 2020 Restructuring Charges. The year-on-year decrease in operating profit was primarily due to the decrease in net sales resulting from the negative impacts from the COVID-19 pandemic.
- The Group incurred a loss for the period of US$117.5 million for the three months ended September 30, 2020, compared to a profit for the period of US$57.4 million for the same period in the previous year. The Group incurred a loss for the period of US$105.4 million(1) when excluding the non-cash 3Q 2020 Impairment Charges and 3Q 2020 Restructuring Charges, both of which are net of the related tax impact, incurred during the three months ended September 30, 2020. The year-on-year decrease in profit (loss) for the period was primarily due to the negative impacts from the COVID-19 pandemic.
- The Group incurred a loss attributable to the equity holders of US$110.7 million for the three months ended September 30, 2020, compared to profit attributable to the equity holders of US$53.0 million for the same period in the previous year. The Group incurred a loss attributable to the equity holders of US$98.7 million(1) when excluding the non-cash 3Q 2020 Impairment Charges and 3Q 2020 Restructuring Charges, both of which are net of the related tax impact, incurred during the three months ended September 30, 2020. The year-on-year decrease in profit (loss) attributable to the equity holders was primarily due to the negative impacts from the COVID-19 pandemic.
- The Group used US$0.8 million of cash in operating activities during the three months ended September 30, 2020 compared to US$115.9 million of cash used in operating activities during the second quarter of 2020 and US$119.0 million of cash generated from operating activities for the three months ended September 30, 2019. Total cash burn(2) was US$(67.7) million for the three months ended September 30, 2020 compared to US$(166.7) million for the second quarter of 2020.

Notes

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

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

For the Nine Months Ended September 30, 2020

SUMMARY FINANCIAL RESULTS				
	Nine months ended September 30,			
(Expressed in millions of US Dollars, except per share data)	**2020**	2019	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(1)
Net sales	**1,129.0**	2,677.2	(57.8)%	(57.3)%
Operating profit (loss)(2)	**(1,143.2)**	229.0	*nm*	*nm*
Operating profit (loss) excluding non-cash impairment charges, restructuring charges and costs related to profit improvement initiatives(2), (3)	**(222.8)**	271.9	*nm*	*nm*
Profit (loss) for the period(2)	**(1,093.2)**	115.8	*nm*	*nm*
Profit (loss) attributable to the equity holders(2)	**(1,084.5)**	102.2	*nm*	*nm*
Adjusted Net Income (Loss)(4)	**(271.8)**	159.0	*nm*	*nm*
Adjusted EBITDA(5)	**(173.6)**	347.4	*nm*	*nm*
Adjusted EBITDA Margin(6)	**(15.4)%**	13.0 %	*nm*	*nm*
Basic and diluted earnings (loss) per share(2) *(Expressed in US Dollars per share)*	**(0.757)**	0.071	*nm*	*nm*
Adjusted basic and diluted earnings (loss) per share(7) *(Expressed in US Dollars per share)*	**(0.190)**	0.111	*nm*	*nm*

Notes

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

(2) Results for the nine months ended September 30, 2020 included US$882.7 million of total non-cash impairment charges recorded during the first nine months of 2020 (including US$1.3 million of non-cash impairment charges in cost of sales) comprised of US$732.0 million related to goodwill and tradename intangible assets and US$150.7 million primarily related to lease right-of-use assets and property, plant and equipment at certain retail locations. Results also included total restructuring charges of US$37.8 million (including US$3.7 million of restructuring charges in cost of sales), recorded during the nine months ended September 30, 2020. Results for the nine months ended September 30, 2019 included US$32.2 million of total non-cash impairment charges recorded during the first nine months of 2019 related to lease right-of-use assets and property, plant and equipment at certain retail locations, as well as costs related to profit improvement initiatives totaling US$10.6 million. See Gross Profit, Impairment Charges, Restructuring Charges and Other Income (Expenses) sections, respectively, in Management Discussion and Analysis for further discussion.

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

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

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

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

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

nm Not meaningful.

Summary financial highlights for the nine months ended September 30, 2020

- Net sales were US$1,129.0 million for the nine months ended September 30, 2020, compared to US$2,677.2 million for the nine months ended September 30, 2019, a decrease of 57.8% (-57.3% constant currency). The net sales decrease was due to the negative impacts from the COVID-19 pandemic.
- Gross profit margin, as reported, was 48.1% for the nine months ended September 30, 2020 compared to 55.9% for the same period in the previous year. The decrease in the gross profit margin was primarily related to a decrease in gross profit as a result of the decrease in net sales year-on-year caused primarily by the negative impacts from the COVID-19 pandemic, including increased inventory reserves, the impact of fixed sourcing and manufacturing expenses on a lower net sales base, and the inclusion of restructuring charges and non-cash impairment charges related to the sourcing and production of the Group's products of US$3.7 million and US$1.3 million, respectively, as well as a shift in sales mix. Excluding the impact of increased inventory reserves, the impact of fixed sourcing and manufacturing expenses on a lower net sales base, restructuring charges and non-cash impairment charges,

gross profit margin, as adjusted, for the nine months ended September 30, 2020 and 2019 would have been 55.4% and 58.0%, respectively (see Management Discussion and Analysis - Gross Profit for further discussion).

- The Group spent US$55.1 million on marketing during the nine months ended September 30, 2020 compared to US$148.5 million for the nine months ended September 30, 2019, a decrease of US$93.3 million, or 62.9% (-62.4% constant currency), as the Group reduced advertising to help conserve cash and to offset the negative impacts of COVID-19 on the Group's business. As a percentage of net sales, marketing expenses decreased by 60 basis points to 4.9% for the nine months ended September 30, 2020 from 5.5% for the nine months ended September 30, 2019.
- As a result of overall market conditions caused by the COVID-19 pandemic, the Group recognized total non-cash impairment charges (the "2020 Impairment Charges") during the nine months ended September 30, 2020 of US$882.7 million (including US$1.3 million of non-cash impairment charges in cost of sales), of which US$819.7 million was recorded during the first quarter of 2020, US$57.4 million was recorded during the second quarter of 2020 and US$5.6 million was recorded during the third quarter of 2020. The non-cash 2020 Impairment Charges were comprised of a US$732.0 million non-cash impairment of goodwill and tradename intangible assets as well as US$119.5 million for lease right-of-use assets and US$31.2 million for property, plant and equipment that were primarily attributable to the under-performance of certain retail locations as well as the impairment of certain molds and machinery used for the production of certain luggage product lines. Based on an evaluation of loss-making stores in the nine months ended September 30, 2019, the Group recognized total non-cash impairment charges (the "2019 Impairment Charges") totaling US$32.2 million, comprised of the non-cash impairment of US$22.8 million of lease right-of-use assets associated with such stores and a US$9.4 million non-cash impairment for property, plant and equipment of such stores (see Management Discussion and Analysis - Impairment Charges for further discussion).
- The Group has taken meaningful actions to reduce its fixed cost base in response to the impact of COVID-19 on the Group's business, which is estimated to result in annualized run-rate cost savings of approximately US$184 million (see Management Discussion and Analysis - Impact of COVID-19 for further discussion). In conjunction with these cost saving actions, the Group recognized total restructuring charges during the nine months ended September 30, 2020 (the "2020 Restructuring Charges") of US$37.8 million (including US$3.7 million of restructuring charges in cost of sales), which primarily consisted of severance associated with permanent headcount reductions and store closure costs (see Management Discussion and Analysis - Restructuring Charges for further discussion). During the nine months ended September 30, 2019, the Group recorded costs related to profit improvement initiatives included in Other Income (Expenses) totaling US$10.6 million.
- The Group incurred an operating loss of US$1,143.2 million for the nine months ended September 30, 2020, compared to an operating profit of US$229.0 million for the same period in the previous year. The Group incurred an operating loss of US$222.8 million(1) when excluding the non-cash 2020 Impairment Charges and 2020 Restructuring Charges. The year-on-year decrease in operating profit was primarily due to the decrease in net sales resulting from the negative impacts from the COVID-19 pandemic.
- The Group incurred a loss for the period of US$1,093.2 million for the nine months ended September 30, 2020, compared to a profit for the period of US$115.8 million for the same period in the previous year. The Group incurred a loss for the period of US$277.0 million(1) when excluding the non-cash 2020 Impairment Charges and 2020 Restructuring Charges, both of which are net of the related tax impact, incurred during the nine months ended September 30, 2020. The year-on-year decrease in profit (loss) for the period was primarily due to the negative impacts from the COVID-19 pandemic.
- The Group incurred a loss attributable to the equity holders of US$1,084.5 million for the nine months ended September 30, 2020, compared to profit attributable to the equity holders of US$102.2 million for the same period in the previous year. The Group incurred a loss attributable to the equity holders of US$268.3 million(1) when excluding the non-cash 2020 Impairment Charges and 2020 Restructuring Charges, both of which are net of the related tax impact, incurred during the nine months ended September 30, 2020. The year-on-year decrease in profit (loss) attributable to the equity holders was primarily due to the negative impacts from the COVID-19 pandemic.
- The Group used US$173.8 million of cash in operating activities during the nine months ended September 30, 2020. As of September 30, 2020, the Group had cash and cash equivalents of US$1,510.9 million and outstanding financial debt of US$3,227.3 million (excluding deferred financing costs of US$42.3 million), putting the Group in a net debt position of US$1,716.4 million compared to US$1,305.3 million as of December 31, 2019.
- On March 16, 2020, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into an amendment to the Group's credit agreement with certain lenders and financial institutions (the “Second Amended Credit Agreement”). The Second Amended Credit Agreement provided for (1) an amended US$800.0 million senior secured term loan A facility and (2) an amended US$850.0 million revolving credit facility. The Second Amended Credit Agreement extended the maturity for the senior secured term loan A facility and the revolving credit facility by approximately two years, reduced the interest rate margin for such facilities by 12.5 basis points (subject to the terms of the Third Amended Credit Agreement as described below), reset the principal amortization schedule for the term loan A facility and provided additional liquidity through a US$200.0 million increase in the revolving credit

facility. The Second Amended Credit Agreement did not affect the terms of the Group's US$665.0 million term loan B facility (see Management Discussion and Analysis - Indebtedness - Second Amended Credit Agreement for further discussion).

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

Note

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

Disclaimer

Non-IFRS Measures

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

Forward-Looking Statements

This document contains forward-looking statements. Forward-looking statements reflect the Group's current views with respect to future events and performance. These statements may discuss, among other things, the Group's net sales, operating profit (loss), Adjusted Net Income (Loss), Adjusted EBITDA[2], Adjusted EBITDA margin, cash flow, liquidity and capital resources, impairments, growth, strategies, plans, achievements, distributions, organizational structure, future store openings or closings, market opportunities and general market and industry conditions. The Group generally identifies forward-looking statements by words such as "expect", "seek", "believe", "plan", "intend", "estimate", "project", "anticipate", "may", "will", "would" and "could" or similar words or statements. Forward-looking statements are based on beliefs and assumptions made by management using currently available information. These statements are only predictions and are not guarantees of future performance, actions or events. Forward-looking statements are subject to risks and uncertainties. These risks, uncertainties and other factors also include the potential 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 key components; the performance of our products within the prevailing retail environment; financial difficulties encountered by customers and related bankruptcy and collection issues; and risks related to the success of our 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. A further discussion about the impact of the COVID-19 pandemic in 2020 is disclosed in the Management Discussion and Analysis - Impact of COVID-19 section.

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

Rounding

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

Notes

(1) International Financial Reporting Standards as issued by the International Accounting Standards Board.

(2) Earnings before interest, taxes, depreciation and amortization.

Consolidated Income Statements (Unaudited)

(Expressed in millions of US Dollars, except per share data)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Net sales	**326.6**	921.5	**1,129.0**	2,677.2
Cost of sales	**(180.1)**	(408.0)	**(586.0)**	(1,180.7)
Gross profit	**146.5**	513.5	**543.0**	1,496.5
Distribution expenses	**(162.5)**	(303.6)	**(570.6)**	(904.1)
Marketing expenses	**(10.6)**	(45.4)	**(55.1)**	(148.5)
General and administrative expenses	**(47.4)**	(55.8)	**(155.3)**	(169.6)
Impairment Charges (exclusive of amounts included in cost of sales)	**(4.3)**	(2.5)	**(881.4)**	(32.2)
Restructuring Charges (exclusive of amounts included in cost of sales)	**(5.3)**	—	**(34.1)**	—
Other income (expenses)	**3.1**	(1.3)	**10.3**	(13.1)
Operating profit (loss)	**(80.5)**	104.9	**(1,143.2)**	229.0
Finance income	**1.1**	0.8	**2.9**	1.7
Finance costs	**(31.3)**	(27.1)	**(79.8)**	(78.1)
Net finance costs	**(30.2)**	(26.3)	**(76.9)**	(76.4)
Profit (loss) before income tax	**(110.7)**	78.6	**(1,220.1)**	152.6
Income tax benefit (expense)	**(6.8)**	(21.2)	**126.9**	(36.8)
Profit (loss) for the period	**(117.5)**	57.4	**(1,093.2)**	115.8
Profit (loss) attributable to equity holders	**(110.7)**	53.0	**(1,084.5)**	102.2
Profit (loss) attributable to non-controlling interests	**(6.8)**	4.4	**(8.7)**	13.6
Profit (loss) for the period	**(117.5)**	57.4	**(1,093.2)**	115.8
Earnings (loss) per share				
Basic and diluted earnings (loss) per share				
(Expressed in US Dollars per share)	**(0.077)**	0.037	**(0.757)**	0.071

Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
(Expressed in millions of US Dollars)	**2020**	2019	**2020**	2019
Profit (loss) for the period	**(117.5)**	57.4	**(1,093.2)**	115.8
Other comprehensive income (loss):				
Items that are or may be reclassified subsequently to profit or loss:				
Changes in fair value of hedges, net of tax	**(4.1)**	2.7	**(26.7)**	(14.0)
Settlement of interest rate swap agreements	**—**	0.2	**—**	0.2
Foreign currency translation gains (losses) for foreign operations	**(3.3)**	(8.8)	**(30.9)**	(5.4)
Other comprehensive income (loss)	**(7.4)**	(5.9)	**(57.6)**	(19.2)
Total comprehensive income (loss) for the period	**(124.9)**	51.5	**(1,150.8)**	96.6
Total comprehensive income (loss) attributable to equity holders	**(118.5)**	48.4	**(1,139.5)**	83.8
Total comprehensive income (loss) attributable to non-controlling interests	**(6.4)**	3.1	**(11.3)**	12.8
Total comprehensive income (loss) for the period	**(124.9)**	51.5	**(1,150.8)**	96.6

Consolidated Statements of Financial Position

(Expressed in millions of US Dollars)	**(Unaudited) September 30, 2020**	December 31, 2019
Non-Current Assets		
Property, plant and equipment	**200.6**	267.1
Lease right-of-use assets	**415.1**	613.5
Goodwill	**844.8**	1,339.0
Other intangible assets	**1,436.2**	1,691.1
Deferred tax assets	**47.4**	31.7
Derivative financial instruments	**0.2**	10.7
Other assets and receivables	**44.1**	45.0
Total non-current assets	**2,988.4**	3,998.1
Current Assets		
Inventories	**527.3**	587.3
Trade and other receivables	**141.3**	396.0
Prepaid expenses and other assets	**115.5**	97.3
Cash and cash equivalents	**1,510.9**	462.6
Total current assets	**2,295.0**	1,543.2
Total assets	**5,283.4**	5,541.3
Equity and Liabilities		
Equity:		
Share capital	**14.3**	14.3
Reserves	**819.3**	1,936.7
Total equity attributable to equity holders	**833.6**	1,951.0
Non-controlling interests	**35.7**	50.5
Total equity	**869.3**	2,001.5
Non-Current Liabilities		
Loans and borrowings	**3,093.4**	1,693.9
Lease liabilities	**398.7**	475.1
Employee benefits	**27.0**	25.3
Non-controlling interest put options	**25.4**	64.8
Deferred tax liabilities	**140.0**	223.0
Derivative financial instruments	**24.3**	0.3
Other liabilities	**6.5**	7.0
Total non-current liabilities	**3,715.3**	2,489.4
Current Liabilities		
Loans and borrowings	**58.8**	23.6
Current portion of long-term loans and borrowings	**32.8**	37.7
Current portion of lease liabilities	**152.9**	174.9
Employee benefits	**61.6**	84.2
Trade and other payables	**375.7**	675.9
Current tax liabilities	**17.0**	54.1
Total current liabilities	**698.8**	1,050.4
Total liabilities	**4,414.1**	3,539.8
Total equity and liabilities	**5,283.4**	5,541.3
Net current assets	**1,596.2**	492.8
Total assets less current liabilities	**4,584.6**	4,490.9

Consolidated Statements of Changes in Equity (Unaudited)

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Three months ended September 30, 2020									
Balance, July 1, 2020	**1,433,714,567**	**14.3**	**1,057.5**	**(76.2)**	**59.3**	**(111.6)**	**943.3**	**42.1**	**985.4**
Profit (loss) for the period	**—**	**—**	**—**	**—**	**—**	**(110.7)**	**(110.7)**	**(6.8)**	**(117.5)**
Other comprehensive income (loss):									
Changes in fair value of hedges, net of tax	**—**	**—**	**—**	**—**	**(4.1)**	**—**	**(4.1)**	**0.0**	**(4.1)**
Foreign currency translation gains (losses) for foreign operations	**—**	**—**	**—**	**(3.7)**	**—**	**—**	**(3.7)**	**0.4**	**(3.3)**
Total comprehensive income (loss) for the period	**—**	**—**	**—**	**(3.7)**	**(4.1)**	**(110.7)**	**(118.5)**	**(6.4)**	**(124.9)**
Transactions with owners recorded directly in equity:									
Change in fair value of put options included in equity	**—**	**—**	**—**	**—**	**—**	**7.6**	**7.6**	**—**	**7.6**
Share-based compensation expense	**—**	**—**	**—**	**—**	**1.2**	**—**	**1.2**	**—**	**1.2**
Balance, September 30, 2020	**1,433,714,567**	**14.3**	**1,057.5**	**(79.9)**	**56.4**	**(214.7)**	**833.6**	**35.7**	**869.3**

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Three months ended September 30, 2019									
Balance, July 1, 2019	1,431,008,752	14.3	1,050.4	(48.5)	73.2	773.8	1,863.2	43.9	1,907.1
Profit for the period	—	—	—	—	—	53.0	53.0	4.4	57.4
Other comprehensive income (loss):									
Changes in fair value of hedges, net of tax	—	—	—	—	2.7	—	2.7	0.0	2.7
Settlement of interest rate swap agreements	—	—	—	—	0.2	—	0.2	—	0.2
Foreign currency translation losses for foreign operations	—	—	—	(7.5)	—	—	(7.5)	(1.3)	(8.8)
Total comprehensive income (loss) for the period	—	—	—	(7.5)	2.9	53.0	48.4	3.1	51.5
Transactions with owners recorded directly in equity:									
Change in fair value of put options included in equity	—	—	—	—	—	(3.0)	(3.0)	—	(3.0)
Share-based compensation expense	—	—	—	—	5.3	—	5.3	—	5.3
Exercise of share options	154,304	0.0	0.5	—	(0.1)	—	0.4	—	0.4
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(0.8)	(0.8)
Balance, September 30, 2019	1,431,163,056	14.3	1,050.9	(56.0)	81.3	823.8	1,914.3	46.2	1,960.5

Consolidated Statements of Changes in Equity (Unaudited) (continued)

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Nine months ended September 30, 2020									
Balance, January 1, 2020	**1,432,569,771**	**14.3**	**1,055.2**	**(51.6)**	**80.9**	**852.2**	**1,951.0**	**50.5**	**2,001.5**
Profit (loss) for the period	**—**	**—**	**—**	**—**	**—**	**(1,084.5)**	**(1,084.5)**	**(8.7)**	**(1,093.2)**
Other comprehensive income (loss):									
Changes in fair value of hedges, net of tax	**—**	**—**	**—**	**—**	**(26.7)**	**—**	**(26.7)**	**0.0**	**(26.7)**
Foreign currency translation gains (losses) for foreign operations	**—**	**—**	**—**	**(28.3)**	**—**	**—**	**(28.3)**	**(2.6)**	**(30.9)**
Total comprehensive loss for the period	**—**	**—**	**—**	**(28.3)**	**(26.7)**	**(1,084.5)**	**(1,139.5)**	**(11.3)**	**(1,150.8)**
Transactions with owners recorded directly in equity:									
Change in fair value of put options included in equity	**—**	**—**	**—**	**—**	**—**	**17.6**	**17.6**	**—**	**17.6**
Share-based compensation expense	**—**	**—**	**—**	**—**	**4.5**	**—**	**4.5**	**—**	**4.5**
Vesting of time-based restricted share awards	**1,144,796**	**0.0**	**2.3**	**—**	**(2.3)**	**—**	**—**	**—**	**—**
Dividends paid to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(3.5)**	**(3.5)**
Balance, September 30, 2020	**1,433,714,567**	**14.3**	**1,057.5**	**(79.9)**	**56.4**	**(214.7)**	**833.6**	**35.7**	**869.3**

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Nine months ended September 30, 2019									
Balance, January 1, 2019	1,430,940,380	14.3	1,050.2	(51.4)	83.1	851.6	1,947.8	43.3	1,991.1
Profit for the period	—	—	—	—	—	102.2	102.2	13.6	115.8
Other comprehensive income (loss):									
Changes in fair value of hedges, net of tax	—	—	—	—	(14.0)	—	(14.0)	0.0	(14.0)
Settlement of interest rate swap agreements	—	—	—	—	0.2	—	0.2	—	0.2
Foreign currency translation losses for foreign operations	—	—	—	(4.6)	—	—	(4.6)	(0.8)	(5.4)
Total comprehensive income (loss) for the period	—	—	—	(4.6)	(13.8)	102.2	83.8	12.8	96.6
Transactions with owners recorded directly in equity:									
Change in fair value of put options included in equity	—	—	—	—	—	(5.0)	(5.0)	—	(5.0)
Cash distributions to equity holders	—	—	—	—	—	(125.0)	(125.0)	—	(125.0)
Share-based compensation expense	—	—	—	—	12.2	—	12.2	—	12.2
Exercise of share options	222,676	0.0	0.7	—	(0.2)	—	0.5	—	0.5
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(9.9)	(9.9)
Balance, September 30, 2019	1,431,163,056	14.3	1,050.9	(56.0)	81.3	823.8	1,914.3	46.2	1,960.5

Consolidated Statements of Cash Flows (Unaudited)

(Expressed in millions of US Dollars)	Three months ended September 30, **2020**	Three months ended September 30, 2019	Nine months ended September 30, **2020**	Nine months ended September 30, 2019
Cash flows from operating activities:				
Profit (loss) for the period	**(117.5)**	57.4	**(1,093.2)**	115.8
Adjustments to reconcile profit (loss) for the period to net cash generated from (used in) operating activities:				
Depreciation	**15.0**	19.5	**50.5**	59.7
Amortization of intangible assets	**8.1**	8.0	**24.0**	24.1
Amortization of lease right-of-use assets	**34.3**	48.9	**123.8**	148.4
Impairment Charges	**5.6**	2.5	**882.7**	32.2
Change in fair value of put options included in finance costs	**(6.2)**	(0.1)	**(21.7)**	(1.1)
Non-cash share-based compensation	**1.2**	5.3	**4.5**	12.2
Interest expense on borrowings and lease liabilities	**37.5**	24.5	**93.5**	74.5
Income tax (benefit) expense	**6.8**	21.2	**(126.9)**	36.8
	(15.2)	187.2	**(62.8)**	502.6
Changes in operating assets and liabilities:				
Trade and other receivables	**2.4**	22.0	**216.9**	20.5
Inventories	**57.5**	(9.9)	**55.5**	(13.4)
Other current assets	**(3.4)**	1.5	**16.0**	(13.4)
Trade and other payables	**(14.0)**	(35.0)	**(320.2)**	(54.3)
Other assets and liabilities	**6.9**	(11.1)	**38.3**	(10.5)
Cash generated from (used in) operating activities	**34.2**	154.7	**(56.3)**	431.5
Interest paid on borrowings and lease liabilities	**(30.5)**	(19.5)	**(80.7)**	(66.0)
Income tax paid	**(4.5)**	(16.2)	**(36.8)**	(53.9)
Net cash generated from (used in) operating activities	**(0.8)**	119.0	**(173.8)**	311.6
Cash flows from investing activities:				
Purchases of property, plant and equipment	**(0.4)**	(11.0)	**(18.4)**	(37.0)
Other intangible asset additions	**(0.9)**	(4.1)	**(4.4)**	(11.1)
Other proceeds	**0.0**	0.1	**0.0**	0.5
Net cash used in investing activities	**(1.3)**	(15.0)	**(22.8)**	(47.6)
Cash flows from financing activities:				
Proceeds from issuance of Amended Term Loan A Facility	**—**	—	**800.0**	—
Payment and settlement of Term Loan A Facility	**—**	—	**(797.0)**	—
Proceeds from issuance of Incremental Term Loan B Facility	**—**	—	**600.0**	—
Proceeds (payments) of other non-current / long-term loans and borrowings, net	**(6.9)**	(8.7)	**796.3**	(22.8)
Proceeds from (payments of) current loans and borrowings, net	**(10.9)**	(17.2)	**35.0**	(13.0)
Principal payments on lease liabilities	**(65.7)**	(41.5)	**(156.5)**	(120.9)
Payment of deferred financing costs	**—**	—	**(34.8)**	—
Proceeds from the exercise of share options	**—**	0.4	**—**	0.5
Cash distributions paid to equity holders	**—**	(125.0)	**—**	(125.0)
Dividend payments to non-controlling interests	**—**	(0.8)	**(3.5)**	(9.9)
Net cash provided by (used in) financing activities	**(83.5)**	(192.8)	**1,239.5**	(291.1)
Net increase (decrease) in cash and cash equivalents	**(85.6)**	(88.8)	**1,042.9**	(27.1)
Cash and cash equivalents, at beginning of period	**1,589.8**	489.3	**462.6**	427.7
Effect of exchange rate changes	**6.7**	(4.8)	**5.4**	(4.9)
Cash and cash equivalents, at end of period	**1,510.9**	395.7	**1,510.9**	395.7

MANAGEMENT DISCUSSION AND ANALYSIS

Impact of COVID-19

In response to the COVID-19 pandemic, governments around the world have adopted various measures to contain the spread of the virus, including restrictions on travel, closure of non-essential businesses and imposition of quarantine and other social distancing measures. These measures have impacted businesses worldwide, including the Company. The Group's net sales decreased by US$230.8 million, or 27.7% (-26.1% constant currency), year-on-year during the first quarter of 2020. The Group's second quarter 2020 net sales decreased by US$722.6 million, or 78.2% (-77.9% constant currency), year-on-year when most of the Group's markets experienced government-imposed lockdowns. The Group's net sales decreased by US$594.8 million, or 64.6% (-64.7% constant currency), year-on-year during the third quarter of 2020, as certain of the Group's markets began reopening as governments loosened restrictions. Overall, the Group's net sales for the nine months ended September 30, 2020 decreased by US$1,548.2 million, or 57.8% (-57.3% constant currency), compared to the nine months ended September 30, 2019 due to the negative impacts from the COVID-19 pandemic. The impacts of COVID-19 on the Company's business have been significant due to temporary closures of retail stores in which the Company's products are sold and significant reductions in travel and discretionary spending among consumers, which have reduced demand for the Group's products (collectively, the "COVID-19 Impacts").

