



**Samsonite International S.A.**

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R.C.S. Luxembourg: B 159.469

(Incorporated under the laws of Luxembourg with limited liability)

Consolidated report for the year ended December 31, 2020

## Disclaimer

### Non-IFRS Measures

The Company has presented certain non-IFRS<sup>(1)</sup> measures in the Directors' Report 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 Company's current views with respect to future events and performance. These statements may discuss, among other things, the Company's net sales, operating profit (loss), Adjusted Net Income (Loss), Adjusted EBITDA<sup>(2)</sup>, Adjusted EBITDA margin, cash flow, liquidity and capital resources, potential impairments, growth, strategies, plans, achievements, distributions, organizational structure, future store openings or closings, market opportunities and general market and industry conditions. The Company generally identifies forward-looking statements by words such as "expect", "seek", "believe", "plan", "intend", "estimate", "project", "anticipate", "may", "will", "would" and "could" or similar words or statements. Forward-looking statements are based on beliefs and assumptions made by management using currently available information. These statements are only predictions and are not guarantees of future performance, actions or events. Forward-looking statements are subject to risks and uncertainties. These risks, uncertainties and other factors also include the 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 the Group's products within the prevailing retail environment; financial difficulties encountered by customers and related bankruptcy and collection issues; and risks related to the success of the Group's restructuring programs. Given the inherent uncertainty about the future impacts of COVID-19, it is not possible for the Company to reliably predict the extent to which its business, results of operations, financial condition or liquidity will ultimately be impacted (see Directors' Report – Review of Financial Year 2020 – Impact of COVID-19 for further discussion).

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

### Rounding

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

#### Notes

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

# Directors' Report

## Principal Activities

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

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

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

## 1. Review of the Financial Year 2020

### Impact of COVID-19

The COVID-19 pandemic has caused a global health emergency and significant disruptions to travel, tourism and economies worldwide. During the year ended December 31, 2020 the impacts of COVID-19 on the Company's business were significant due to government-mandated lockdowns that led to temporary closures of retail stores in which the Company's products are sold, quarantines and social-distancing required or recommended by governments, and significant reductions in travel and discretionary spending among consumers, which reduced demand for many of the Group's products (collectively, the "COVID-19 Impacts").

In response to the COVID-19 pandemic, governments around the world adopted various measures in an effort to contain the spread of the virus, including restrictions on travel, temporary closure of non-essential businesses and imposition of quarantine and other social distancing measures. These measures, along with the overall impacts of the COVID-19 pandemic, 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 as the COVID-19 Impacts, which initially affected the Group's business in China, began to affect the Group's business globally. During the second quarter of 2020, when most of the Group's markets were significantly affected by the COVID-19 Impacts, net sales decreased by US\$722.6 million, or 78.2% (-77.9% constant currency), year-on-year. 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 governments loosened restrictions and certain of the Group's markets began reopening. During the fourth quarter of 2020, the Group's net sales decreased by US\$553.9 million, or 57.6% (-58.1% constant currency), as more of the Group's markets reopened as a result of governments further loosening restrictions. Overall, the Group's net sales for the year ended December 31, 2020 decreased by US\$2,102.1 million, or 57.8% (-57.5% constant currency), compared to the year ended December 31, 2019 due to the COVID-19 Impacts.

While navigating through the challenges caused by COVID-19, the health and safety of the Group's employees and their families, as well as its customers and business partners, has been and will continue to be the Group's top priority. While the extent and duration of the COVID-19 pandemic remain uncertain, it has had, and it will continue to have, adverse impacts on the Group's business, financial condition and results of operations.

During 2020, the Group's management has taken steps to enhance the Company's liquidity and further improve its resilience. In order to strengthen the Company's financial flexibility in order to navigate the challenges from COVID-19, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into amendments to the Group's credit agreement that increased the maximum borrowings under the Group's revolving credit facility by US\$200.0 million to US\$850.0 million and provided for the 2020 Incremental Term Loan B Facility (as defined in the Directors' Report – Review of Financial Year 2020 – Indebtedness section below) in the aggregate principal amount of US\$600.0 million. The Group borrowed US\$810.3 million (USD equivalent at the applicable exchange rate on the borrowing date) under its Amended Revolving Credit Facility (as defined in the Directors' Report – Review of Financial Year 2020 – Indebtedness section below) 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 and, for each of the three quarters beginning with the third quarter of 2021 and ending with the first quarter of 2022, the Company may elect to use Consolidated Adjusted EBITDA (as defined in the Third Amended Credit Agreement) from the first two quarters of 2019 and fourth quarter of 2019 (the "Historical EBITDA") (instead of actual Consolidated Adjusted EBITDA from the fourth quarter of 2020 and the first two quarters of 2021) to calculate compliance with the Financial Covenants (as defined in the Third Amended Credit Agreement). During the Suspension Period (as defined in the Directors' Report – Review of Financial Year 2020 – Indebtedness section below), 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 (including payments of distributions or dividends to the Company's shareholders) and investments. See Directors' Report – Review of Financial Year 2020 – Indebtedness for further description of the Group's credit agreement.

As of December 31, 2020, the carrying amount of the Group's loans and borrowings was US\$3,190.6 million, net of US\$39.9 million in deferred financing costs. Cash and cash equivalents held by the Group amounted to US\$1,495.0 million as of December 31, 2020. Along with US\$23.4 million available to be borrowed on the Group's Amended Revolving Credit Facility (as defined below), the Group had total liquidity of US\$1,518.3 million as of December 31, 2020, and was therefore in compliance with the US\$500.0 million minimum liquidity required under the Company's credit agreement during the Suspension Period (as defined below).

In response to the decline in net sales during the year ended December 31, 2020 due to COVID-19, in addition to the strengthening of the Company's liquidity, the Group has taken meaningful actions to manage the impacts of COVID-19 on its consolidated operating results. The Group has aggressively reduced 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's management continues to evaluate additional opportunities to reduce expenses.

For the year ended December 31, 2020, the Group reduced its marketing expenditures by US\$116.3 million, or 61.3%, to US\$73.3 million, compared to 2019. The Group implemented comprehensive measures to conserve cash, including the temporary suspension of the annual cash distribution to shareholders (US\$125.0 million annual cash distribution was paid to shareholders in 2019) and a virtual freeze on capital expenditures. The Group spent US\$26.1 million on capital expenditures (including software purchases) during the year ended December 31, 2020, compared to capital expenditures (including software purchases) of US\$74.5 million in 2019. Following the onset of the COVID-19 pandemic, the Group spent US\$6.9 million on capital expenditures (including software purchases) from April 2020 through December 2020, compared to US\$57.2 million spent during the same time period in 2019.

The Group realized fixed cost savings from a combination of permanent and temporary actions during the year ended December 31, 2020. Permanent actions consisted primarily of headcount reductions and savings from closing stores. Temporary actions consisted primarily of furloughs, temporary headcount reductions, eliminating bonuses, salary reductions, temporary rent reductions and other expense reductions, such as travel and entertainment and professional services.

The following table presents the total fixed cost savings realized through December 31, 2020 and the estimated annualized run-rate of such fixed cost savings that the Company expects will reduce its fixed operating expenses in 2021. The fixed cost savings identified below are reflected as reductions in the Group's cost of sales, distribution expenses and general and administrative expenses that are reported in the consolidated statements of income (loss).

<i>(Expressed in millions of US Dollars)</i>	<b>Total fixed cost savings realized during 2020</b>	<b>Estimated annualized run-rate fixed cost savings<sup>(1)</sup></b>
Permanent actions identified	65	200
Temporary actions identified	263	
<b>Total identified savings</b>	<b>328</b>	

Note

- (1) The identified total estimated annualized run-rate fixed cost savings includes cost savings actions identified in 2020 to be executed in 2021.

In addition to these actions, the Group continues to work 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 evaluate additional areas of cost savings in response to the impacts on the business from the COVID-19 pandemic. See Directors' Report – Review of Financial Year 2020 – Restructuring Charges 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 that its existing cash and estimated cash flows will be adequate to meet the foreseeable future operating and capital requirements of the Group at least through March 31, 2022; however, there can be no assurances that such liquidity will be sufficient or that the Group may not need to access additional financing.

## Net Sales

Net sales decreased by US\$2,102.1 million, or 57.8% (-57.5% constant currency), during the year ended December 31, 2020 compared to the year ended December 31, 2019 due to the COVID-19 Impacts. The net sales trend gradually improved after April 2020, when the impacts of COVID-19 on the Company's business were most pronounced. Net sales for the three months ended December 31, 2020 decreased by 57.6% (-58.1% constant currency), compared to the three months ended December 31, 2019. In comparison, 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. 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 December 2020.