While navigating through the current challenges, the health and safety of the Group's employees and their families, as well as its customers and business partners, has been and will continue to be the Group's top priority. While the extent and duration of the COVID-19 pandemic remain uncertain, it has had, and it will continue to have, adverse impacts on the Group's business, financial condition and results of operations. The Company's results for the nine months ended September 30, 2020 reflect the impacts of COVID-19 and the results for all of 2020 will fully reflect such impacts.

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

The Group's management has taken steps to enhance the Company's liquidity and further improve its resilience. The Company and certain of its direct and indirect wholly-owned subsidiaries entered into various amendments to the Group's credit agreement that increased the maximum borrowings under the Group's revolving credit facility by US$200.0 million to US$850.0 million and provided for the 2020 Incremental Term Loan B Facility in the aggregate principal amount of US$600.0 million. The Group borrowed US$810.3 million under its amended revolving credit facility on March 20, 2020 and US$600.0 million under the 2020 Incremental Term Loan B Facility on May 7, 2020. Such amendments also suspended the requirement for the Group to test certain financial covenants under its credit agreement from the beginning of the second quarter of 2020 through the end of the second quarter of 2021. In addition, such amendments extended the maturity for the Group's senior secured term loan A facility and its revolving credit facility by approximately two years, reduced the interest rate margin for such facilities by 12.5 basis points (subject to the terms of the Third Amended Credit Agreement described below), and reset the principal amortization schedule for the term loan A facility. See Indebtedness section below in Management Discussion and Analysis for further discussion of the Group's credit agreement and the amendments thereto. These amendments and the borrowings thereunder further strengthened the Company's financial flexibility in order to navigate the challenges from COVID-19. As of September 30, 2020, the carrying amount of the Group's loans and borrowings was US$3,185.0 million, net of US$42.3 million in deferred financing costs. Cash and cash equivalents held by the Group amounted to US$1,510.9 million as of September 30, 2020.

In response to the decline in net sales during the nine months ended September 30, 2020 due to COVID-19, the Group has taken meaningful actions to manage the impacts of COVID-19 on its consolidated operating results. The Group has aggressively cut and continues to identify additional opportunities to reduce its operating expenses to mitigate the impact of lower sales on profit and cash flow and also to right-size the business for the future.

The Group has realized fixed cost savings from a combination of permanent and temporary actions during the nine months ended September 30, 2020. Permanent actions consist primarily of headcount reductions and savings from closing stores. Temporary actions consist primarily of furloughs, temporary headcount reductions, eliminated bonuses, salary reductions, temporary rent reductions and other expense reductions, such as travel and entertainment and professional services.

The following table presents the estimated cost savings realized through September 30, 2020, the cost savings expected to be realized during the fourth quarter of 2020 and total expected cost savings for all of 2020, as well as the estimated annualized run-rate of such cost savings that the Company expects will reduce its fixed operating expenses in 2021. These cost savings identified below are reflected and will be reflected as reductions in the Group's cost of sales, distribution expenses and general and administrative expenses that are reported in the consolidated income statements.

(Expressed in millions of US Dollars)	**Cost savings realized through September 30, 2020**	**Cost savings expected to be realized during the fourth quarter ending December 31, 2020**	**Total estimated savings to be realized during 2020**	**Estimated annualized run-rate cost savings**
Permanent actions identified	**31**	**33**	**64**	**184**
Temporary actions identified	**193**	**53**	**246**	
Total identified savings	**224**	**86**	**310**	

In addition to these actions, the Group continues to work globally to maximize the Company's participation in applicable government or other initiatives available to businesses or employees impacted by the COVID-19 pandemic. The Group continues to engage with landlords to further negotiate rent deferrals or other rent concessions. The Group also continues to work to identify additional areas of cost savings in response to the impacts on the business from the COVID-19 pandemic. See Management Discussion and Analysis - Restructuring Charges section below for further discussion.

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

For the Three Months Ended September 30, 2020

Net Sales

The net sales trend has continued to improve each month since April 2020, when the impacts of COVID-19 on the Company's business were most pronounced. Net sales for the three months ended September 30, 2020 decreased by 64.6% (-64.7% constant currency), compared to the three months ended September 30, 2019. In comparison, net sales for the three months ended June 30, 2020 decreased by 78.2% (-77.9% constant currency), compared to the three months ended June 30, 2019. The following table sets forth a breakdown of the monthly and quarterly net sales trend from April 2020 through September 2020.

	2020	2019	2020 vs 2019	
	US$ millions	US$ millions	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(1)]
Month:				
April	**53.5**	284.4	(81.2)%	(80.9)%
May	**63.6**	309.4	(79.4)%	(79.1)%
June	**84.0**	329.9	(74.5)%	(74.1)%
Second Quarter 2020 and 2019	**201.1**	923.7	(78.2)%	(77.9)%
July	**99.7**	332.7	(70.0)%	(69.8)%
August	**112.4**	303.3	(62.9)%	(63.3)%
September	**114.6**	285.5	(59.9)%	(60.4)%
Third Quarter 2020 and 2019	**326.6**	921.5	(64.6)%	(64.7)%

Note
(1) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the comparable

period in the previous year to current period local currency results.

Net sales for the month ended October 31, 2020 decreased by approximately 58% on a constant currency basis compared to the month ended October 31, 2019.

All of the Group’s distribution channels recorded year-on-year net sales decreases during the three months ended September 30, 2020 due to the COVID-19 Impacts. Net sales in the wholesale channel decreased by US$374.7 million, or 64.7% (-65.0% constant currency), during the three months ended September 30, 2020 compared to the three months ended September 30, 2019. Net sales to e-retailers, which are included in the Group's wholesale channel, decreased by US$28.3 million, or 50.3% (-51.0% constant currency), during the three months ended September 30, 2020 compared to the same period in the previous year as net sales have been stronger than to traditional wholesale customers.

Net sales in the direct-to-consumer ("DTC") channel, which includes company-operated retail stores and DTC e-commerce, decreased by US$219.7 million, or 64.3% (-64.4% constant currency), to US$121.9 million (representing 37.3% of net sales) for the three months ended September 30, 2020 from US$341.7 million (representing 37.1% of net sales) for the three months ended September 30, 2019.

Net sales in the DTC retail channel decreased by US$174.0 million, or 69.0% (-69.0% constant currency), during the three months ended September 30, 2020 compared to the same period in the previous year primarily due to temporary store closures and reduced consumer demand resulting from the COVID-19 pandemic. During the three months ended September 30, 2020, the Group permanently closed 75 company-operated stores. This was partially offset by the addition of 29 stores, primarily in Asia (including the agreed takeover of 20 stores in India from a third party distributor as previously announced, along with two new stores each in China and Japan), plus a number of previously committed store openings that were delayed by the COVID-19 pandemic. This resulted in a net reduction of 46 company-operated stores during the third quarter of 2020, compared to 7 net new company-operated stores opened during the three months ended September 30, 2019. The total number of company-operated retail stores was 1,199 as of September 30, 2020, compared to 1,285 company-operated retail stores as of September 30, 2019. On a same store, constant currency basis, retail net sales decreased by 70.9% for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. This decrease was due to constant currency same store net sales decreases of 83.6%, 56.6%, 64.1% and 73.9% in North America, Asia, Europe and Latin America, respectively, resulting from the temporary store closures and reduced consumer demand caused by the COVID-19 Impacts. The Group’s same store analysis includes existing company-operated retail stores that have been open for at least 12 months before the end of the relevant financial period.

Total DTC e-commerce net sales decreased by US$45.8 million, or 51.1% (-51.3% constant currency), to US$43.8 million (representing 13.4% of net sales) for the three months ended September 30, 2020 from US$89.6 million (representing 9.7% of net sales) for the three months ended September 30, 2019.

During the three months ended September 30, 2020, US$71.8 million of the Group’s net sales were through e-commerce channels (comprising US$43.8 million of net sales from the Group’s DTC e-commerce website, which are included within the DTC channel, and US$28.0 million of net sales to e-retailers, which are included within the wholesale channel). This represented a year-on-year decrease of US$74.1 million, or 50.8% (-51.2% constant currency), compared to the three months ended September 30, 2019, when e-commerce comprised US$145.9 million of the Group’s net sales. During the three months ended September 30, 2020, the Group's net sales through e-commerce channels represented 22.0% of total net sales, compared to 15.8% of total net sales for the three months ended September 30, 2019 as the shift in consumer's shopping behavior towards e-commerce channels accelerated as a result of the COVID-19 pandemic.

All of the Group’s product categories recorded year-on-year net sales decreases during the three months ended September 30, 2020 due to the COVID-19 Impacts. Net sales in the travel product category during the three months ended September 30, 2020 decreased by US$406.6 million, or 74.5% (-74.6% constant currency), compared to the three months ended September 30, 2019 as a result of the significant reduction in travel caused by COVID-19. Total non-travel category net sales, which includes business, casual, accessories and other products, decreased by US$188.3 million, or 50.1% (-50.4% constant currency), for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. Net sales of business products decreased by US$79.1 million, or 47.4% (-47.8% constant currency), for the three months ended September 30, 2020 compared to the same period in the previous year. Net sales of casual products during the three months ended September 30, 2020 decreased by US$50.9 million, or 52.7% (-52.7% constant currency), compared to the same period in the previous year. Net sales of accessories during the three months ended September 30, 2020 decreased by US$49.8 million, or 49.9% (-50.1% constant currency), year-on-year.

Net Sales by Region

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

	Three months ended September 30,				2020 vs 2019	
	2020		2019			
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by region[1]:						
North America	**120.8**	**37.0 %**	338.8	36.8 %	(64.4)%	(64.3)%
Asia	**122.9**	**37.6 %**	333.1	36.1 %	(63.1)%	(63.4)%
Europe	**74.2**	**22.7 %**	210.8	22.9 %	(64.8)%	(65.7)%
Latin America	**8.5**	**2.6 %**	38.2	4.1 %	(77.8)%	(74.2)%
Corporate	**0.2**	**0.1 %**	0.6	0.1 %	(60.1)%	(60.1)%
Net sales	**326.6**	**100.0 %**	921.5	100.0 %	(64.6)%	(64.7)%

Notes

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

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

North America

Net sales in North America reflects continued improvement in sales trends. 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 due to the COVID-19 Impacts. In comparison, the Group's net sales in North America 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.

For the three months ended September 30, 2020, net sales of the *Samsonite* brand in North America decreased by US$94.3 million, or 74.0% (-74.0% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand during the three months ended September 30, 2020 decreased by US$66.4 million, or 69.3% (-69.3% constant currency). Net sales of the *American Tourister* brand during the three months ended September 30, 2020 decreased by US$16.3 million, or 61.9% (-61.9% constant currency), compared to the three months ended September 30, 2019. Net sales of the *Speck* brand for the three months ended September 30, 2020 decreased by US$10.9 million, or 24.7% (-24.7% constant currency), compared to the same period in the previous year. Net sales of the *Gregory* brand for the three months ended September 30, 2020 increased by US$1.5 million, or 38.3% (+38.3% constant currency), compared to the same period in the previous year due to increased sales of backpacks resulting from an increase in outdoor recreational activity among consumers during the COVID-19 pandemic. Net sales of other brands for the three months ended September 30, 2020 decreased by US$23.2 million, or 80.2% (-80.2% constant currency), compared to the same period in the previous year.

For the three months ended September 30, 2020, net sales in the United States decreased by US$206.3 million, or 64.0%, year-on-year and net sales in Canada decreased by US$11.7 million, or 71.0% (-70.9% constant currency), year-on-year due to the COVID-19 Impacts.

Asia

Net sales in Asia reflects continued improvement in sales trends. 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. In comparison, the Group's net sales in Asia 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.

For the three months ended September 30, 2020, net sales of the *Samsonite* brand in Asia decreased by US$89.9 million, or 63.2% (-63.7% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand during the three months ended September 30, 2020 decreased by US$26.0 million, or 45.0% (-45.5% constant currency), year-on-year. Net sales of the *American Tourister* brand during the three months ended September 30, 2020 decreased by US$75.0 million, or 74.2% (-74.1% constant currency), compared to the three months ended September 30, 2019. Net sales of the *Gregory* brand decreased by US$3.6 million, or 30.4% (-31.4% constant currency), compared to the same period in the previous year.

All of the Group's main markets in Asia experienced year-on-year net sales declines during the three months ended September 30, 2020 due to the COVID-19 Impacts. Net sales in India decreased by US$39.2 million, or 83.5% (-82.6% constant currency), for the three months ended September 30, 2020 compared to the same period in the previous year. Net sales in China decreased by US$37.4 million, or 46.2% (-47.2% constant currency), for the three months ended September 30, 2020 compared to the same period in the previous year. Japan's net sales decreased by US$34.2 million, or 54.3% (-55.0% constant currency), year-on-year. Net sales in South Korea decreased by US$29.0 million, or 64.1% (-64.2% constant currency), year-on-year. Total net sales reported for Hong Kong (which comprises net sales made in the domestic Hong Kong market, Macau and to distributors in certain other Asian markets) decreased by US$21.2 million, or 65.2% (-65.4% constant currency), year-on-year.