	2020	2019	2020 vs 2019	
	US\$ millions	US\$ millions	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects <sup>(1)</sup>
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)%
October	123.4	293.6	(58.0)%	(58.2)%
November	139.7	311.3	(55.1)%	(55.6)%
December	144.6	356.7	(59.5)%	(60.2)%
Fourth Quarter 2020 and 2019	407.7	961.6	(57.6)%	(58.1)%

### Note

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

Net sales for the month ended January 31, 2021 decreased by US\$146.3 million, or 53.6% (-54.7% constant currency), compared to the month ended January 31, 2020. Net sales for the month ended February 28, 2021 decreased by US\$102.8 million, or 50.4% (-51.6% constant currency), compared to the month ended February 29, 2020. Net sales for the two months ended February 28, 2021 decreased by US\$249.1 million, or 52.2% (-53.3% constant currency), compared to the two months ended February 29, 2020.

The following table sets forth a breakdown of net sales by region for the years ended December 31, 2020 and December 31, 2019, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	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 <sup>(2)</sup>
Net sales by region <sup>(1)</sup> :						
North America	602.5	39.2%	1,363.4	37.4%	(55.8)%	(55.8)%
Asia	558.6	36.4%	1,313.4	36.1%	(57.5)%	(57.5)%
Europe	302.5	19.7%	792.2	21.8%	(61.8)%	(61.7)%
Latin America	71.2	4.6%	166.7	4.6%	(57.3)%	(51.8)%
Corporate	2.0	0.1%	3.1	0.1%	(35.6)%	(35.6)%
Net sales	1,536.7	100.0%	3,638.8	100.0%	(57.8)%	(57.5)%

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 previous year to current year local currency results.

## Brands

The following table sets forth a breakdown of net sales by brand for the years ended December 31, 2020 and December 31, 2019, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	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 <sup>(2)</sup>
Net sales by brand:						
<i>Samsonite</i>	672.9	43.8%	1,654.9	45.5%	(59.3)%	(59.1)%
<i>Tumi</i>	321.6	20.9%	767.0	21.1%	(58.1)%	(58.1)%
<i>American Tourister</i>	244.5	15.9%	654.9	18.0%	(62.7)%	(62.2)%
<i>Speck</i>	96.4	6.3%	123.9	3.4%	(22.2)%	(22.2)%
<i>Gregory</i>	51.2	3.3%	69.8	1.9%	(26.6)%	(27.5)%
<i>High Sierra</i>	25.9	1.7%	63.2	1.7%	(59.0)%	(59.0)%
Other <sup>(1)</sup>	124.2	8.1%	305.1	8.4%	(59.3)%	(57.9)%
Net sales	1,536.7	100.0%	3,638.8	100.0%	(57.8)%	(57.5)%

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 previous year to current year local currency results.

All of the Group's brands recorded year-on-year net sales decreases during the year ended December 31, 2020 due to the COVID-19 Impacts. Net sales of the *Samsonite* brand during the year ended December 31, 2020 decreased by US\$982.0 million, or 59.3% (-59.1% constant currency), compared to the previous year. Net sales of the *Tumi* brand during the year ended December 31, 2020 decreased by US\$445.4 million, or 58.1% (-58.1% constant currency), year-on-year. Net sales of the *American Tourister* brand decreased by US\$410.4 million, or 62.7% (-62.2% constant currency), for the year ended December 31, 2020 compared to the year ended December 31, 2019.

Net sales of the *Speck* brand decreased by US\$27.5 million, or 22.2% (-22.2% constant currency), for the year ended December 31, 2020 compared to the previous year. Net sales of the *Gregory* brand decreased by US\$18.6 million, or 26.6% (-27.5% constant currency), compared to the previous year. Net sales of the *High Sierra* brand decreased by US\$37.3 million, or 59.0% (-59.0% constant currency), year-on-year.

### Product Categories

The Group sells products in two principal product categories: travel and non-travel. The following table sets forth a breakdown of net sales by product category for the years ended December 31, 2020 and December 31, 2019, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,				2020 vs 2019	
	2020		2019		Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects <sup>(2)</sup>
	US\$ millions	Percentage of net sales	US\$ millions	Percentage of net sales		
Net sales by product category:						
Travel	763.0	49.7%	2,162.3	59.4%	(64.7)%	(64.4)%
Non-travel <sup>(1)</sup>	773.7	50.3%	1,476.5	40.6%	(47.6)%	(47.3)%
Net sales	1,536.7	100.0%	3,638.8	100.0%	(57.8)%	(57.5)%

#### Notes

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

All of the Group's product categories recorded year-on-year net sales decreases during the year ended December 31, 2020 due to the COVID-19 Impacts. Net sales in the travel product category during the year ended December 31, 2020 decreased by US\$1,399.3 million, or 64.7% (-64.4% constant currency), compared to the year ended December 31, 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\$702.8 million, or 47.6% (-47.3% constant currency), for the year ended December 31, 2020 compared to the year ended December 31, 2019. Net sales of business products decreased by US\$325.5 million, or 47.2% (-47.2% constant currency), for the year ended December 31, 2020 compared to the previous year. Net sales of casual products during the year ended December 31, 2020 decreased by US\$181.0 million, or 46.5% (-45.5% constant currency), compared to the previous year. Net sales of accessories during the year ended December 31, 2020 decreased by US\$167.8 million, or 48.5% (-48.3% constant currency), year-on-year.

## Distribution Channels

The Group sells products through two primary distribution channels: wholesale and direct-to-consumer (“DTC”). The following table sets forth a breakdown of net sales by distribution channel for the years ended December 31, 2020 and December 31, 2019, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	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 <sup>(3)</sup>
Net sales by distribution channel:						
Wholesale	957.8	62.4%	2,290.4	62.9%	(58.2)%	(57.9)%
DTC <sup>(1)</sup>	576.9	37.5%	1,345.4	37.0%	(57.1)%	(56.8)%
Other <sup>(2)</sup>	2.0	0.1%	3.1	0.1%	(35.6)%	(35.6)%
Net sales	1,536.7	100.0%	3,638.8	100.0%	(57.8)%	(57.5)%

### Notes

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

All of the Group’s distribution channels recorded year-on-year net sales decreases during the year ended December 31, 2020 due to the COVID-19 Impacts. Net sales in the wholesale channel decreased by US\$1,332.5 million, or 58.2% (-57.9% constant currency), during the year ended December 31, 2020 compared to the year ended December 31, 2019. Net sales to e-retailers, which are included in the Group’s wholesale channel, decreased by US\$95.2 million, or 43.2% (-43.6% constant currency), during the year ended December 31, 2020 compared to the previous year as net sales through the Group’s e-retailer customers were impacted less by lockdowns.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, decreased by US\$768.5 million, or 57.1% (-56.8% constant currency), to US\$576.9 million (representing 37.5% of net sales) for the year ended December 31, 2020 from US\$1,345.4 million (representing 37.0% of net sales) for the year ended December 31, 2019.

Net sales in the DTC retail channel decreased by US\$606.4 million, or 62.6% (-62.2% constant currency), during the year ended December 31, 2020 compared to the previous year due to temporary store closures and reduced consumer demand resulting from the COVID-19 pandemic. During the year ended December 31, 2020, the Group permanently closed 260 company-operated stores. This was partially offset by the addition of 62 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. This resulted in a net reduction of 198 company-operated stores closed during the year ended December 31, 2020, compared to 43 net new company-operated stores opened during the year ended December 31, 2019. The total number of company-operated retail stores was 1,096 as of December 31, 2020, compared to 1,294 company-operated retail stores as of December 31, 2019. Besides the 260 company-operated stores that have been permanently closed, the Group has also negotiated early exits on an additional 34 company-operated stores that will occur during 2021. Furthermore, the Group has successfully renegotiated 200 store leases, collectively saving approximately US\$10.5 million of annualized cash rent. On a same store, constant currency basis, retail net sales decreased by 63.7% for the year ended December 31, 2020 compared to

the year ended December 31, 2019. This decrease was due to constant currency same store net sales decreases of 70.8%, 55.9%, 63.5% and 50.6% 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\$162.1 million, or 43.0% (-43.0% constant currency), to US\$214.6 million (representing 14.0% of net sales) for the year ended December 31, 2020 from US\$376.6 million (representing 10.4% of net sales) for the year ended December 31, 2019 as net sales through the Group's DTC e-commerce channels were impacted less by lockdowns than net sales through its bricks-and-mortar retail stores.

During the year ended December 31, 2020, US\$339.7 million of the Group's net sales were through e-commerce channels (comprising US\$214.6 million of net sales from the Group's DTC e-commerce website, which are included within the DTC channel, and US\$125.1 million of net sales to e-retailers, which are included within the wholesale channel). This represented a year-on-year decrease of US\$257.2 million, or 43.1% (-43.2% constant currency), compared to the year ended December 31, 2019, when e-commerce comprised US\$596.9 million of the Group's net sales. During the year ended December 31, 2020, the Group's net sales through e-commerce channels represented 22.1% of total net sales, compared to 16.4% of total net sales for the year ended December 31, 2019 as the shift in consumer's shopping behavior towards e-commerce channels accelerated as a result of the COVID-19 pandemic.

## **Regions**

### **North America**

The Group's net sales in North America decreased by US\$760.9 million, or 55.8% (-55.8% constant currency), for the year ended December 31, 2020 compared to the year ended December 31, 2019 due to the COVID-19 Impacts. Net sales in North America reflected a gradual improvement in sales trends after April 2020 when the effects of the COVID-19 Impacts were most pronounced. Net sales decreased by 56.6% (-56.6% constant currency), for the three months ended December 31, 2020 compared to the three months ended December 31, 2019. In comparison, the Group's net sales in North America decreased by 64.4% (-64.3% constant currency), for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. Net sales for the three months ended June 30, 2020 decreased by 74.0% (-74.0% constant currency), compared to the three months ended June 30, 2019.

### **Brands**

All of the Group's brands in North America recorded year-on-year net sales decreases during the year ended December 31, 2020 due to the COVID-19 Impacts. For the year ended December 31, 2020, net sales of the *Samsonite* brand in North America decreased by US\$318.8 million, or 59.7% (-59.7% constant currency), compared to the previous year. Net sales of the *Tumi* brand during the year ended December 31, 2020 decreased by US\$251.0 million, or 61.0% (-61.0% constant currency). Net sales of the *American Tourister* brand during the year ended December 31, 2020 decreased by US\$46.9 million, or 45.1% (-45.1% constant currency), compared to the year ended December 31, 2019. Net sales of the *Speck* brand for the year ended December 31, 2020 decreased by US\$27.5 million, or 22.2% (-22.2% constant currency), compared to the previous year. Net sales of the *High Sierra* brand for the year ended December 31, 2020 decreased by US\$26.7 million, or 55.0% (-55.0% constant currency), year-on-year. Net sales of other brands for the year ended December 31, 2020 decreased by US\$82.3 million, or 67.9% (-67.9% constant currency), compared to the previous year.

### **Product Categories**

All of the Group's product categories in North America recorded year-on-year net sales decreases during the year ended December 31, 2020 due to the COVID-19 Impacts. Net sales in the travel product category in North America decreased by US\$477.8 million, or 60.9% (-60.9% constant currency), to US\$307.2 million for the year ended December 31, 2020 from US\$785.0 million for the year ended December 31, 2019. Total non-travel category net sales

in North America decreased by US\$283.1 million, or 48.9% (-48.9% constant currency), to US\$295.3 million for the year ended December 31, 2020 from US\$578.3 million for the year ended December 31, 2019. Net sales of business products during the year ended December 31, 2020 decreased by US\$124.0 million, or 49.8% (-49.8% constant currency), compared to the previous year. Net sales of casual products decreased by US\$69.9 million, or 56.1% (-56.1% constant currency), year-on-year. Net sales of accessories products decreased by US\$84.3 million, or 42.5% (-42.5% constant currency), year-on-year.

### ***Distribution Channels***

All of the Group's distribution channels in North America recorded year-on-year net sales decreases during the year ended December 31, 2020 due to the COVID-19 Impacts. Net sales in the wholesale channel in North America decreased by US\$373.4 million, or 50.4% (-50.4% constant currency), for the year ended December 31, 2020 compared to the year ended December 31, 2019. Net sales to e-retailers, which are included in the Group's wholesale channel, decreased by US\$22.8 million, or 28.0% (-28.0% constant currency), during the year ended December 31, 2020 compared to the previous year as net sales through the Group's e-retailer customers were impacted less by lockdowns.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, decreased by US\$387.5 million, or 62.3% (-62.3% constant currency), year-on-year to US\$234.5 million for the year ended December 31, 2020 from US\$621.9 million for the year ended December 31, 2019.

Net sales in the DTC retail channel decreased by US\$264.9 million, or 68.0% (-68.0% constant currency), during the year ended December 31, 2020 compared to the previous year primarily due to temporary store closures and reduced consumer demand resulting from the COVID-19 pandemic. During the year ended December 31, 2020, the Group permanently closed 73 company-operated stores in North America. This was partially offset by the addition of 7 stores. This resulted in a net reduction of 66 company-operated stores closed during the year ended December 31, 2020, compared to 13 net new company-operated stores opened during the year ended December 31, 2019. The total number of company-operated retail stores in North America was 282 as of December 31, 2020, compared to 348 company-operated retail stores as of December 31, 2019. On a same store, constant currency basis, retail net sales in North America decreased by 70.8% for the year ended December 31, 2020 compared to the year ended December 31, 2019, 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\$122.6 million, or 52.8% (-52.8% constant currency), to US\$109.7 million for the year ended December 31, 2020 from US\$232.3 million for the year ended December 31, 2019 as net sales through the Group's DTC e-commerce channels were impacted less by lockdowns than net sales through its bricks-and-mortar retail stores. This net sales decrease in DTC e-commerce was primarily due to the impacts of COVID-19 on travel and consumer demand, as well as due to the Group's strategic decision in 2019 to reduce the sales of third-party brands on its ebags e-commerce website to improve profitability.

## Countries

The following table sets forth a breakdown of net sales in North America by geographic location for the years ended December 31, 2020 and December 31, 2019, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,				2020 vs 2019	
	2020		2019		Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects <sup>(2)</sup>
	US\$ millions	Percentage of net sales	US\$ millions	Percentage of net sales		
Net sales by geographic location <sup>(1)</sup> :						
United States	578.9	96.1%	1,299.6	95.3%	(55.5)%	(55.5)%
Canada	23.5	3.9%	63.7	4.7%	(63.1)%	(63.0)%
Net sales	602.5	100.0%	1,363.4	100.0%	(55.8)%	(55.8)%

### Notes

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

For the year ended December 31, 2020, net sales in the United States decreased by US\$720.7 million, or 55.5%, year-on-year and net sales in Canada decreased by US\$40.2 million, or 63.1% (-63.0% constant currency), year-on-year due to the COVID-19 Impacts.

## Asia

The Group's net sales in Asia decreased by US\$754.8 million, or 57.5% (-57.5% constant currency), for the year ended December 31, 2020 compared to the year ended December 31, 2019 due to the COVID-19 Impacts. Net sales in Asia reflected continued improvement in sales trends after April 2020 when the effects of the COVID-19 Impacts were most pronounced. Net sales decreased by 54.7% (-56.1% constant currency), for the three months ended December 31, 2020 compared to the three months ended December 31, 2019. In comparison, the Group's net sales in Asia decreased by 63.1% (-63.4% constant currency) for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. Net sales for the three months ended June 30, 2020 decreased by 76.2% (-75.6% constant currency), compared to the three months ended June 30, 2019.

## Brands

All of the Group's brands in Asia recorded year-on-year net sales decreases during the year ended December 31, 2020 due to the COVID-19 Impacts. For the year ended December 31, 2020, net sales of the *Samsonite* brand in Asia decreased by US\$308.7 million, or 56.2% (-56.4% constant currency), compared to the previous year. Net sales of the *Tumi* brand during the year ended December 31, 2020 decreased by US\$122.4 million, or 49.7% (-50.1% constant currency), year-on-year. Net sales of the *American Tourister* brand during the year ended December 31, 2020 decreased by US\$255.6 million, or 65.8% (-65.4% constant currency), compared to the year ended December 31, 2019. Net sales of the *Kamiliant* brand decreased by US\$30.0 million, or 64.5% (-63.7% constant currency), year-on-year. Net sales of the *Gregory* brand decreased by US\$10.3 million, or 24.5% (-25.8% constant currency), compared to the previous year.

## Product Categories

All of the Group's product categories in Asia recorded year-on-year net sales decreases during the year ended December 31, 2020 due to the COVID-19 Impacts. Net sales in the travel product category in Asia decreased by US\$519.3 million, or 67.0% (-66.9% constant currency), to US\$255.3 million for the year ended December 31, 2020 from US\$774.7 million for the previous year. Total non-travel category net sales in Asia decreased by US\$235.5 million, or 43.7% (-43.9% constant currency), to US\$303.3 million for the year ended December 31, 2020

from US\$538.8 million for the year ended December 31, 2019. Net sales of business products decreased by US\$127.1 million, or 42.4% (-42.8% constant currency), compared to the previous year. Net sales of casual products decreased by US\$72.7 million, or 41.1% (-41.2% constant currency), year-on-year. Net sales of accessories products decreased by US\$30.1 million, or 59.7% (-59.8% constant currency) year-on-year.

### ***Distribution Channels***

All of the Group's distribution channels in Asia recorded year-on-year net sales decreases during the year ended December 31, 2020 due to the COVID-19 Impacts. Net sales in the wholesale channel in Asia decreased by US\$609.1 million, or 61.2% (-61.1% constant currency), for the year ended December 31, 2020 compared to the previous year. Net sales to e-retailers, which are included in the Group's wholesale channel, decreased by US\$46.0 million, or 57.9% (-58.1% constant currency), during the year ended December 31, 2020 compared to the previous year as net sales through the Group's e-retailer customers were impacted less by lockdowns.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, decreased by US\$145.7 million, or 45.7% (-46.1% constant currency), to US\$173.0 million for the year ended December 31, 2020 from US\$318.8 million for the year ended December 31, 2019.