The net sales trend in Asia has continued to improve in October 2020, which saw monthly net sales decreasing by approximately 49% on a constant currency basis, compared to the same period in the previous year. China continued to lead the recovery, with net sales down by approximately 18% on a constant currency basis, year-on-year, while other key Asian markets also showed sustained improvement on a constant currency basis during the month of October 2020: Japan (approximately -44%); India (approximately -53%), South Korea (approximately -56%) and Hong Kong (approximately -55%).

Europe

Net sales in Europe reflects continued improvement in sales trends. 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. In comparison, the Group's net sales in Europe 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.

For the three months ended September 30, 2020, net sales of the *Samsonite* brand in Europe decreased by US$85.5 million, or 63.7% (-64.7% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand during the three months ended September 30, 2020 decreased by US$19.7 million, or 70.8% (-71.6% constant currency), year-on-year. Net sales of the *American Tourister* brand during the three months ended September 30, 2020 decreased by US$26.3 million, or 72.3% (-72.8% constant currency), compared to the three months ended September 30, 2019.

All of the Group’s key markets in Europe recorded year-on-year net sales decreases during the three months ended September 30, 2020 due to the COVID-19 Impacts. Net sales in the United Kingdom decreased by US$19.3 million, or 87.2% (-88.0% constant currency), year-on-year. Net sales in Germany decreased by US$19.2 million, or 64.4% (-66.5% constant currency), for the three months ended September 30, 2020 compared to the same period in the previous year. Italy's net sales decreased by US$12.2 million, or 55.6% (-58.2% constant currency), compared to the three months ended September 30, 2019. Net sales in France decreased by US$11.7 million, or 58.3% (-60.6% constant currency), compared to the same period in the previous year. Net sales in Russia decreased by US$9.8 million, or 56.6% (-50.3% constant currency), year-on-year.

Latin America

Net sales in Latin America reflects continued improvement in sales trends. 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. In comparison, the Group’s net sales in Latin America 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 net sales trend in Latin America has continued to improve in October 2020, which saw monthly net sales decreasing by approximately 57% on a constant currency basis, compared to the same period in the previous year.

For the three months ended September 30, 2020, net sales of the *Samsonite* brand in Latin America decreased by US$14.3 million, or 79.3% (-74.7% constant currency), compared to the same period in the previous year. Net sales of the *American Tourister* brand during the three months ended September 30, 2020 decreased by US$6.1 million, or 90.0% (-87.9% constant currency), compared to the three months ended September 30, 2019. For the three months ended September 30, 2020, net sales of the *Tumi* brand in Latin America decreased by US$1.0 million, or 76.7% (-72.0% constant currency), compared to the same period in the previous year. Net sales of the *Xtrem* brand decreased by US$3.2 million, or 68.4% (-64.3% constant currency), compared to the same period in the previous year. Net sales of the *Saxoline* brand decreased by US$2.8 million, or 82.7% (-81.2% constant currency), year-on-year. Net sales of the *Secret* brand decreased by US$2.3 million, or 68.2% (-65.5% constant currency), year-on-year.

Net sales in Mexico decreased by US$12.3 million, or 82.9% (-80.4% constant currency), during the three months ended September 30, 2020 compared to the same period in the previous year. Net sales in Chile decreased by US$8.1 million, or 75.2% (-73.0% constant currency), year-on-year.

Net Sales by Brand

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

	Three months ended September 30,				2020 vs 2019	
	2020		2019			
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by brand:						
Samsonite	**138.0**	**42.3 %**	422.1	45.8 %	(67.3)%	(67.6)%
Tumi	**69.7**	**21.3 %**	182.8	19.8 %	(61.9)%	(62.1)%
American Tourister	**46.9**	**14.3 %**	170.7	18.5 %	(72.5)%	(72.5)%
Speck	**33.3**	**10.2 %**	44.2	4.8 %	(24.7)%	(24.7)%
Gregory	**15.9**	**4.9 %**	18.0	2.0 %	(11.7)%	(13.0)%
High Sierra	**4.5**	**1.4 %**	14.9	1.6 %	(70.1)%	(70.2)%
Other[1]	**18.3**	**5.6 %**	68.8	7.5 %	(73.2)%	(73.0)%
Net sales	**326.6**	**100.0 %**	921.5	100.0 %	(64.6)%	(64.7)%

Notes

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

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

All of the Group's brands recorded year-on-year net sales decreases during the three months ended September 30, 2020 due to the COVID-19 Impacts. Net sales of the *Samsonite* brand during the three months ended September 30, 2020 decreased by US$284.1 million, or 67.3% (-67.6% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand during the three months ended September 30, 2020 decreased by US$113.2 million, or 61.9% (-62.1% constant currency), year-on-year. Net sales of the *American Tourister* brand decreased by US$123.8 million, or 72.5% (-72.5% constant currency), for the three months ended September 30, 2020 compared to the three months ended September 30, 2019.

Net sales of the *Speck* brand decreased by US$10.9 million, or 24.7% (-24.7% constant currency), for the three months ended September 30, 2020 compared to the same period in the previous year. Net sales of the *Gregory* brand decreased by US$2.1 million, or 11.7% (-13.0% constant currency), compared to the same period in the previous year. Net sales of the *High Sierra* brand decreased by US$10.4 million, or 70.1% (-70.2% constant currency), compared to the same period in the previous year.

Gross Profit

Gross profit decreased by US$367.0 million, or 71.5%, to US$146.5 million for the three months ended September 30, 2020 from US$513.5 million for the three months ended September 30, 2019 as a result of the decrease in net sales year-on-year caused by the COVID-19 Impacts. Gross profit margin, as reported, decreased to 44.9% for the three months ended September 30, 2020 from 55.7% for the same period in the previous year. The decrease in the gross profit margin was primarily related to a decrease in gross profit as a result of the decrease in net sales year-on-year caused primarily by the negative impacts from the COVID-19 pandemic, including increased inventory reserves, the impact of fixed sourcing and manufacturing expenses on a lower net sales base, and the inclusion of restructuring charges and non-cash impairment charges related to the sourcing and production of the Group's products of US$3.7 million and US$1.3 million, respectively, as well as a shift in sales mix. Excluding the impact of increased inventory reserves, the impact of fixed sourcing and manufacturing expenses on a lower net sales base, restructuring charges and non-cash impairment charges, gross profit margin, as adjusted, for the three months ended September 30, 2020 and 2019 would have been 54.9% and 58.0%, respectively.

The following table presents the reconciliations from the Group's gross profit, as reported, to gross profit, as adjusted, and the Group's gross profit margin, as reported, to gross profit margin, as adjusted, for the three months ended September 30, 2020 and September 30, 2019.

GROSS PROFIT & GROSS PROFIT MARGIN

	Three months ended			
	September 30, 2020		September 30, 2019	
(Expressed in millions of US Dollars)	**Gross profit**	**Gross profit margin**	Gross profit	Gross profit margin
Gross profit, as reported	**146.5**	**44.9 %**	513.5	55.7 %
Provision for inventory reserves	**17.6**	**5.4 %**	5.6	0.6 %
Fixed manufacturing and sourcing costs	**10.1**	**3.1 %**	15.7	1.7 %
Restructuring Charges included in cost of sales	**3.7**	**1.1 %**	—	— %
Impairment Charges included in cost of sales	**1.3**	**0.4 %**	—	— %
Gross profit, as adjusted	**179.2**	**54.9 %**	534.8	58.0 %

Distribution Expenses

Distribution expenses decreased by US$141.2 million, or 46.5%, to US$162.5 million (representing 49.7% of net sales) for the three months ended September 30, 2020 from US$303.6 million (representing 33.0% of net sales) for the three months ended September 30, 2019. Distribution expenses as a percentage of net sales increased primarily due to the impact of lower net sales. The Group took immediate action to implement both permanent and temporary cost savings initiatives in an effort to reduce its fixed cost base in response to the COVID-19 pandemic. See Impact of COVID-19 section in Management Discussion and Analysis for further discussion.

Marketing Expenses

The Group spent US$10.6 million on marketing during the three months ended September 30, 2020 compared to US$45.4 million for the three months ended September 30, 2019, a decrease of US$34.8 million, or 76.6%. As a percentage of net sales, marketing expenses decreased by 160 basis points to 3.3% for the three months ended September 30, 2020 from 4.9% for the same period in the previous year. The Group has aggressively reduced advertising spend during 2020 to help offset the negative impacts on its profitability caused by the COVID-19 pandemic.

General and Administrative Expenses

General and administrative expenses decreased by US$8.4 million, or 15.0%, to US$47.4 million (representing 14.5% of net sales) for the three months ended September 30, 2020 from US$55.8 million (representing 6.1% of net sales) for the three months ended September 30, 2019. The decrease in general and administrative expenses was driven by actions taken by management to reduce the fixed and variable cost structure of the business, including headcount reductions and other savings initiatives, to help offset the negative impacts on the Group's profitability due to the sales declines caused by COVID-19. See Impact of COVID-19 section in Management Discussion and Analysis for further discussion. General and administrative expenses as a percentage of net sales increased by 840 basis points due to the decrease in net sales year-on-year.

Impairment Charges

The following table sets forth a breakdown of the non-cash impairment charges (the "3Q 2020 Impairment Charges") and (the "3Q 2019 Impairment Charges") for the three months ended September 30, 2020 and September 30, 2019.

(Expressed in millions of US Dollars)		**Three months ended September 30, 2020**	Three months ended September 30, 2019
Impairment Charges recognized on:	Functional Area	**3Q 2020 Impairment Charges**	3Q 2019 Impairment Charges
Property, plant and equipment	Cost of sales	**1.3**	—
	Impairment charges included in cost of sales	**1.3**	—
Lease right-of-use assets	Distribution	**4.3**	2.5
	Impairment charges (exclusive of amounts included in cost of sales)	**4.3**	2.5
Total Impairment Charges		**5.6**	2.5

Based on an evaluation of loss-making stores during the three months ended September 30, 2020 and September 30, 2019, and also due to reduced traffic and under-performance, the Group determined that the carrying amounts of certain retail stores exceeded their respective recoverable amounts. Based on an evaluation of certain property, plant and equipment during the three months ended September 30, 2020 used in the production of certain luggage product lines, the Group determined that the carrying amounts of certain molds and machinery exceeded their respective recoverable amounts. During the three months ended September 30, 2020, the Group recognized the 3Q 2020 Impairment Charges reflecting the aggregate difference totaling US$5.6 million, of which US$4.3 million related to lease right-of-use assets attributable to the under-performance of certain retail locations and US$1.3 million related to certain property, plant and equipment attributable to molds and machinery used for the production of certain luggage product lines. During the three months ended September 30, 2019, the Group recognized the 3Q 2019 Impairment Charges totaling US$2.5 million, comprised of the write-off of US$1.8 million of lease right-of-use assets associated with such stores and a US$0.7 million non-cash impairment for property, plant and equipment, including leasehold improvements, of such stores.

Expenses related to lease right-of-use assets and property, plant and equipment, including leasehold improvements, related to stores, have historically been classified as distribution expenses on the consolidated income statements 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 income statements using the function of expense presentation method for the affected assets.

Restructuring Charges

The following table sets forth a breakdown of the restructuring charges (the "3Q 2020 Restructuring Charges") for the three months ended September 30, 2020. The Company did not record any restructuring charges during the three months ended September 30, 2019.

(Expressed in millions of US Dollars)	**Three months ended September 30, 2020**
Functional Area	**3Q 2020 Restructuring Charges**
Restructuring charges included in cost of sales	**3.7**
Restructuring charges attributable to distribution function	**3.3**
Restructuring charges attributable to general and administrative function	**2.0**
Restructuring charges (exclusive of amounts included in cost of sales)	**5.3**
Total 3Q 2020 Restructuring Charges	**9.0**

Beginning in March 2020, the Group has identified and implemented restructuring initiatives aimed at reducing its fixed cost base on a global basis in response to the impact of the COVID-19 pandemic. During the three months ended

September 30, 2020, the Group recognized the 3Q 2020 Restructuring Charges of US$9.0 million primarily for severance costs associated with reductions in personnel and store closure costs. 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 income statements using the function of expense presentation method. The Group continues to work to identify additional areas to further reduce operating expenses in response to the impacts on the business from the COVID-19 pandemic. See Impact of COVID-19 section in Management Discussion and Analysis for further discussion.

Other Income (Expenses)

The Group recorded other income of US$3.1 million and other expenses of US$1.3 million for the three months ended September 30, 2020 and September 30, 2019, respectively. Other income for the three months ended September 30, 2020 included gains on lease exits/remeasurements of US$4.1 million. Other expenses for the three months ended September 30, 2019 included severance and store closure costs incurred in connection with certain profit improvement initiatives undertaken by the Group's management totaling US$0.8 million.

Operating Profit (Loss)

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

OPERATING PROFIT (LOSS)

	Three months ended September 30,			
(Expressed in millions of US Dollars)	**2020**	2019	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[1]
Operating profit (loss), as reported	**(80.5)**	104.9	*nm*	*nm*
Impairment Charges	**5.6**	2.5	*nm*	*nm*
Restructuring Charges	**9.0**	—	n/a	n/a
Costs to implement profit improvement initiatives	**—**	0.8	(100.0)%	(100.0)%
Operating profit (loss), as adjusted	**(65.8)**	108.3	*nm*	*nm*

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

The Group incurred an operating loss of US$80.5 million for the three months ended September 30, 2020, compared to an operating profit of US$104.9 million for the same period in the previous year. The Group incurred an operating loss of US$65.8 million when excluding the non-cash 3Q 2020 Impairment Charges and 3Q 2020 Restructuring Charges, compared to an operating profit of US$108.3 million for the same period in the previous year when excluding the non-cash 3Q 2019 Impairment Charges and the costs to implement profit improvement initiatives. The year-on-year decrease in operating profit was primarily due to the decrease in net sales resulting from the COVID-19 Impacts.