Net sales in the DTC retail channel decreased by US\$118.1 million, or 52.7% (-53.0% constant currency), during the year ended December 31, 2020 compared to the previous year primarily due to temporary store closures and reduced consumer demand resulting from the COVID-19 pandemic. During the year ended December 31, 2020, the Group permanently closed 76 company-operated stores in Asia. This was partially offset by the addition of 43 stores, (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. This resulted in a net reduction of 33 company-operated stores closed during the year ended December 31, 2020, compared to 11 net new company-operated stores opened during the year ended December 31, 2019. The total number of company-operated retail stores in Asia was 375 as of December 31, 2020, compared to 408 company-operated retail stores as of December 31, 2019. On a same store, constant currency basis, retail net sales in Asia decreased by 55.9% for the year ended December 31, 2020 compared to the year ended December 31, 2019, 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\$27.6 million, or 29.2% (-29.7% constant currency), to US\$67.1 million for the year ended December 31, 2020 from US\$94.7 million for the year ended December 31, 2019 as net sales through the Group's DTC e-commerce channels were impacted less by lockdowns than net sales through its bricks-and-mortar retail stores. This net sales decrease in DTC e-commerce was primarily due to the impacts of COVID-19 on travel and consumer demand, partially offset by the continued rollout of Company-owned e-commerce websites across the Asia region.

### Countries/Territories

The following table sets forth a breakdown of net sales in Asia by geographic location for the years ended December 31, 2020 and December 31, 2019, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	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 <sup>(3)</sup>
Net sales by geographic location <sup>(1)</sup> :						
China	166.8	29.9%	306.1	23.3%	(45.5)%	(46.0)%
Japan	115.6	20.7%	217.2	16.5%	(46.8)%	(47.9)%
South Korea	77.5	13.9%	184.3	14.0%	(57.9)%	(57.1)%
India	60.5	10.8%	174.1	13.3%	(65.2)%	(64.0)%
Hong Kong <sup>(2)</sup>	43.6	7.8%	152.2	11.6%	(71.3)%	(71.5)%
Australia	19.6	3.5%	67.4	5.1%	(71.0)%	(69.8)%
Other	75.0	13.4%	212.1	16.2%	(64.6)%	(64.7)%
Net sales	558.6	100.0%	1,313.4	100.0%	(57.5)%	(57.5)%

#### Notes

- (1) The geographic location of the Group's net sales generally reflects the country/territory from which its products were sold and does not necessarily indicate the country/territory in which its end consumers were actually located.
- (2) Net sales reported for Hong Kong include net sales made domestically, net sales made in Macau as well as net sales to distributors in certain other Asian markets where the Group does not have a direct presence.
- (3) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the previous year to current year local currency results.

All of the Group's main markets in Asia experienced year-on-year net sales declines during the year ended December 31, 2020 due to the COVID-19 Impacts. Net sales in China decreased by US\$139.3 million, or 45.5% (-46.0% constant currency), for the year ended December 31, 2020 compared to the previous year. Japan's net sales decreased by US\$101.6 million, or 46.8% (-47.9% constant currency), year-on-year. Net sales in South Korea decreased by US\$106.8 million, or 57.9% (-57.1% constant currency), year-on-year. Net sales in India decreased by US\$113.6 million, or 65.2% (-64.0% constant currency), for the year ended December 31, 2020 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\$108.5 million, or 71.3% (-71.5% constant currency), year-on-year.

### Europe

The Group's net sales in Europe decreased by US\$489.8 million, or 61.8% (-61.7% constant currency), for the year ended December 31, 2020 compared to the year ended December 31, 2019 due to the COVID-19 Impacts. Net sales decreased by 66.3% (-67.1% constant currency), for the three months ended December 31, 2020 compared to the three months ended December 31, 2019 as governments across the region reinstated restrictions due to the resurgence of COVID-19 cases in late 2020. The Group's net sales in Europe decreased by 64.8% (-65.7% constant currency), for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. Net sales 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.

### Brands

All of the Group's brands in Europe recorded year-on-year net sales decreases during the year ended December 31, 2020 due to the COVID-19 Impacts. For the year ended December 31, 2020, net sales of the *Samsonite* brand in Europe decreased by US\$306.8 million, or 61.3% (-61.2% constant currency), compared to the previous year. Net sales of the *Tumi* brand during the year ended December 31, 2020 decreased by US\$69.4 million, or 66.4% (-66.2% constant

currency), year-on-year. Net sales of the *American Tourister* brand during the year ended December 31, 2020 decreased by US\$91.2 million, or 65.9% (-65.5% constant currency), compared to the year ended December 31, 2019.

### ***Product Categories***

All of the Group's product categories in Europe recorded year-on-year net sales decreases during the year ended December 31, 2020 due to the COVID-19 Impacts. Net sales in the travel product category in Europe decreased by US\$349.8 million, or 66.4% (-66.2% constant currency), to US\$176.7 million for the year ended December 31, 2020 from US\$526.5 million for the year ended December 31, 2019. Total non-travel category net sales in Europe decreased by US\$139.9 million, or 52.7% (-52.8% constant currency), year-on-year to US\$125.8 million for the year ended December 31, 2020 from US\$265.7 million for the previous year. Net sales of business products decreased by US\$64.2 million, or 51.9% (-51.9% constant currency), year-on-year. Net sales of casual products decreased by US\$16.7 million, or 43.4% (-43.6% constant currency), compared to the previous year. Net sales of accessories products decreased by US\$42.8 million, or 57.8% (-58.2% constant currency), year-on-year.

### ***Distribution Channels***

All of the Group's distribution channels in Europe recorded year-on-year net sales decreases during the year ended December 31, 2020 due to the COVID-19 Impacts. Net sales in the wholesale channel in Europe decreased by US\$294.5 million, or 63.6% (-63.5% constant currency), during the year ended December 31, 2020 compared to the year ended December 31, 2019. Net sales to e-retailers, which are included in the Group's wholesale channel, decreased by US\$26.3 million, or 44.4% (-45.6% constant currency), during the year ended December 31, 2020 compared to the previous year as net sales through the Group's e-retailer customers were impacted less by lockdowns.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, decreased by US\$195.3 million, or 59.4% (-59.1% constant currency), to US\$133.6 million for the year ended December 31, 2020 from US\$328.9 million for the year ended December 31, 2019.

Net sales in the DTC retail channel decreased by US\$183.1 million, or 64.8% (-64.5% constant currency), during the year ended December 31, 2020 compared to the previous year primarily due to temporary store closures and reduced consumer demand resulting from the COVID-19 pandemic. During the year ended December 31, 2020, the Group permanently closed 76 company-operated stores in Europe. This was partially offset by the addition of 6 stores. This resulted in a net reduction of 70 company-operated stores closed during the year ended December 31, 2020, compared to 12 net new company-operated stores opened during the year ended December 31, 2019. The total number of company-operated retail stores in Europe was 242 as of December 31, 2020, compared to 312 company-operated retail stores as of December 31, 2019. On a same store, constant currency basis, retail net sales in Europe decreased by 63.5% for the year ended December 31, 2020 compared to the year ended December 31, 2019, 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\$12.2 million, or 26.2% (-26.6% constant currency), to US\$34.3 million for the year ended December 31, 2020 from US\$46.5 million for the year ended December 31, 2019 as net sales through the Group's DTC e-commerce channels were impacted less by lockdowns than net sales through its bricks-and-mortar retail stores. This net sales decrease in DTC e-commerce was primarily due to the impacts of COVID-19 on travel and consumer demand.

## Countries

The following table sets forth a breakdown of net sales in Europe by geographic location for the years ended December 31, 2020 and December 31, 2019, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	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 <sup>(4)</sup>
Net sales by geographic location <sup>(1)</sup> :						
Belgium <sup>(2)</sup>	72.0	23.8%	143.9	18.2%	(50.0)%	(51.0)%
Germany	48.0	15.9%	119.6	15.1%	(59.9)%	(60.6)%
Italy	31.9	10.5%	82.0	10.3%	(61.1)%	(61.8)%
France	28.0	9.3%	77.8	9.8%	(64.0)%	(64.5)%
Russia	24.5	8.1%	60.6	7.7%	(59.6)%	(55.3)%
Spain	20.1	6.6%	58.1	7.3%	(65.4)%	(65.8)%
United Kingdom <sup>(3)</sup>	17.8	5.9%	76.7	9.7%	(76.8)%	(77.0)%
Other	60.2	19.9%	173.6	21.9%	(65.3)%	(64.2)%
Net sales	302.5	100.0%	792.2	100.0%	(61.8)%	(61.7)%

### Notes

- (1) The geographic location of the Group's net sales generally reflects the country from which its products were sold and does not necessarily indicate the country in which its end consumers were actually located.
- (2) Net sales in Belgium were US\$6.7 million and US\$22.1 million for the years ended December 31, 2020 and December 31, 2019, respectively, a decrease of US\$15.5 million, or 69.8% (-70.5% constant currency). Remaining sales consisted of direct shipments to distributors, customers and agents in other European countries, including e-commerce.
- (3) Net sales reported for the United Kingdom include net sales made in Ireland.
- (4) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the previous year to current year local currency results.