Net Finance Costs

Net finance costs increased by US$3.9 million, or 14.9%, to US$30.2 million for the three months ended September 30, 2020 from US$26.3 million for the three months ended September 30, 2019, primarily due to an increase in interest expense on loans and borrowings of US$13.0 million, partially offset by a decrease in redeemable non-controlling interest put option expenses of US$6.1 million and a decrease in net foreign exchange losses of US$2.2 million year-on-year.

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

	Three months ended September 30,	
(Expressed in millions of US Dollars)	**2020**	2019
Recognized in income or loss:		
Interest income	**1.1**	0.8
Total finance income	**1.1**	0.8
Interest expense on loans and borrowings	**(29.1)**	(16.1)
Amortization of deferred financing costs associated with the Senior Credit Facilities	**(2.5)**	(0.8)
Interest expense on lease liabilities	**(5.9)**	(7.6)
Change in fair value of put options	**6.2**	0.1
Net foreign exchange gain (loss)	**(0.3)**	(2.5)
Other finance costs	**0.3**	(0.2)
Total finance costs	**(31.3)**	(27.1)
Net finance costs recognized in profit or loss	**(30.2)**	(26.3)

Income Tax Expense (Benefit)

The Group recorded income tax expense of US$6.8 million for the three months ended September 30, 2020 compared to income tax expense of US$21.2 million for the three months ended September 30, 2019. The income tax expense recorded during the three months ended September 30, 2020 was due mainly to changes in reserves and changes in unrecognized deferred tax assets, partially offset by the US$110.7 million reported loss before income tax.

The Group's consolidated effective tax rate for operations was (6.2)% and 26.9% for the three months ended September 30, 2020 and September 30, 2019, respectively. The decrease in the Group's effective tax rate during the three months ended September 30, 2020 was mainly the result of changes in the profit mix between high and low tax jurisdictions, changes in reserves, changes in unrecognized deferred tax assets and the tax impact of the non-cash 2020 Impairment Charges.

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

Profit (Loss)

Profit (loss) for the period

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

PROFIT (LOSS) FOR THE PERIOD

	Three months ended September 30,			
(Expressed in millions of US Dollars)	**2020**	2019	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(1)]
Profit (loss) for the period, as reported	**(117.5)**	57.4	*nm*	*nm*
Impairment Charges	**5.6**	2.5	*nm*	*nm*
Restructuring Charges	**9.0**	—	n/a	n/a
Costs to implement profit improvement initiatives	**—**	0.8	(100.0)%	(100.0)%
Tax impact	**(2.6)**	(0.2)	*nm*	*nm*
Profit (loss) for the period, as adjusted	**(105.4)**	60.5	*nm*	*nm*

Notes

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

nm Not meaningful.
n/a Not applicable.

The Group incurred a loss for the period of US$117.5 million for the three months ended September 30, 2020, compared to a profit for the period of US$57.4 million for the same period in the previous year. The Group incurred a loss for the period of US$105.4 million for the three months ended September 30, 2020 when excluding the non-cash 3Q 2020 Impairment Charges and 3Q 2020 Restructuring Charges, both of which are net of the related tax impact, compared to a profit for the period of US$60.5 million for the same period in the previous year when excluding the non-cash 3Q 2019 Impairment Charges and the costs to implement profit improvement initiatives, both of which are net of the related tax impact. The year-on-year decrease in profit (loss) for the period was primarily due to the COVID-19 Impacts.

Profit (loss) attributable to the equity holders

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

PROFIT (LOSS) ATTRIBUTABLE TO THE EQUITY HOLDERS

	Three months ended September 30,			
(Expressed in millions of US Dollars)	**2020**	2019	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(1)
Profit (loss) attributable to the equity holders, as reported	**(110.7)**	53.0	*nm*	*nm*
Impairment Charges	**5.6**	2.5	*nm*	*nm*
Restructuring Charges	**9.0**	—	n/a	n/a
Costs to implement profit improvement initiatives	**—**	0.8	(100.0)%	(100.0)%
Tax impact	**(2.6)**	(0.2)	*nm*	*nm*
Profit (loss) attributable to the equity holders, as adjusted	**(98.7)**	56.1	*nm*	*nm*

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

The Group incurred a loss attributable to the equity holders of US$110.7 million for the three months ended September 30, 2020, compared to profit attributable to the equity holders of US$53.0 million for the same period in the previous year. The Group incurred a loss attributable to the equity holders of US$98.7 million for the three months ended September 30, 2020 when excluding the non-cash 3Q 2020 Impairment Charges and 3Q 2020 Restructuring Charges, both of which are net of the related tax impact, compared to a profit attributable to the equity holders of US$56.1 million for the same period in the previous year when excluding the non-cash 3Q 2019 Impairment Charges and the costs to implement profit improvement initiatives, both of which are net of the related tax impact. The year-on-year decrease in profit (loss) attributable to the equity holders was primarily due to the COVID-19 Impacts.

Basic and diluted earnings (loss) per share

Basic and diluted loss per share was US$0.077 for the three months ended September 30, 2020, compared to basic and diluted earnings per share of US$0.037 for the three months ended September 30, 2019. The weighted average number of shares utilized in the basic earnings (loss) per share calculation was 1,433,714,567 shares for the three months ended September 30, 2020 compared to 1,431,152,487 shares for the three months ended September 30, 2019. The weighted average number of shares outstanding utilized in the diluted earnings (loss) per share calculation was 1,433,714,567 shares for the three months ended September 30, 2020 compared to 1,433,848,779 shares for the three months ended September 30, 2019.

Basic and diluted loss per share, as adjusted, was US$0.069 for the three months ended September 30, 2020 when excluding the non-cash 3Q 2020 Impairment Charges and 3Q 2020 Restructuring Charges, both of which are net of the related tax impact, compared to basic and diluted earnings per share, as adjusted, of US$0.039 for the same period in the previous year when excluding the non-cash 3Q 2019 Impairment Charges and the costs to implement profit improvement initiatives, both of which are net of the related tax impact. This decrease was caused by the COVID-19 Impacts on the Group's business during the three months ended September 30, 2020.

Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, decreased by US$184.7 million, or 137.8% (-138.9% constant currency), to a loss of US$50.7 million for the three months ended September 30, 2020 from earnings of US$133.9 million for the three months ended September 30, 2019. Adjusted EBITDA margin was (15.5)% for the three months ended September 30, 2020 compared to 14.5% for the three months ended September 30, 2019 due primarily to the COVID-19 Impacts. The Group continues to take meaningful actions to implement cost savings initiatives in an effort to improve profitability. See Impact of COVID-19 section in Management Discussion and Analysis for further discussion.

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

	Three months ended September 30,	
(Expressed in millions of US Dollars)	**2020**	2019
Profit (loss) for the period	**(117.5)**	57.4
Plus (Minus):		
Income tax expense (benefit)	**6.8**	21.2
Finance costs	**31.3**	27.1
Finance income	**(1.1)**	(0.8)
Depreciation	**15.0**	19.5
Total amortization	**42.4**	56.9
EBITDA	**(23.1)**	181.3
Plus (Minus):		
Share-based compensation expense	**1.2**	5.3
Impairment Charges	**5.6**	2.5
Restructuring Charges	**9.0**	—
Other adjustments(1)	**(3.1)**	1.3
Amortization of lease right-of-use assets	**(34.3)**	(48.9)
Interest expense on lease liabilities	**(5.9)**	(7.6)
Adjusted EBITDA(2)	**(50.7)**	133.9
Adjusted EBITDA margin	**(15.5)%**	14.5 %

Notes

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

(2) Adjusted EBITDA, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. Adjusted EBITDA includes the lease interest and amortization expense as a result of the Group's adoption of IFRS 16, *Leases* ("IFRS 16") on January 1, 2019 to account for operational rent expenses.

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

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

Adjusted Net Income (Loss)

Adjusted Net Income (Loss), a non-IFRS measure, was a loss of US$98.7 million for the three months ended September 30, 2020, compared to income of US$62.0 million for the three months ended September 30, 2019 due to the COVID-19 Impacts. Adjusted basic and diluted earnings (loss) per share, non-IFRS measures, was a loss of US$0.069 per share for the three months ended September 30, 2020, compared to earnings per share of US$0.043 for the three months ended September 30, 2019. Adjusted basic and diluted earnings (loss) per share are calculated by dividing Adjusted Net Income (Loss) by the weighted average number of shares used in the basic and diluted earnings (loss) per share calculations, respectively.

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

	Three months ended September 30,	
(Expressed in millions of US Dollars)	**2020**	2019
Profit (loss) attributable to the equity holders	**(110.7)**	53.0
Plus (Minus):		
Change in fair value of put options included in finance costs	**(6.2)**	(0.1)
Amortization of intangible assets	**8.1**	8.0
Impairment Charges	**5.6**	2.5
Restructuring Charges	**9.0**	—
Costs to implement profit improvement initiatives	**—**	0.8
Tax adjustments(1)	**(4.6)**	(2.2)
Adjusted Net Income (Loss)(2)	**(98.7)**	62.0

Notes

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

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

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

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

Cash Flows

Net cash flows used in operating activities amounted to US$0.8 million for the three months ended September 30, 2020 compared to net cash flows generated from operating activities of US$119.0 million for the three months ended September 30, 2019. The decrease in cash flows generated from operating activities year-on-year was due to the COVID-19 Impacts.

For the three months ended September 30, 2020, net cash flows used in investing activities were US$1.3 million, which included capital expenditures of US$0.4 million. For the three months ended September 30, 2019, net cash flows used in investing activities were US$15.0 million and were primarily related to US$11.0 million of capital expenditures for property, plant and equipment, including the addition of new retail locations, remodeling existing retail locations and investments in machinery and equipment. The Group has taken meaningful measures to reduce capital expenditures for the remainder of 2020 in response to the impacts on the Group's business from the COVID-19 pandemic.

Net cash flows used in financing activities were US$83.5 million for the three months ended September 30, 2020 and were largely attributable to principal payments on lease liabilities of US$65.7 million. Net cash flows used in financing activities were US$192.8 million for the three months ended September 30, 2019 and were largely attributable to the distribution to shareholders of US$125.0 million and principal payments on lease liabilities of US$41.5 million.

Total cash burn, defined as the total increase (decrease) in cash and cash equivalents per the consolidated statements of cash flows less total cash flow attributable to (i) total loans and borrowings and (ii) deferred financing costs ("Total Cash Burn"), was US$(67.7) million for the three months ended September 30, 2020 compared to US$(166.7) million for the second quarter of 2020. The improvement in Total Cash Burn on a sequential quarter basis was mainly due to the Group's comprehensive cost reduction actions, a gradually improving monthly net sales trend and tight net working capital and capital expenditure discipline. See Impact of COVID-19 section in Management Discussion and Analysis for further discussion. The following table presents the reconciliation from the Group's net increase (decrease) in cash and cash equivalents per the consolidated statements of cash flows to Total Cash Burn for the quarters ended September 30, 2020 and June 30, 2020.

	Three months ended	
(Expressed in millions of US Dollars)	**September 30, 2020**	June 30, 2020
Net increase (decrease) in cash and cash equivalents	**(85.6)**	416.7
Less:		
Cash flow attributable to total loans and borrowings	**17.8**	(615.4)
Cash flow attributable to deferred financing costs	**—**	32.0
Total Cash Burn	**(67.7)**	(166.7)

For the Nine Months Ended September 30, 2020

Net Sales

Net sales decreased by US$1,548.2 million, or 57.8% (-57.3% constant currency), during the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 due to the COVID-19 Impacts. The net sales trend has continued to improve each month since April 2020, when the impacts of COVID-19 on the Company's business were most pronounced. Net sales for the three months ended September 30, 2020 decreased by 64.6% (-64.7% constant currency), compared to the three months ended September 30, 2019. In comparison, net sales for the three months ended June 30, 2020 decreased by 78.2% (-77.9% constant currency), compared to the three months ended June 30, 2019. The following table sets forth a breakdown of the monthly and quarterly net sales trend from April 2020 through September 2020.

	2020	2019	2020 vs 2019	
	US$ millions	US$ millions	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[1]
Month:				
April	**53.5**	284.4	(81.2)%	(80.9)%
May	**63.6**	309.4	(79.4)%	(79.1)%
June	**84.0**	329.9	(74.5)%	(74.1)%
Second Quarter 2020 and 2019	**201.1**	923.7	(78.2)%	(77.9)%
July	**99.7**	332.7	(70.0)%	(69.8)%
August	**112.4**	303.3	(62.9)%	(63.3)%
September	**114.6**	285.5	(59.9)%	(60.4)%
Third Quarter 2020 and 2019	**326.6**	921.5	(64.6)%	(64.7)%

Note

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

Net sales for the month ended October 31, 2020 decreased by approximately 58% on a constant currency basis compared to the month ended October 31, 2019.

All of the Group's distribution channels recorded year-on-year net sales decreases during the nine months ended September 30, 2020 due to the COVID-19 Impacts. Net sales in the wholesale channel decreased by US$987.2 million, or 57.8% (-57.2% constant currency), during the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. Net sales to e-retailers, which are included in the Group's wholesale channel, decreased by US$68.1 million, or 44.0% (-43.9% constant currency), during the nine months ended September 30, 2020 compared to the same period in the previous year as net sales have been stronger than to traditional wholesale customers.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, decreased by US$560.2 million, or 58.0% (-57.4% constant currency), to US$406.2 million (representing 36.0% of net sales) for the nine months ended September 30, 2020 from US$966.5 million (representing 36.1% of net sales) for the nine months ended September 30, 2019.

Net sales in the DTC retail channel decreased by US$453.1 million, or 63.9% (-63.3% constant currency), during the nine months ended September 30, 2020 compared to the same period in the previous year primarily due to temporary store closures and reduced consumer demand resulting from the COVID-19 pandemic. During the nine months ended September 30, 2020, the Group permanently closed 146 company-operated stores. This was partially offset by the addition of 51 stores, primarily in Asia (including the agreed takeover of 20 stores in India from a third party distributor as previously announced), plus a number of previously committed store openings that were delayed by the COVID-19 pandemic. This resulted in a net reduction of 95 company-operated stores closed during the nine months ended September 30, 2020, compared to 34 net new company-operated stores opened during the nine months ended September 30, 2019. The total number of company-operated retail stores was 1,199 as of September 30, 2020, compared to 1,285 company-operated retail stores as of September 30, 2019. In addition to the 146 company-operated stores that have been permanently closed, the Group has also negotiated early exits on an additional 74 company-operated stores, and has also successfully renegotiated 174 store leases, collectively saving approximately US$7 million of annualized cash rent. On a same store, constant currency basis, retail net sales decreased by 64.8% for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. This decrease was due to constant currency same store net sales decreases of 72.2%, 57.4%, 62.0% and 59.5% in North America, Asia, Europe and Latin America, respectively, resulting from the temporary store closures and reduced consumer demand caused by the COVID-19 Impacts. The Group’s same store analysis includes existing company-operated retail stores that have been open for at least 12 months before the end of the relevant financial period.

Total DTC e-commerce net sales decreased by US$107.1 million, or 41.6% (-41.0% constant currency), to US$150.5 million (representing 13.3% of net sales) for the nine months ended September 30, 2020 from US$257.6 million (representing 9.6% of net sales) for the nine months ended September 30, 2019.

During the nine months ended September 30, 2020, US$237.1 million of the Group’s net sales were through e-commerce channels (comprising US$150.5 million of net sales from the Group’s DTC e-commerce website, which are included within the DTC channel, and US$86.5 million of net sales to e-retailers, which are included within the wholesale channel). This represented a year-on-year decrease of US$175.2 million, or 42.5% (-42.1% constant currency), compared to the nine months ended September 30, 2019, when e-commerce comprised US$412.3 million of the Group’s net sales. During the nine months ended September 30, 2020, the Group's net sales through e-commerce channels represented 21.0% of total net sales, compared to 15.4% of total net sales for the nine months ended September 30, 2019 as the shift in consumer's shopping behavior towards e-commerce channels accelerated as a result of the COVID-19 pandemic.

All of the Group’s product categories recorded year-on-year net sales decreases during the nine months ended September 30, 2020 due to the COVID-19 Impacts. Net sales in the travel product category during the nine months ended September 30, 2020 decreased by US$1,021.1 million, or 63.9% (-63.5% constant currency), compared to the nine months ended September 30, 2019 as a result of the significant reduction in travel caused by COVID-19. Total non-travel category net sales, which includes business, casual, accessories and other products, decreased by US$527.2 million, or 48.8% (-48.1% constant currency), for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. Net sales of business products decreased by US$239.5 million, or 48.7% (-48.3% constant currency), for the nine months ended September 30, 2020 compared to the same period in the previous year. Net sales of casual products during the nine months ended September 30, 2020 decreased by US$140.0 million, or 46.6% (-45.1% constant currency), compared to the same period in the previous year. Net sales of accessories during the nine months ended September 30, 2020 decreased by US$130.9 million, or 51.6% (-51.3% constant currency), year-on-year.

Net Sales by Region

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

	Nine months ended September 30,				2020 vs 2019	
	2020		2019			
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(2)
Net sales by region(1):						
North America	**441.8**	**39.1 %**	993.1	37.1 %	(55.5)%	(55.5)%
Asia	**405.9**	**36.0 %**	976.7	36.5 %	(58.4)%	(57.9)%
Europe	**231.7**	**20.5 %**	582.1	21.7 %	(60.2)%	(59.7)%
Latin America	**47.9**	**4.2 %**	122.9	4.6 %	(61.0)%	(54.9)%
Corporate	**1.7**	**0.2 %**	2.4	0.1 %	(32.6)%	(32.6)%
Net sales	**1,129.0**	**100.0 %**	2,677.2	100.0 %	(57.8)%	(57.3)%

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

North America

The Group's net sales in North America decreased by US$551.3 million, or 55.5% (-55.5% constant currency), for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 due to the COVID-19 Impacts. Net sales in North America reflects continued improvement in sales trends. 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 due to the COVID-19 Impacts. In comparison, the Group's net sales in North America 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.

For the nine months ended September 30, 2020, net sales of the *Samsonite* brand in North America decreased by US$227.8 million, or 58.3% (-58.3% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand during the nine months ended September 30, 2020 decreased by US$178.9 million, or 61.7% (-61.7% constant currency). Net sales of the *American Tourister* brand during the nine months ended September 30, 2020 decreased by US$30.9 million, or 43.3% (-43.3% constant currency), compared to the nine months ended September 30, 2019. Net sales of the *Speck* brand for the nine months ended September 30, 2020 decreased by US$27.4 million, or 29.0% (-29.0% constant currency), compared to the same period in the previous year. Net sales of the *Gregory* brand for the nine months ended September 30, 2020 decreased by US$3.9 million, or 26.9% (-26.9% constant currency), compared to the same period in the previous year. Net sales of other brands for the nine months ended September 30, 2020 decreased by US$55.4 million, or 61.9% (-61.9% constant currency), compared to the same period in the previous year.

For the nine months ended September 30, 2020, net sales in the United States decreased by US$521.3 million, or 55.0%, year-on-year and net sales in Canada decreased by US$30.0 million, or 65.2% (-65.0% constant currency), year-on-year due to the COVID-19 Impacts.

Asia

The Group's net sales in Asia decreased by US$570.7 million, or 58.4% (-57.9% constant currency), for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 due to the COVID-19 Impacts. Net sales in Asia reflects continued improvement in sales trends. 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. In comparison, the Group's net sales in Asia 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.

For the nine months ended September 30, 2020, net sales of the *Samsonite* brand in Asia decreased by US$236.8 million, or 57.6% (-57.1% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand during the nine months ended September 30, 2020 decreased by US$89.5 million, or 50.8% (-50.6% constant currency), year-on-year. Net sales of the *American Tourister* brand during the nine months ended September 30, 2020 decreased by US$195.4 million, or 66.2% (-65.5% constant currency), compared to the nine months ended September

30, 2019. Net sales of the *Gregory* brand decreased by US$8.3 million, or 26.0% (-26.7% constant currency), compared to the same period in the previous year.

All of the Group's main markets in Asia experienced year-on-year net sales declines during the nine months ended September 30, 2020 compared to the same period in the previous year due to the COVID-19 Impacts. Net sales in China decreased by US$115.4 million, or 51.1% (-50.4% constant currency), for the nine months ended September 30, 2020 compared to the same period in the previous year. Net sales in India decreased by US$87.5 million, or 67.4% (-66.3% constant currency), for the nine months ended September 30, 2020 compared to the same period in the previous year. Net sales in South Korea decreased by US$83.6 million, or 58.4% (-56.7% constant currency), year-on-year. Total net sales reported for Hong Kong (which comprises net sales made in the domestic Hong Kong market, Macau and to distributors in certain other Asian markets) decreased by US$82.1 million, or 72.8% (-72.9% constant currency), year-on-year. Japan's net sales decreased by US$79.0 million, or 47.4% (-48.1% constant currency), year-on-year.

The net sales trend in Asia has continued to improve in October 2020, which saw monthly net sales decreasing by approximately 49% on a constant currency basis, compared to the same period in the previous year. China continued to lead the recovery, with net sales down by approximately 18% on a constant currency basis, year-on-year, while other key Asian markets also showed sustained improvement on a constant currency basis during the month of October 2020: Japan (approximately -44%); India (approximately -53%), South Korea (approximately -56%) and Hong Kong (approximately -55%).

Europe

The Group's net sales in Europe decreased by US$350.4 million, or 60.2% (-59.7% constant currency), for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 due to the COVID-19 Impacts. Net sales in Europe reflects continued improvement in sales trends. 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. In comparison, the Group's net sales in Europe 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.

For the nine months ended September 30, 2020, net sales of the *Samsonite* brand in Europe decreased by US$215.6 million, or 59.6% (-59.1% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand during the nine months ended September 30, 2020 decreased by US$49.6 million, or 64.6% (-64.1% constant currency), year-on-year. Net sales of the *American Tourister* brand during the nine months ended September 30, 2020 decreased by US$69.9 million, or 64.8% (-64.1% constant currency), compared to the nine months ended September 30, 2019.

All of the Group’s key markets in Europe recorded year-on-year net sales decreases during the nine months ended September 30, 2020 due to the COVID-19 Impacts. Net sales in Germany decreased by US$50.9 million, or 59.4% (-59.4% constant currency), for the nine months ended September 30, 2020 compared to the same period in the previous year. Net sales in the United Kingdom decreased by US$42.4 million, or 73.6% (-73.9% constant currency), year-on-year. Italy's net sales decreased by US$35.5 million, or 58.3% (-58.5% constant currency), compared to the nine months ended September 30, 2019. Net sales in France decreased by US$34.5 million, or 60.0% (-60.1% constant currency), compared to the same period in the previous year. Net sales in Russia decreased by US$29.3 million, or 61.8% (-59.1% constant currency), year-on-year.

Latin America

The Group’s net sales in Latin America decreased by US$75.0 million, or 61.0% (-54.9% constant currency), for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 due to the COVID-19 Impacts. Net sales in Latin America reflects continued improvement in sales trends. 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. In comparison, the Group’s net sales in Latin America 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 net sales trend in Latin America has continued to improve in October 2020, which saw monthly net sales decreasing by approximately 57% on a constant currency basis, compared to the same period in the previous year.

For the nine months ended September 30, 2020, net sales of the *Samsonite* brand in Latin America decreased by US$35.9 million, or 69.8% (-65.0% constant currency), compared to the same period in the previous year. Net sales of the *American Tourister* brand during the nine months ended September 30, 2020 decreased by US$11.9 million, or 70.8% (-67.1% constant currency), compared to the nine months ended September 30, 2019. For the nine months ended September 30, 2020, net sales of the *Tumi* brand in Latin America decreased by US$2.3 million, or 64.3% (-61.6% constant currency), compared to the same period in the previous year. Net sales of the *Xtrem* brand decreased by US$9.7 million, or 38.0% (-28.1% constant currency), compared to the same period in the previous year. Net sales of the *Saxoline* brand decreased by US$7.2 million, or 53.9% (-44.8% constant currency), year-on-year. Net sales of the *Secret* brand decreased by US$6.7 million, or 67.4% (-62.0% constant currency), year-on-year.

Net sales in Mexico decreased by US$30.9 million, or 74.5% (-73.0% constant currency), during the nine months ended September 30, 2020 compared to the same period in the previous year. Net sales in Chile decreased by US$23.0 million, or 52.0% (-43.3% constant currency), year-on-year.

Net Sales by Brand

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

	Nine months ended September 30,					
	2020		2019		2020 vs 2019	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(2)
Net sales by brand:						
Samsonite	**498.7**	**44.2 %**	1,214.7	45.4 %	(58.9)%	(58.4)%
Tumi	**225.9**	**20.0 %**	546.2	20.4 %	(58.6)%	(58.5)%
American Tourister	**183.1**	**16.2 %**	491.2	18.3 %	(62.7)%	(62.0)%
Speck	**67.0**	**6.0 %**	94.4	3.5 %	(29.0)%	(29.0)%
Gregory	**40.1**	**3.5 %**	52.9	2.0 %	(24.3)%	(24.8)%
High Sierra	**19.2**	**1.7 %**	54.2	2.0 %	(64.5)%	(64.3)%
Other(1)	**95.0**	**8.4 %**	223.6	8.4 %	(57.5)%	(55.4)%
Net sales	**1,129.0**	**100.0 %**	2,677.2	100.0 %	(57.8)%	(57.3)%

Notes

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

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

All of the Group's brands recorded year-on-year net sales decreases during the nine months ended September 30, 2020 due to the COVID-19 Impacts. Net sales of the *Samsonite* brand during the nine months ended September 30, 2020 decreased by US$716.0 million, or 58.9% (-58.4% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand during the nine months ended September 30, 2020 decreased by US$320.3 million, or 58.6% (-58.5% constant currency), year-on-year. Net sales of the *American Tourister* brand decreased by US$308.1 million, or 62.7% (-62.0% constant currency), for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019.

Net sales of the *Speck* brand decreased by US$27.4 million, or 29.0% (-29.0% constant currency), for the nine months ended September 30, 2020 compared to the same period in the previous year. Net sales of the *Gregory* brand decreased by US$12.8 million, or 24.3% (-24.8% constant currency), compared to the same period in the previous year. Net sales of the *High Sierra* brand decreased by US$35.0 million, or 64.5% (-64.3% constant currency), compared to the same period in the previous year.