All of the Group's key markets in Europe recorded year-on-year net sales decreases during the year ended December 31, 2020 due to the COVID-19 Impacts. Net sales in Germany decreased by US\$71.6 million, or 59.9% (-60.6% constant currency), for the year ended December 31, 2020 compared to the previous year. Italy's net sales decreased by US\$50.1 million, or 61.1% (-61.8% constant currency), compared to the year ended December 31, 2019. Net sales in France decreased by US\$49.8 million, or 64.0% (-64.5% constant currency), compared to the previous year. Net sales in Russia decreased by US\$36.1 million, or 59.6% (-55.3% constant currency), year-on-year. Net sales in the United Kingdom decreased by US\$58.9 million, or 76.8% (-77.0% constant currency), year-on-year.

## Latin America

The Group's net sales in Latin America decreased by US\$95.6 million, or 57.3% (-51.8% constant currency), for the year ended December 31, 2020 compared to the year ended December 31, 2019 due to the COVID-19 Impacts. The net sales trend gradually improved after April 2020, when the impacts of COVID-19 on the Company's business were most pronounced. Net sales decreased by 46.9% (-43.2% constant currency), for the three months ended December 31, 2020 compared to the three months ended December 31, 2019. In comparison, the Group's net sales in Latin America decreased by 77.8% (-74.2% constant currency), for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. Net sales for the three months ended June 30, 2020 decreased by 95.4% (-94.3% constant currency), compared to the three months ended June 30, 2019.

### **Brands**

All of the Group's brands in Latin America recorded year-on-year net sales decreases during the year ended December 31, 2020 due to the COVID-19 Impacts. For the year ended December 31, 2020, net sales of the *Samsonite* brand in Latin America decreased by US\$47.7 million, or 66.8% (-61.4% constant currency), compared to the previous year. Net sales of the *American Tourister* brand during the year ended December 31, 2020 decreased by US\$16.7 million, or 69.1% (-65.2% constant currency), compared to the year ended December 31, 2019. For the year ended December 31, 2020, net sales of the *Tumi* brand in Latin America decreased by US\$2.6 million, or 54.5% (-50.6% constant currency), compared to the previous year. Net sales of the *Xtrem* brand decreased by US\$12.9 million, or 39.6% (-31.8% constant currency), compared to the previous year. Net sales of the *Saxoline* brand decreased by 50.0% (-42.6% constant currency), year-on-year. Net sales of the *Secret* brand decreased by 40.7% (-37.8% constant currency), year-on-year.

### **Product Categories**

All of the Group's product categories in Latin America recorded year-on-year net sales decreases during the year ended December 31, 2020 due to the COVID-19 Impacts. Net sales in the travel product category in Latin America decreased by US\$52.3 million, or 68.8% (-64.4% constant currency), to US\$23.8 million for the year ended December 31, 2020 from US\$76.1 million for the previous year. Total non-travel category net sales in Latin America decreased by US\$43.2 million, or 47.7% (-41.3% constant currency), to US\$47.4 million for the year ended December 31, 2020 from US\$90.6 million for the year ended December 31, 2019. Net sales of business products decreased by US\$10.3 million, or 59.3% (-54.1% constant currency), compared to the previous year. Net sales of casual products decreased by US\$21.7 million, or 44.1% (-35.8% constant currency), year-on-year. Net sales of accessories products decreased by US\$10.5 million, or 45.1% (-41.6% constant currency), year-on-year.

### **Distribution Channels**

All of the Group's distribution channels in Latin America recorded year-on-year net sales decreases during the year ended December 31, 2020 due to the COVID-19 Impacts. Net sales in the wholesale channel in Latin America decreased by US\$55.6 million, or 61.1% (-56.0% constant currency), for the year ended December 31, 2020 compared to the year ended December 31, 2019.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, decreased by US\$40.0 million, or 52.8% (-46.9% constant currency), to US\$35.7 million for the year ended December 31, 2020 from US\$75.8 million for the year ended December 31, 2019.

Net sales in the DTC retail channel decreased by US\$40.3 million, or 55.5% (-50.3% constant currency), during the year ended December 31, 2020 compared to the previous year primarily due to temporary store closures and reduced consumer demand resulting from the COVID-19 pandemic. During the year ended December 31, 2020, the Group permanently closed 35 company-operated stores in Latin America. This was partially offset by the addition of 6 stores due to a number of previously committed store openings. This resulted in a net reduction of 29 company-operated stores closed during the year ended December 31, 2020, compared to 7 net new company-operated stores opened during the year ended December 31, 2019. The total number of company-operated retail stores in Latin America was 197 as of December 31, 2020, compared to 226 company-operated retail stores as of December 31, 2019. On a same store, constant currency basis, retail net sales decreased by 50.6% for the year ended December 31, 2020 compared to the year ended December 31, 2019, 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 net sales from DTC e-commerce sites in Argentina, Chile, Colombia and Mexico increased by US\$0.3 million, or 9.0% (+31.8% constant currency), to US\$3.5 million for the year ended December 31, 2020 from US\$3.2 million for the year ended December 31, 2019.

### Countries

The following table sets forth a breakdown of net sales in Latin America by geographic location for the years ended December 31, 2020 and December 31, 2019, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	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 <sup>(4)</sup>
Net sales by geographic location <sup>(1)</sup> :						
Chile	32.9	46.3%	57.4	34.4%	(42.6)%	(36.3)%
Mexico	14.6	20.5%	56.3	33.8%	(74.1)%	(72.6)%
Brazil <sup>(2)</sup>	8.5	11.9%	19.5	11.7%	(56.5)%	(45.5)%
Other <sup>(3)</sup>	15.2	21.3%	33.6	20.1%	(54.8)%	(47.2)%
Net sales	71.2	100.0%	166.7	100.0%	(57.3)%	(51.8)%

#### Notes

- (1) The geographic location of the Group's net sales generally reflects the country from which its products were sold and does not necessarily indicate the country in which its end consumers were actually located.
- (2) Excludes sales made to distributors in Brazil from outside the country.
- (3) The net sales figure for the "Other" geographic location includes sales in Argentina, Colombia, Panama, Peru, Uruguay and sales to third-party distributors outside of Brazil.
- (4) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the previous year to current year local currency results.

Net sales in Chile decreased by US\$24.4 million, or 42.6% (-36.3% constant currency), during the year ended December 31, 2020 compared to the previous year. Net sales in Mexico decreased by US\$41.7 million, or 74.1% (-72.6% constant currency), year-on-year.

### Cost of Sales and Gross Profit

Cost of sales decreased by US\$791.6 million, or 48.8%, to US\$830.4 million (representing 54.0% of net sales) for the year ended December 31, 2020 from US\$1,622.0 million (representing 44.6% of net sales) for the year ended December 31, 2019 due to the decrease in net sales.

Gross profit decreased by US\$1,310.5 million, or 65.0%, to US\$706.3 million for the year ended December 31, 2020 from US\$2,016.8 million for the year ended December 31, 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 46.0% for the year ended December 31, 2020 from 55.4% for 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 effects of the COVID-19 Impacts, including the effects of (i) an increased provision for inventory reserves and (ii) fixed sourcing and manufacturing expenses on lower sales, as well as the inclusion of restructuring charges and non-cash impairment charges related to the sourcing and production of the Group's products, along with a shift in sales mix. Excluding the restructuring charges and non-cash impairment charges related to the sourcing and production of the Group's products, the gross profit margin, as adjusted for the year ended December 31, 2020 would have been 46.8%.

The following table presents the reconciliation 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 year ended December 31, 2020.

### GROSS PROFIT & GROSS PROFIT MARGIN

<i>(Expressed in millions of US Dollars)</i>	Year ended			
	December 31, 2020		December 31, 2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
Gross profit, as reported	706.3	46.0%	2,016.8	55.4%
Restructuring charges included in cost of sales	8.5	0.6%	–	–%
Impairment charges included in cost of sales	4.3	0.3%	–	–%
Gross profit, as adjusted	719.1	46.8%	2,016.8	55.4%

Additionally, the effects of the increased provision for inventory reserves and the impact of fixed sourcing and manufacturing expenses on lower sales negatively impacted gross profit margin by 350 basis points and 140 basis points year-on-year, respectively, caused by the COVID-19 Impacts. Had the provision for inventory reserves and fixed sourcing and manufacturing expenses remained consistent with 2019 as a percentage of net sales, gross profit margin for the year ended December 31, 2020 would have been 51.7%.

#### Distribution Expenses

Distribution expenses decreased by US\$458.5 million, or 38.1%, to US\$744.6 million (representing 48.5% of net sales) for the year ended December 31, 2020 from US\$1,203.2 million (representing 33.1% of net sales) for the year ended December 31, 2019. Distribution expenses as a percentage of net sales increased primarily due to the impact of lower net sales. See Directors' Report – Review of Financial Year 2020 – Impact of COVID-19 for further discussion.