Gross Profit

Gross profit decreased by US$953.5 million, or 63.7%, to US$543.0 million for the nine months ended September 30, 2020 from US$1,496.5 million for the nine months ended September 30, 2019 as a result of the decrease in net sales year-on-year caused by the COVID-19 Impacts. Gross profit margin, as reported, decreased to 48.1% for the nine months ended September 30, 2020 from 55.9% for the same period in the previous year. The decrease in the gross profit margin was primarily related to a decrease in gross profit as a result of the decrease in net sales year-on-year caused primarily by the negative impacts from the COVID-19 pandemic, including increased inventory reserves, the impact of fixed sourcing and manufacturing expenses on a lower net sales base, and the inclusion of restructuring charges and non-cash impairment charges related to the sourcing and production of the Group's products of US$3.7 million and US$1.3 million, respectively, as well as a shift in sales mix. Excluding the impact of increased inventory reserves, the impact of fixed sourcing and manufacturing expenses on a lower net sales base, restructuring charges and non-cash impairment charges, gross profit margin, as adjusted, for the nine months ended September 30, 2020 and 2019 would have been 55.4% and 58.0%, respectively.

The following table presents the reconciliations from the Group's gross profit, as reported, to gross profit, as adjusted, and the Group's gross profit margin, as reported, to gross profit margin, as adjusted, for the nine months ended September 30, 2020 and September 30, 2019.

GROSS PROFIT & GROSS PROFIT MARGIN

	Nine months ended			
	September 30, 2020		September 30, 2019	
(Expressed in millions of US Dollars)	**Gross profit**	**Gross profit margin**	Gross profit	Gross profit margin
Gross profit, as reported	**543.0**	**48.1 %**	1,496.5	55.9 %
Provision for inventory reserves	**39.9**	**3.6 %**	7.9	0.3 %
Fixed manufacturing and sourcing costs	**37.2**	**3.3 %**	47.9	1.8 %
Restructuring Charges included in cost of sales	**3.7**	**0.3 %**	—	— %
Impairment Charges included in cost of sales	**1.3**	**0.1 %**	—	— %
Gross profit, as adjusted	**625.1**	**55.4 %**	1,552.3	58.0 %

Distribution Expenses

Distribution expenses decreased by US$333.5 million, or 36.9%, to US$570.6 million (representing 50.5% of net sales) for the nine months ended September 30, 2020 from US$904.1 million (representing 33.8% of net sales) for the nine months ended September 30, 2019. Distribution expenses as a percentage of net sales increased primarily due to the impact of lower net sales. The Group took immediate action to implement both permanent and temporary cost savings initiatives in an effort to reduce its fixed cost base in response to the COVID-19 pandemic. See Impact of COVID-19 section in Management Discussion and Analysis for further discussion.

Marketing Expenses

The Group spent US$55.1 million on marketing during the nine months ended September 30, 2020 compared to US$148.5 million for the nine months ended September 30, 2019, a decrease of US$93.3 million, or 62.9%. As a percentage of net sales, marketing expenses decreased by 60 basis points to 4.9% for the nine months ended September 30, 2020 from 5.5% for the same period in the previous year. The Group has aggressively reduced advertising spend during 2020 to help offset the negative impacts on its profitability caused by the COVID-19 pandemic.

General and Administrative Expenses

General and administrative expenses decreased by US$14.3 million, or 8.4%, to US$155.3 million (representing 13.8% of net sales) for the nine months ended September 30, 2020 from US$169.6 million (representing 6.3% of net sales) for the nine months ended September 30, 2019. The decrease in general and administrative expenses was driven by actions taken by management to reduce the fixed and variable cost structure of the business, including headcount reductions and other savings initiatives, to help offset the negative impacts on the Group's profitability due to the sales declines caused by COVID-19. See Impact of COVID-19 section in Management Discussion and Analysis for further discussion. General and administrative expenses as a percentage of net sales increased by 750 basis points due to the decrease in net sales year-on-year.

Impairment Charges

The following table sets forth a breakdown of the non-cash impairment charges (the "2020 Impairment Charges") and (the "2019 Impairment Charges") for the nine months ended September 30, 2020 and September 30, 2019.

(Expressed in millions of US Dollars)		**Nine months ended September 30,**	
		2020	2019
Impairment Charges recognized on:	Functional Area	**2020 Impairment Charges**	2019 Impairment Charges
Property, plant and equipment	Cost of sales	**1.3**	—
	Impairment charges included in cost of sales	**1.3**	—
Goodwill		**496.0**	—
Tradenames		**236.0**	—
Lease right-of-use assets	Distribution	**119.5**	22.8
Property, plant and equipment	Distribution	**29.9**	9.4
	Impairment charges (exclusive of amounts included in cost of sales)	**881.4**	32.2
Total Impairment Charges		**882.7**	32.2

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

As a result of overall market conditions caused by the COVID-19 pandemic, the Group determined there were indicators of potential impairment on its CGUs during the first quarter of 2020. Based on the valuation performed by a third-party specialist engaged by the Company, it was determined that the carrying value of certain CGUs was greater than its recoverable amount, resulting in non-cash impairment charges totaling US$732.0 million, comprised of US$496.0 million for goodwill and US$236.0 million for certain tradenames recognized during the first quarter of 2020.

Based on an evaluation of loss-making stores during the nine months ended September 30, 2020 and September 30, 2019, and also due to reduced traffic and under-performance, the Group determined that the carrying amounts of certain retail stores exceeded their respective recoverable amounts. Based on an evaluation of certain property, plant and equipment during the nine months ended September 30, 2020 used in the production of certain luggage product lines, the Group determined that the carrying amounts of certain molds and machinery exceeded their respective recoverable amounts. During the nine months ended September 30, 2020, the Group recognized the 2020 Impairment Charges reflecting the aggregate difference totaling US$150.7 million, comprised of US$119.5 million for lease right-of-use assets and US$31.2 million for property, plant and equipment, including leasehold improvements attributable to the under-performance of certain retail locations as well as molds and machinery used in the production of certain luggage product lines. During the nine months ended September 30, 2019, the Group recognized the 2019 Impairment Charges totaling US$32.2 million, comprised of the write-off of US$22.8 million of lease right-of-use assets associated with such stores and a US$9.4 million non-cash impairment for property, plant and equipment, including leasehold improvements, of such stores.

Expenses related to lease right-of-use assets and property, plant and equipment, including leasehold improvements, related to stores, have historically been classified as distribution expenses on the consolidated income statements 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 income statements using the function of expense presentation method for the affected assets.

Restructuring Charges

The following table sets forth a breakdown of the restructuring charges (the "2020 Restructuring Charges") for the nine months ended September 30, 2020. The Company did not record any restructuring charges during the nine months ended September 30, 2019.

(Expressed in millions of US Dollars)	**Nine months ended September 30, 2020**
Functional Area	**2020 Restructuring Charges**
Restructuring charges included in cost of sales	**3.7**
Restructuring Charges attributable to distribution function	**27.7**
Restructuring Charges attributable to general and administrative function	**6.4**
Restructuring Charges (exclusive of amounts included in cost of sales)	**34.1**
Total 2020 Restructuring Charges	**37.8**

Beginning in March 2020, the Group has identified and implemented restructuring initiatives aimed at reducing its fixed cost base on a global basis in response to the impact of the COVID-19 pandemic. During the nine months ended September 30, 2020, the Group recognized the 2020 Restructuring Charges of US$37.8 million primarily for severance costs associated with reductions in personnel and store closure costs. 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 income statements using the function of expense presentation method. The Group continues to work to identify additional areas to further reduce operating expenses in response to the impacts on the business from the COVID-19 pandemic. See Impact of COVID-19 section in Management Discussion and Analysis for further discussion.

Other Income (Expenses)

The Group recorded other income of US$10.3 million and other expenses of US$13.1 million for the nine months ended September 30, 2020 and September 30, 2019, respectively. Other income for the nine months ended September 30, 2020 included gains on lease exits/remeasurements of US$12.1 million. Other expenses for the nine months ended September 30, 2019 included severance and store closure costs incurred in connection with certain profit improvement initiatives undertaken by the Group's management totaling US$10.6 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 nine months ended September 30, 2020 and September 30, 2019.

OPERATING PROFIT (LOSS)

	Nine months ended September 30,			
(Expressed in millions of US Dollars)	**2020**	2019	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(1)
Operating profit (loss), as reported	**(1,143.2)**	229.0	*nm*	*nm*
Impairment Charges	**882.7**	32.2	*nm*	*nm*
Restructuring Charges	**37.8**	—	n/a	n/a
Costs to implement profit improvement initiatives	**—**	10.6	(100.0)%	(100.0)%
Operating profit (loss), as adjusted	**(222.8)**	271.9	*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 comparable period of the previous year to current period local currency results.

nm Not meaningful.

n/a Not applicable.

The Group incurred an operating loss of US$1,143.2 million for the nine months ended September 30, 2020, compared to an operating profit of US$229.0 million for the same period in the previous year. The Group incurred an operating loss of US$222.8 million when excluding the non-cash 2020 Impairment Charges and 2020 Restructuring Charges, compared to an operating profit of US$271.9 million for the same period in the previous year when excluding the non-cash 2019 Impairment Charges and the costs to implement profit improvement initiatives. The year-on-year decrease in operating profit was primarily due to the decrease in net sales resulting from the COVID-19 Impacts.

Net Finance Costs

Net finance costs increased by US$0.5 million, or 0.6%, to US$76.9 million for the nine months ended September 30, 2020 from US$76.4 million for the nine months ended September 30, 2019, primarily due to an increase in interest expense on loans and borrowings of US$19.6 million and an increase in net foreign exchange losses of US$4.9 million year on year, partially offset by a decrease in redeemable non-controlling interest put option expenses of US$20.6 million.

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

	Nine months ended September 30,	
(Expressed in millions of US Dollars)	**2020**	2019
Recognized in income or loss:		
Interest income	**2.9**	1.7
Total finance income	**2.9**	1.7
Interest expense on loans and borrowings	**(68.8)**	(49.2)
Amortization of deferred financing costs associated with the Senior Credit Facilities	**(5.2)**	(2.3)
Interest expense on lease liabilities	**(19.5)**	(23.0)
Change in fair value of put options	**21.7**	1.1
Net foreign exchange gain (loss)	**(7.3)**	(2.4)
Other finance costs	**(0.7)**	(2.3)
Total finance costs	**(79.8)**	(78.1)
Net finance costs recognized in profit or loss	**(76.9)**	(76.4)

Income Tax Expense (Benefit)

The Group recorded an income tax benefit of US$126.9 million for the nine months ended September 30, 2020 compared to income tax expense of US$36.8 million for the nine months ended September 30, 2019. The income tax benefit recorded during the nine months ended September 30, 2020 was due mainly to the US$1,220.1 million reported loss before income tax, which included the non-cash 2020 Impairment Charges and 2020 Restructuring Charges, changes in reserves and changes in unrecognized deferred tax assets.

The Group’s consolidated effective tax rate for operations was 10.4% and 24.1% for the nine months ended September 30, 2020 and September 30, 2019, respectively. The decrease in the Group's effective tax rate during the nine months ended September 30, 2020 was mainly the result of changes in the profit mix between high and low tax jurisdictions, changes in reserves, changes in unrecognized deferred tax assets and the tax impact of the non-cash 2020 Impairment Charges. Excluding the non-cash impairment charge related to goodwill, which did not provide a tax benefit to the Group, the consolidated effective tax rate for operations would have been 20.5% for the nine months ended September 30, 2020.

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

Profit (Loss)

Profit (loss) for the period

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

PROFIT (LOSS) FOR THE PERIOD

	Nine months ended September 30,			
(Expressed in millions of US Dollars)	**2020**	2019	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[1]
Profit (loss) for the period, as reported	**(1,093.2)**	115.8	*nm*	*nm*
Impairment Charges	**882.7**	32.2	*nm*	*nm*
Restructuring Charges	**37.8**	—	n/a	n/a
Costs to implement profit improvement initiatives	**—**	10.6	(100.0)%	(100.0)%
Tax impact	**(104.2)**	(2.8)	*nm*	*nm*
Profit (loss) for the period, as adjusted	**(277.0)**	155.8	*nm*	*nm*

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

The Group incurred a loss for the period of US$1,093.2 million for the nine months ended September 30, 2020, compared to a profit for the period of US$115.8 million for the same period in the previous year. The Group incurred a loss for the period of US$277.0 million for the nine months ended September 30, 2020 when excluding the non-cash 2020 Impairment Charges and 2020 Restructuring Charges, both of which are net of the related tax impact, compared to a profit for the period of US$155.8 million for the same period in the previous year when excluding the non-cash 2019 Impairment Charges and the costs to implement profit improvement initiatives, both of which are net of the related tax impact. The year-on-year decrease in profit (loss) for the period was primarily due to the COVID-19 Impacts.

Profit (loss) attributable to the equity holders

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

PROFIT (LOSS) ATTRIBUTABLE TO THE EQUITY HOLDERS

	Nine months ended September 30,			
(Expressed in millions of US Dollars)	**2020**	2019	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[1]
Profit (loss) attributable to the equity holders, as reported	**(1,084.5)**	102.2	*nm*	*nm*
Impairment Charges	**882.7**	32.2	*nm*	*nm*
Restructuring Charges	**37.8**	—	n/a	n/a
Costs to implement profit improvement initiatives	**—**	10.6	(100.0)%	(100.0)%
Tax impact	**(104.2)**	(2.8)	*nm*	*nm*
Profit (loss) attributable to the equity holders, as adjusted	**(268.3)**	142.2	*nm*	*nm*

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

The Group incurred a loss attributable to the equity holders of US$1,084.5 million for the nine months ended September 30, 2020, compared to profit attributable to the equity holders of US$102.2 million for the same period in the previous year. The Group incurred a loss attributable to the equity holders of US$268.3 million for the nine months ended September 30, 2020 when excluding the non-cash 2020 Impairment Charges and 2020 Restructuring Charges, both of which are net of the related tax impact, compared to a profit attributable to the equity holders of US$142.2 million for the same period in the previous year when excluding the non-cash 2019 Impairment Charges and the costs to implement profit improvement initiatives, both of which are net of the related tax impact. The year-on-year decrease in profit (loss) attributable to the equity holders was primarily due to the COVID-19 Impacts.