#### Marketing Expenses

The Group spent US\$73.3 million on marketing during the year ended December 31, 2020 compared to US\$189.5 million for the year ended December 31, 2019, a decrease of US\$116.3 million, or 61.3%. As a percentage of net sales, marketing expenses decreased by 40 basis points to 4.8% for the year ended December 31, 2020 from 5.2% for the year ended December 31, 2019. Of the US\$73.3 million spent on marketing during the year ended December 31, 2020, the Group spent US\$34.7 million on marketing during the first quarter of 2020, before the global spread of COVID-19. The Group aggressively reduced advertising spend during the remainder of 2020 to help offset the negative impacts on its profitability caused by the COVID-19 pandemic.

#### General and Administrative Expenses

General and administrative expenses decreased by US\$29.6 million, or 12.9%, to US\$200.0 million (representing 13.0% of net sales) for the year ended December 31, 2020 from US\$229.6 million (representing 6.3% of net sales) for the year ended December 31, 2019. The decrease in general and administrative expenses resulted from 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 Directors' Report – Review of Financial Year 2020 – Impact of COVID-19 for further discussion. General and administrative expenses as a percentage of net sales increased by 670 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 for the year ended December 31, 2020 (the “2020 Impairment Charges”) and for the year ended December 31, 2019 (the “2019 Impairment Charges”).

<i>(Expressed in millions of US Dollars)</i>		Year ended December 31,	
		2020	2019
Impairment charges recognized on:	Functional Area	Impairment Charges	Impairment Charges
Property, plant and equipment	Cost of sales	4.3	–
	Impairment charges included in cost of sales	4.3	–
Goodwill		496.0	–
Tradenames		248.8	48.0
Lease right-of-use assets	Distribution	140.3	27.5
Property, plant and equipment	Distribution	31.0	10.9
	Impairment charges (exclusive of amounts included in cost of sales)	916.0	86.4
Total impairment charges		920.3	86.4

In accordance with International Accounting Standards (“IAS”) 36, *Impairment of Assets* (“IAS 36”), the Group is required to evaluate its intangible assets with indefinite lives at least annually or when an event has occurred or circumstances change that would more likely than not reduce the recoverable amount of a cash generating unit (“CGU”) below its carrying value. 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 or CGU.

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

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

During the year ended December 31, 2019, the Group recognized a non-cash impairment charge of US\$48.0 million for assets attributable to the ebags business. The Group made a strategic decision to reduce the sales of third-party brands on the ebags e-commerce website to improve profitability. It was further decided to accelerate this shift to focus on *Samsonite* and the Group's other owned brands, including *ebags*-branded luggage and bags. As a result of the reduction in net sales of third-party brands through the ebags e-commerce website, it was determined that the carrying amount of its *ebags* tradename and certain other assets were higher than their respective recoverable amounts, resulting in a US\$48.0 million non-cash impairment charge.

Based on an evaluation of loss-making stores during the year ended December 31, 2019 due to under-performance, the Group recognized non-cash impairment charges totaling US\$38.4 million, comprised of the write-off of US\$27.5 million of lease right-of-use assets associated with such stores and a US\$10.9 million non-cash impairment for property, plant and equipment, including leasehold improvements, of such stores.

### Restructuring Charges

The following table sets forth a breakdown of the restructuring charges for the year ended December 31, 2020 (the "2020 Restructuring Charges"). The Company did not record any restructuring charges during the year ended December 31, 2019.

<i>(Expressed in millions of US Dollars)</i>	<b>Year ended December 31, 2020 2020 Restructuring Charges</b>
Functional Area	
Restructuring charges included in cost of sales	<b>8.5</b>
Restructuring charges attributable to distribution function	<b>44.8</b>
Restructuring charges attributable to general and administrative function	<b>9.7</b>
Restructuring charges (exclusive of amounts included in cost of sales)	<b>54.5</b>
Total 2020 Restructuring Charges	<b>63.0</b>

Beginning in March 2020, the Group 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 year ended December 31, 2020, the Group recognized the 2020 Restructuring Charges of US\$63.0 million primarily for severance costs associated with reductions in personnel, store closure costs and certain other costs incurred to implement profit improvement initiatives. The Group continues to evaluate additional areas to further reduce operating expenses in response to the impacts on the business from the COVID-19 pandemic. See Directors' Report – Review of Financial Year 2020 – Impact of COVID-19 for further discussion.

During the year ended December 31, 2019 the Group recognized US\$16.0 million of severance and store closure costs incurred in connection with certain profit improvement initiatives undertaken by the Group's management. These costs were recorded in the Group's consolidated statements of income (loss) in the line item "Other income (expenses)". See Directors' Report – Review of Financial Year 2020 – Other Income (Expenses) for further discussion.

### Other Income (Expenses)

The Group recorded other income of US\$15.9 million and other expenses of US\$25.1 million for the years ended December 31, 2020 and December 31, 2019, respectively. Other income for 2020 included gains on lease exits/remeasurements of US\$17.2 million, partially offset by other expenses of US\$1.3 million. Other expenses for 2019 included severance and store closure costs incurred in connection with certain profit improvement initiatives undertaken by the Group's management totaling US\$16.0 million.

### Operating Profit (Loss)

The following table presents the reconciliation from the Group's operating profit (loss), as reported, to operating profit (loss), as adjusted, for the years ended December 31, 2020 and December 31, 2019.

	Year ended December 31,		Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects <sup>(1)</sup>
	2020	2019		
<i>(Expressed in millions of US Dollars)</i>				
Operating profit (loss), as reported	(1,266.2)	283.0	<i>nm</i>	<i>nm</i>
Impairment Charges	920.3	86.4	<i>nm</i>	<i>nm</i>
Restructuring Charges	63.0	–	<i>n/a</i>	<i>n/a</i>
Costs to implement profit improvement initiatives	–	16.0	<i>n/a</i>	<i>n/a</i>
Operating profit (loss), as adjusted	(282.9)	385.4	<i>nm</i>	<i>nm</i>

#### Notes

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

*nm* Not meaningful.

*n/a* Not applicable.

The Group incurred an operating loss of US\$1,266.2 million for the year ended December 31, 2020, compared to an operating profit of US\$283.0 million for the previous year. The Group incurred an operating loss of US\$282.9 million when excluding the non-cash 2020 Impairment Charges and 2020 Restructuring Charges, compared to an operating profit of US\$385.4 million for the previous year when excluding the non-cash 2019 Impairment Charges and costs related to profit improvement initiatives. The year-on-year decrease in operating profit was primarily due to the decrease in net sales and other negative impacts caused by the COVID-19 Impacts.

### Net Finance Costs

Net finance costs increased by US\$18.1 million, or 18.4%, to US\$116.2 million for the year ended December 31, 2020 from US\$98.1 million for the year ended December 31, 2019, primarily due to an increase in interest expense on loans and borrowings of US\$32.4 million year-on-year as a result of increased borrowings during 2020 to ensure adequate liquidity as the Group navigated the challenges from COVID-19, and an increase in net foreign exchange losses of US\$8.5 million year-on-year, partially offset by a decrease in redeemable non-controlling interest put option expenses of US\$18.4 million during the year ended December 31, 2020 compared to the previous year.

The following table sets forth a breakdown of total finance costs for the years ended December 31, 2020 and December 31, 2019.

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31,	
	2020	2019
<b>Recognized in income or loss:</b>		
Interest income	<b>3.8</b>	3.2
Total finance income	<b>3.8</b>	3.2
Interest expense on loans and borrowings	<b>(96.2)</b>	(63.9)
Amortization of deferred financing costs associated with the Senior Credit Facilities	<b>(7.7)</b>	(3.6)
Interest expense on lease liabilities	<b>(25.2)</b>	(30.5)
Change in fair value of put options	<b>16.9</b>	(1.6)
Net foreign exchange gain (loss)	<b>(6.7)</b>	1.8
Other finance costs	<b>(1.1)</b>	(3.5)
Total finance costs	<b>(120.0)</b>	(101.3)
Net finance costs recognized in profit or loss	<b>(116.2)</b>	(98.1)

### Profit (Loss) before Income Tax

The following table presents the reconciliation from the Group's profit (loss) before income tax, as reported, to profit (loss) before income tax, as adjusted, for the years ended December 31, 2020 and December 31, 2019.

<i>(Expressed in millions of US Dollars)</i>	PROFIT (LOSS) BEFORE INCOME TAX		Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects <sup>(1)</sup>
	Year ended December 31,			
	2020	2019		
Profit (loss) before income tax, as reported	<b>(1,382.4)</b>	184.9	<i>nm</i>	<i>nm</i>
Impairment Charges	<b>920.3</b>	86.4	<i>nm</i>	<i>nm</i>
Restructuring Charges	<b>63.0</b>	–	<i>n/a</i>	<i>n/a</i>
Costs to implement profit improvement initiatives	<b>–</b>	16.0	<i>n/a</i>	<i>n/a</i>
Profit (loss) before income tax, as adjusted	<b>(399.1)</b>	287.3	<i>nm</i>	<i>nm</i>

#### Notes

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

*nm* Not meaningful.

*n/a* Not applicable.

The Group incurred a loss before income tax of US\$1,382.4 million for the year ended December 31, 2020, compared to a profit before income tax of US\$184.9 million for the previous year. The Group incurred a loss before income tax of US\$399.1 million when excluding the non-cash 2020 Impairment Charges and the 2020 Restructuring Charges incurred during the year ended December 31, 2020, compared to a profit before income tax of US\$287.3 million for 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 profit before income tax was primarily due to the decrease in net sales resulting from the negative impacts from the COVID-19 pandemic.

### **Income Tax Benefit (Expense)**

The Group recorded an income tax benefit of US\$94.4 million for the year ended December 31, 2020 compared to an income tax expense of US\$31.5 million for the year ended December 31, 2019. The income tax benefit recorded during 2020 was due mainly to the US\$1,382.4 million reported loss before income tax caused by the COVID-19 Impacts, changes in reserves and changes in unrecognized deferred tax assets.

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

Deferred tax assets in each jurisdiction are analyzed for recoverability at each reporting date and derecognized to the extent that it is no longer probable that the assets will be utilized in future taxable periods. The analysis considers both positive and negative evidence. Due to the negative impacts from the COVID-19 pandemic and significant losses before income tax reported globally, the Group derecognized certain deferred tax assets which were deemed not probable of realization in the foreseeable future.

For the year ended December 31, 2019, income tax expense was US\$31.5 million. Included within the US\$31.5 million of income tax expense were the 2019 Net Tax Benefits (as defined below) which were comprised of (i) a non-cash income tax benefit of US\$54.6 million from a change in the tax rate applied to intangible assets currently held in Luxembourg, which primarily consist of certain tradenames owned by the Group, (ii) tax expenses of US\$29.0 million associated with a legal entity reorganization and (iii) a base erosion tax arising as a result of the 2017 U.S. tax reform that applied to the Group in 2019 (which did not apply to the Group previously) of US\$7.4 million. Together, these items resulted in a net tax benefit to the Group of US\$18.3 million (the "2019 Net Tax Benefits").

The Group's consolidated effective tax rate for operations was 6.8% and 17.0% for the years ended December 31, 2020 and December 31, 2019, respectively. The decrease in the Group's effective tax rate year-on-year 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 from the non-deductible goodwill impairment charges in 2020. The effective tax rate is calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets.

Excluding the non-deductible goodwill impairment charges in 2020 and the derecognition of deferred tax assets during the year ended December 31, 2020 and excluding the 2019 Net Tax Benefits for the year ended December 31, 2019, the Group's consolidated effective tax rate for operations would have been 24.9% and 26.9% for the years ended December 31, 2020 and December 31, 2019, respectively. The decrease in the Group's effective tax rate was mainly the result of changes in the profit mix between high and low tax jurisdictions and changes in reserves.

## Profit (Loss)

### Profit (loss) for the year

The following table presents the reconciliation from the Group's profit (loss) for the year, as reported, to profit (loss) for the year, as adjusted, for the years ended December 31, 2020 and December 31, 2019.

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31,		Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects <sup>(1)</sup>
	2020	2019		
Profit (loss) for the year, as reported	(1,288.0)	153.4	<i>nm</i>	<i>nm</i>
Impairment Charges	920.3	86.4	<i>nm</i>	<i>nm</i>
Restructuring Charges	63.0	-	<i>n/a</i>	<i>n/a</i>
Costs to implement profit improvement initiatives	-	16.0	<i>n/a</i>	<i>n/a</i>
2019 Net Tax Benefits	-	(18.3)	<i>n/a</i>	<i>n/a</i>
Tax impact	(119.5)	(26.5)	<i>nm</i>	<i>nm</i>
Profit (loss) for the year, as adjusted	(424.1)	211.0	<i>nm</i>	<i>nm</i>

#### Notes

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

*nm* Not meaningful.

*n/a* Not applicable.

The Group incurred a loss for the year ended December 31, 2020 of US\$1,288.0 million, compared to a profit for the year ended December 31, 2019 of US\$153.4 million. The Group incurred a loss for the year ended December 31, 2020 of US\$424.1 million when excluding the non-cash 2020 Impairment Charges and the 2020 Restructuring Charges, both of which are net of the related tax impact, compared to a profit for the year ended December 31, 2019 of US\$211.0 million when excluding the non-cash 2019 Impairment Charges and the costs related to profit improvement initiatives, both of which are net of the related tax impact, and 2019 Net Tax Benefits. The year-on-year decrease in profit (loss) for the year 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 years ended December 31, 2020 and December 31, 2019.

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31,		Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects <sup>(1)</sup>
	2020	2019		
Profit (loss) attributable to the equity holders, as reported	(1,277.7)	132.5	<i>nm</i>	<i>nm</i>
Impairment Charges	920.3	86.4	<i>nm</i>	<i>nm</i>
Restructuring Charges	63.0	-	<i>n/a</i>	<i>n/a</i>
Costs to implement profit improvement initiatives	-	16.0	<i>n/a</i>	<i>n/a</i>
2019 Net Tax Benefits	-	(18.3)	<i>n/a</i>	<i>n/a</i>
Tax impact	(119.5)	(26.5)	<i>nm</i>	<i>nm</i>
Profit (loss) attributable to the equity holders, as adjusted	(413.8)	190.1	<i>nm</i>	<i>nm</i>

#### Notes

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

*nm* Not meaningful.

*n/a* Not applicable.

The Group incurred a loss attributable to the equity holders of US\$1,277.7 million for the year ended December 31, 2020, compared to profit attributable to the equity holders of US\$132.5 million for the previous year. The Group incurred a loss attributable to the equity holders of US\$413.8 million when excluding the non-cash 2020 Impairment Charges and the 2020 Restructuring Charges, both of which are net of the related tax impact, for the year ended December 31, 2020, compared to a profit attributable to the equity holders of US\$190.1 million when excluding the non-cash 2019 Impairment Charges and the costs related to profit improvement initiatives, both of which are net of the related tax impact, and 2019 Net Tax Benefits for the year ended December 31, 2019. 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\$0.891 for the year ended December 31, 2020, compared to basic and diluted earnings per share of US\$0.093 for the year ended December 31, 2019. The weighted average number of shares utilized in the basic earnings (loss) per share calculation was 1,433,422,967 shares for the year ended December 31, 2020 compared to 1,431,362,284 shares for the year ended December 31, 2019. The weighted average number of shares outstanding utilized in the diluted earnings (loss) per share calculation was 1,433,422,967 shares for the year ended December 31, 2020 compared to 1,433,040,571 shares for the year ended December 31, 2019.

Basic and diluted loss per share, as adjusted, was US\$0.289 when excluding the non-cash 2020 Impairment Charges and 2020 Restructuring Charges, both of which are net of the related tax impact, for the year ended December 31, 2020, compared to basic and diluted earnings per share, as adjusted, of US\$0.133 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, and the 2019 Net Tax Benefits for the year ended December 31, 2019. The year-on-year decrease was caused by the COVID-19 Impacts on the Group's business.

### Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, decreased by US\$711.0 million, or 144.4% (-145.6% constant currency), to a loss of US\$218.8 million for the year ended December 31, 2020 compared to earnings of US\$492.2 million for the year ended December 31, 2019. Adjusted EBITDA margin was (14.2%) for the year ended December 31, 2020 compared to 13.5% for the year ended December 31, 2019 due primarily to the COVID-19 Impacts. The Group took meaningful actions in 2020 to implement cost savings initiatives in an effort to improve profitability. See Impact of COVID-19 section in Directors' Report – Review of Financial Year 2020 for further discussion.

The following table presents the reconciliation from the Group's profit (loss) for the year to Adjusted EBITDA for the years ended December 31, 2020 and December 31, 2019:

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31,		Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects <sup>(3)</sup>
	2020	2019		
Profit (loss) for the year	<b>(1,288.0)</b>	153.4	<i>nm</i>	<i>nm</i>
Plus (Minus):				
Income tax expense (benefit)	<b>(94.4)</b>	31.5	<i>nm</i>	<i>nm</i>
Finance costs	<b>120.0</b>	101.3	18.5%	19.5%
Finance income	<b>(3.8)</b>	(3.2)	19.1%	20.1%
Depreciation	<b>66.1</b>	80.1	(17.5)%	(16.6)%
Total amortization	<b>189.1</b>	229.6	(17.6)%	(16.7)%
EBITDA	<b>(1,011.0)</b>	592.7	<i>nm</i>	<i>nm</i>
Plus (Minus):				
Share-based compensation expense	<b>6.6</b>	15.8	(58.5)%	(58.7)%
Impairment Charges	<b>920.3</b>	86.4	<i>nm</i>	<i>nm</i>
Restructuring Charges	<b>63.0</b>	–	n/a	n/a
Other adjustments <sup>(1)</sup>	<b>(15.9)</b>	25.2	<i>nm</i>	<i>nm</i>
Amortization of lease right-of-use assets	<b>(156.5)</b>	(197.4)	(20.7)%	(19.6)%
Interest expense on lease liabilities	<b>(25.2)</b>	(30.5)	(17.2)%	(15.0)%
Adjusted EBITDA <sup>(2)</sup>	<b>(218.8)</b>	492.2	<i>nm</i>	<i>nm</i>
Adjusted EBITDA margin	<b>(14.2)%</b>	13.5%		

#### Notes

- (1) Other adjustments primarily comprised 'Other income (expenses)' per the consolidated statements of income (loss).
  - (2) Adjusted EBITDA, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. Adjusted EBITDA includes the lease interest and amortization expense as a result of the Group's adoption of IFRS 16, *Leases* ("IFRS 16") on January 1, 2019 to account for operational rent expenses.
  - (3) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the previous year to current year local currency results.
- nm* Not meaningful.  
n/a Not applicable.