Basic and diluted earnings (loss) per share

Basic and diluted loss per share was US$0.757 for the nine months ended September 30, 2020, compared to basic and diluted earnings per share of US$0.071 for the nine months ended September 30, 2019. The weighted average number of shares utilized in the basic earnings (loss) per share calculation was 1,433,013,053 shares for the nine months ended September 30, 2020 compared to 1,431,037,140 shares for the nine months ended September 30, 2019. The weighted average number of shares outstanding utilized in the diluted earnings (loss) per share calculation was 1,433,013,053 shares for the nine months ended September 30, 2020 compared to 1,433,185,793 shares for the nine months ended September 30, 2019.

Basic and diluted loss per share, as adjusted, was US$0.187 for the nine months ended September 30, 2020 when excluding the non-cash 2020 Impairment Charges and 2020 Restructuring Charges, both of which are net of the related tax impact, compared to basic and diluted earnings per share, as adjusted, of US$0.099 for the same period in the previous year when excluding the non-cash 2019 Impairment Charges and the costs to implement profit improvement initiatives, both of which are net of the related tax impact. This decrease was caused by the COVID-19 Impacts on the Group's business during the nine months ended September 30, 2020.

Adjusted EBITDA

Adjusted EBITDA, a non-IFRS measure, decreased by US$521.1 million, or 150.0% (-151.4% constant currency), to a loss of US$173.6 million for the nine months ended September 30, 2020 from earnings of US$347.4 million for the nine months ended September 30, 2019. Adjusted EBITDA margin was (15.4)% for the nine months ended September 30, 2020 compared to 13.0% for the nine months ended September 30, 2019 due primarily to the COVID-19 Impacts. The Group continues to take meaningful actions to implement cost savings initiatives in an effort to improve profitability. See Impact of COVID-19 section in Management Discussion and Analysis for further discussion.

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

	Nine months ended September 30,	
(Expressed in millions of US Dollars)	**2020**	2019
Profit (loss) for the period	**(1,093.2)**	115.8
Plus (Minus):		
Income tax expense (benefit)	**(126.9)**	36.8
Finance costs	**79.8**	78.1
Finance income	**(2.9)**	(1.7)
Depreciation	**50.5**	59.7
Total amortization	**147.8**	172.5
EBITDA	**(944.9)**	461.2
Plus (Minus):		
Share-based compensation expense	**4.5**	12.2
Impairment Charges	**882.7**	32.2
Restructuring Charges	**37.8**	—
Other adjustments(1)	**(10.3)**	13.2
Amortization of lease right-of-use assets	**(123.8)**	(148.4)
Interest expense on lease liabilities	**(19.5)**	(23.0)
Adjusted EBITDA(2)	**(173.6)**	347.4
Adjusted EBITDA margin	**(15.4)%**	13.0 %

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

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

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

Adjusted Net Income (Loss)

Adjusted Net Income (Loss), a non-IFRS measure, was a loss of US$271.8 million for the nine months ended September 30, 2020, compared to income of US$159.0 million for the nine months ended September 30, 2019 due to the COVID-19 Impacts. Adjusted basic and diluted earnings (loss) per share, non-IFRS measures, was a loss of US$0.190 per share for the nine months ended September 30, 2020, compared to earnings per share of US$0.111 for the nine months ended September 30, 2019. Adjusted basic and diluted earnings (loss) per share are calculated by dividing Adjusted Net Income (Loss) by the weighted average number of shares used in the basic and diluted earnings (loss) per share calculations, respectively.

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

	Nine months ended September 30,	
(Expressed in millions of US Dollars)	**2020**	2019
Profit (loss) attributable to the equity holders	**(1,084.5)**	102.2
Plus (Minus):		
Change in fair value of put options included in finance costs	**(21.7)**	(1.1)
Amortization of intangible assets	**24.0**	24.1
Impairment Charges	**882.7**	32.2
Restructuring Charges	**37.8**	—
Costs to implement profit improvement initiatives	**—**	10.6
Tax adjustments(1)	**(110.1)**	(9.0)
Adjusted Net Income (Loss)(2)	**(271.8)**	159.0

Notes

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

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

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

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

Cash Flows

Net cash flows used in operating activities amounted to US$173.8 million for the nine months ended September 30, 2020 compared to net cash flows generated from operating activities of US$311.6 million for the nine months ended

September 30, 2019. The decrease in cash flows generated from operating activities year-on-year was due to the COVID-19 Impacts.

For the nine months ended September 30, 2020, net cash flows used in investing activities were US$22.8 million and were primarily related to US$18.4 million of capital expenditures for property, plant and equipment, including a warehouse expansion project in India that began in 2019. For the nine months ended September 30, 2019, net cash flows used in investing activities were US$47.6 million and were primarily related to US$37.0 million of capital expenditures for property, plant and equipment, including the addition of new retail locations, remodeling existing retail locations and investments in machinery and equipment. The Group has taken meaningful measures to reduce capital expenditures for the remainder of 2020 in response to the impacts on the Group's business from the COVID-19 pandemic.

Net cash flows provided by financing activities were US$1,239.5 million for the nine months ended September 30, 2020 and were largely attributable to funds borrowed on May 7, 2020 under the 2020 Incremental Term Loan B Facility (as defined in the Indebtedness section below) in an aggregate principal amount of US$600.0 million, as well as from US$810.3 million borrowed under the Amended Revolving Credit Facility (as defined in the Indebtedness section below) on March 20, 2020. Net cash flows used in financing activities were US$291.1 million for the nine months ended September 30, 2019 and were largely attributable to the distribution to shareholders of US$125.0 million and principal payments on lease liabilities of US$120.9 million.

The Group had US$1,510.9 million in cash and cash equivalents as of September 30, 2020, compared to US$462.6 million as of December 31, 2019. No cash and cash equivalents were restricted as of September 30, 2020 and December 31, 2019. Cash and cash equivalents are generally denominated in the functional currency of the respective Group entity.

Indebtedness

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

(Expressed in millions of US Dollars)	**September 30, 2020**	December 31, 2019
Term Loan A Facility	**—**	797.0
Amended Term Loan A Facility	**790.0**	—
Term Loan B Facility	**549.9**	554.9
2020 Incremental Term Loan B Facility	**598.5**	—
Amended Revolving Credit Facility	**817.2**	—
Total Amended Senior Credit Facilities	**2,755.6**	1,351.8
Senior Notes(1)	**410.2**	392.4
Other borrowings and obligations	**61.5**	23.7
Total loans and borrowings	**3,227.3**	1,768.0
Less deferred financing costs	**(42.3)**	(12.8)
Total loans and borrowings less deferred financing costs	**3,185.0**	1,755.2

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.

€350.0 Million 3.500% Senior Notes Due 2026

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

Maturity, Interest and Redemption

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

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

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

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

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

Guarantee and Security

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

Certain Covenants and Events of Default

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

Amended and Restated Senior Credit Facilities Agreement

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

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

Interest Rate and Fees

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

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

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

In addition to paying interest on outstanding principal under the Senior Credit Facilities, the borrowers pay customary agency fees and a commitment fee in respect of the unutilized commitments under the Revolving Credit Facility. The commitment fee payable with effect from the Closing Date until the delivery of the consolidated financial statements for the fiscal quarter ended September 30, 2018 was 0.20% per annum. The commitment fee payable thereafter is based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings, as applicable. After the Second Amended Credit Agreement, the commitment fee payable with effect from the effective date of the Second Amended Credit Agreement until the delivery of the consolidated financial statements for the fiscal quarter ended June 30, 2020 is 0.20% per annum and the commitment fee payable thereafter may step up based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings, as applicable (subject to the terms of the Third Amended Credit Agreement as described below).

Amortization and Final Maturity

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

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

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

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

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

Guarantees and Security

The obligations of the borrowers under the Senior Credit Facilities are unconditionally guaranteed by the Company and certain of the Company's existing direct or indirect wholly-owned material restricted subsidiaries, and are required to be guaranteed by certain future direct or indirect wholly-owned material restricted subsidiaries organized in the jurisdictions of Luxembourg, Belgium, Canada, Hong Kong, Hungary, Mexico and the United States (the "Credit Facility

Guarantors"). All obligations under the Senior Credit Facilities, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all of the assets of the borrowers and the Credit Facility Guarantors (including the Shared Collateral).

Certain Covenants and Events of Default

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

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

Second Amended Credit Agreement

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

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

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

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

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

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

Third Amended Credit Agreement

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

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

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

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

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

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

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

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

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

Interest Rate and Fees

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

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

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

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

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

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

Amended Revolving Credit Facility
On March 20, 2020, the Company borrowed US$810.3 million (USD equivalent) under the Amended Revolving Credit Facility to ensure access to the Group's liquidity, given the uncertainties and challenges caused by the COVID-19 pandemic. As of September 30, 2020, US$28.3 million was available to be borrowed on the Amended Revolving Credit Facility as a result of US$817.2 million of outstanding borrowings and the utilization of US$4.5 million of the facility for outstanding letters of credit extended to certain creditors.

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

Deferred Financing Costs
In conjunction with the second, third and fourth amendments to the Senior Credit Facilities, the Group incurred US$34.8 million of deferred financing costs during the nine months ended September 30, 2020. All such costs have been deferred and are being offset against loans and borrowings. The deferred financing costs are being amortized using the effective interest method over the life of the Amended Term Loan A Facility, Amended Revolving Credit Facility and Incremental Term Loan B Facility. The amortization of deferred financing costs, which is included in interest expense, amounted to US$5.2 million and US$2.3 million for the nine months ended September 30, 2020 and September 30, 2019, respectively.

Interest Rate Swaps
The Group maintains interest rate swaps to hedge interest rate exposure under the floating-rate Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. On September 4, 2019, the Group entered into new interest rate swap agreements that became effective on September 6, 2019 and will terminate on August 31, 2024. The notional amounts of the interest rate swap agreements decrease over time. LIBOR has been fixed at approximately 1.208%. The interest rate swap agreements have fixed payments due monthly that commenced September 30, 2019. The interest rate swap transactions qualify as cash flow hedges. As of September 30, 2020, the interest rate swaps were marked-to-market, resulting in a net liability position to the Group in the amount of US$24.2 million, which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income. As of December 31, 2019, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$10.6 million, which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income.

Cross-currency Swaps
In April 2019, the Group entered into cross-currency swaps which have been designated as net investment hedges. The hedges consist of a US$50.0 million notional loan amount between the Euro and US Dollar and a US$25.0 million notional loan amount between the Japanese Yen and US Dollar. The Group benefits from the interest rate spread

between the two markets to receive fixed interest income over the five-year contractual period. As of September 30, 2020, the cross-currency swaps qualified as net investment hedges and the monthly mark-to-market is recorded to other comprehensive income. As of September 30, 2020, the cross-currency swaps were marked-to-market, resulting in the notional loan between the Euro and US Dollar to be in a net liability position to the Group in the amount of US$0.1 million, which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income, and the notional loan between the Japanese Yen and US Dollar to be in a net asset position to the Group in the amount of US$0.2 million, which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income. As of December 31, 2019, the cross-currency swaps were marked-to-market, resulting in the notional loan between the Euro and US Dollar to be in a net asset position to the Group in the amount of US$0.1 million, which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income, and the notional loan between the Japanese Yen and US Dollar to be in a net liability position to the Group in the amount of US$0.3 million, which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income.

Other Loans and Borrowings

Certain consolidated subsidiaries of the Group maintain credit lines and other loans with various third-party lenders in the regions in which they operate. Other loans and borrowings are generally variable rate instruments denominated in the functional currency of the borrowing Group entity. These credit lines provide short-term financing and working capital for the day-to-day business operations of the subsidiaries, including overdraft, bank guarantees, and trade finance facilities. The majority of the credit lines included in other loans and borrowings are uncommitted facilities. The total aggregate amount of other loans and borrowings was US$58.8 million and US$23.6 million as of September 30, 2020 and December 31, 2019, respectively.

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

(Expressed in millions of US Dollars)	**September 30, 2020**	December 31, 2019
On demand or within one year	**91.6**	61.3
After one year but within two years	**42.8**	48.1
After two years but within five years	**2,682.7**	744.5
More than five years	**410.2**	914.0
	3,227.3	1,768.0

GENERAL

This financial and business review as of and for the three and nine month periods ended September 30, 2020 is being published to provide shareholders, potential investors, lenders, bondholders and other interested parties with an update on the performance of the Group.

The Company’s shareholders, potential investors, lenders, bondholders and other interested parties should note that all figures contained in this announcement are based on the Group’s management accounts which have not been audited or reviewed by the Company's auditors. On January 1, 2020, the Group adopted the narrow scope amendments to IFRS 3, *Business Combinations*, the amendments to IFRS 9, *Financial Instruments*, related to certain requirements for hedge accounting, and amendments to IFRS 16, *Leases*, related to rent concessions specifically related to impact of the COVID-19 pandemic. All other accounting policies applied in the preparation of the Group’s management accounts are consistent with those used in the preparation of the Company’s annual report for the year ended December 31, 2019.

The Company's shareholders, potential investors, lenders, bondholders and other interested parties are urged to exercise caution in dealing in the securities of the Company and are recommended to consult their own professional advisers if they are in doubt as to their investment positions.

By Order of the Board
Samsonite International S.A.
Timothy Charles Parker
Chairman

Hong Kong, November 12, 2020

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