The following tables present reconciliations from profit (loss) for the year to Adjusted EBITDA on a regional basis for the years ended December 31, 2020 and December 31, 2019:

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

Notes

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

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31, 2019					
	North America	Asia	Europe	Latin America	Corporate	Total
Profit (loss) for the year	(44.8)	89.9	23.3	(9.6)	94.6	153.4
Plus (Minus):						
Income tax expense (benefit)	(15.6)	41.2	10.8	(2.4)	(2.5)	31.5
Finance costs	16.8	7.3	7.5	1.2	68.5	101.3
Finance income	(0.2)	(0.8)	(0.2)	(0.1)	(1.9)	(3.2)
Depreciation	27.5	23.1	23.3	5.4	0.8	80.1
Total amortization	80.5	74.5	56.1	16.6	1.9	229.6
EBITDA	64.2	235.2	120.8	11.1	161.4	592.7
Plus (Minus):						
Share-based compensation expense	4.7	1.9	0.3	0.0	8.9	15.8
Impairment Charges	74.0	1.8	9.6	0.9	0.1	86.4
Inter-company charges (income) <sup>(1)</sup>	96.6	104.5	24.2	3.1	(228.4)	–
Other adjustments <sup>(2)</sup>	9.7	(0.8)	7.7	1.3	7.3	25.2
Amortization of lease right-of-use assets	(69.4)	(59.1)	(52.1)	(16.6)	(0.2)	(197.4)
Interest expense on lease liabilities	(16.4)	(4.3)	(7.1)	(2.3)	(0.4)	(30.5)
Adjusted EBITDA <sup>(3)</sup>	163.4	279.2	103.4	(2.5)	(51.3)	492.2
Adjusted EBITDA margin	12.0%	21.2%	13.1%	(1.5)%	<i>nm</i>	13.5%

#### Notes

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

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

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

#### Adjusted Net Income (Loss)

Adjusted Net Income (Loss), a non-IFRS measure, was a loss of US\$406.1 million for the year ended December 31, 2020, compared to income of US\$215.9 million for the year ended December 31, 2019 due to the COVID-19 Impacts. Adjusted basic and diluted earnings (loss) per share, non-IFRS measures, was a loss of US\$0.283 per share for the year ended December 31, 2020, compared to earnings per share of US\$0.151 for the year ended December 31,

2019. Adjusted basic and diluted earnings (loss) per share is calculated by dividing Adjusted Net Income (Loss) by the weighted average number of shares used in the basic and diluted earnings (loss) per share calculations, respectively.

The following table presents the reconciliation from the Group's profit (loss) attributable to the equity holders to Adjusted Net Income (Loss) for the years ended December 31, 2020 and December 31, 2019:

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31,		Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects <sup>(3)</sup>
	2020	2019		
Profit (loss) attributable to the equity holders	(1,277.7)	132.5	<i>nm</i>	<i>nm</i>
Plus (Minus):				
Change in fair value of put options included in finance costs	(16.9)	1.6	<i>nm</i>	<i>nm</i>
Amortization of intangible assets	32.6	32.2	1.2%	1.0%
Impairment Charges	920.3	86.4	<i>nm</i>	<i>nm</i>
Restructuring Charges	63.0	–	<i>n/a</i>	<i>n/a</i>
Costs to implement profit improvement initiatives	–	16.0	<i>n/a</i>	<i>n/a</i>
2019 Net Tax Benefits	–	(18.3)	<i>n/a</i>	<i>n/a</i>
Tax adjustments <sup>(1)</sup>	(127.4)	(34.5)	<i>nm</i>	<i>nm</i>
Adjusted Net Income (Loss) <sup>(2)</sup>	(406.1)	215.9	<i>nm</i>	<i>nm</i>

Notes

- (1) Tax adjustments represent the tax effect of the reconciling line items as included in the consolidated statements of income (loss) based on the applicable tax rate in the jurisdiction where such costs were incurred.
- (2) Represents Adjusted Net Income (Loss) attributable to the equity holders of the Company.
- (3) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the previous year to current year local currency results.
- nm* Not meaningful.
- n/a* Not applicable.

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

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

## Liquidity and Capital Resources

The primary objectives of the Company's capital management policies are to safeguard its ability to continue as a going concern, to provide returns for the Company's shareholders, and to fund capital expenditures, normal operating expenses, working capital needs and the payment of obligations (see Directors' Report – Review of Financial Year 2020 – Impact of COVID-19 for further discussion). The Group's primary sources of liquidity are its cash flows from operating activities, invested cash, available lines of credit and, subject to shareholder approval, the Company's ability to issue additional shares. The Company believes that its existing cash and estimated cash flows, along with current working capital, will be adequate to meet the foreseeable future operating and capital requirements of the Group at least through March 31, 2022.

Net cash flows used in operating activities amounted to US\$114.2 million for the year ended December 31, 2020 compared to net cash flows generated from operating activities of US\$576.2 million for the year ended December 31, 2019. The decrease in cash flows from operating activities year-on-year was due to the COVID-19 Impacts.

For the year ended December 31, 2020, net cash flows used in investing activities were US\$26.1 million and were primarily related to US\$20.6 million of capital expenditures for property, plant and equipment, primarily related to investments in machinery and equipment. For the year ended December 31, 2019, net cash flows used in investing activities were US\$73.1 million and were primarily related to US\$55.4 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 took meaningful measures to reduce capital expenditures during 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\$1,158.4 million for the year ended December 31, 2020 and were largely attributable to funds borrowed 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 (USD equivalent at the applicable exchange rate on the borrowing date) borrowed under the Amended Revolving Credit Facility (as defined in the Indebtedness section below). Net cash flows used in financing activities were US\$465.1 million for the year ended December 31, 2019 and were largely attributable to principal payments on lease liabilities of US\$170.2 million, payments of Term Loan Credit Facilities (as defined in the Indebtedness section below) totaling US\$127.5 million, the distribution to shareholders of US\$125.0 million, payments on current loans and borrowings of US\$27.6 million and dividend payments to non-controlling interests of US\$13.0 million.

The Group had US\$1,495.0 million in cash and cash equivalents as of December 31, 2020, compared to US\$462.6 million as of December 31, 2019. No cash and cash equivalents were restricted as of December 31, 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 December 31, 2020 and December 31, 2019:

<i>(Expressed in millions of US Dollars)</i>	<b>December 31, 2020</b>	December 31, 2019
Term Loan A Facility	–	797.0
Amended Term Loan A Facility	<b>785.0</b>	–
Term Loan B Facility	<b>548.2</b>	554.9
2020 Incremental Term Loan B Facility	<b>597.0</b>	–
Amended Revolving Credit Facility	<b>822.2</b>	–
Total Amended Senior Credit Facilities	<b>2,752.4</b>	1,351.8
Senior Notes <sup>(1)</sup>	<b>427.5</b>	392.4
Other borrowings and obligations	<b>50.6</b>	23.7
Total loans and borrowings	<b>3,230.5</b>	1,768.0
Less deferred financing costs	<b>(39.9)</b>	(12.8)
Total loans and borrowings less deferred financing costs	<b>3,190.6</b>	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.

## 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 (as defined below), 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 (as defined below).

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

In addition, the Credit Agreement requires the Company and its subsidiaries to meet certain quarterly financial covenants. Commencing with the fiscal quarter ended September 30, 2018, the Company and its subsidiaries 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 Credit Agreement. The previously existing deferred financing costs will continue to be amortized over the life of the Credit 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 compliance with the Financial Covenants under the Third Amended Credit Agreement. So long as the Company uses Historical EBITDA to calculate compliance with 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 Credit Agreement. The previously existing deferred financing costs will continue to be amortized over the life of the Credit 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 at the applicable exchange rate on the borrowing date) under the Amended Revolving Credit Facility to ensure access to the Group's liquidity given the uncertainties and challenges caused by the COVID-19 pandemic. As of December 31, 2020, US\$23.4 million was available to be borrowed on the Amended Revolving Credit Facility as a result of US\$822.2 million of outstanding borrowings and the utilization of US\$4.5 million of the facility for outstanding letters of credit extended to certain creditors.

As of December 31, 2019, US\$647.0 million was available to be borrowed under the US\$650.0 million Revolving Credit Facility because there were no outstanding borrowings under such facility and US\$3.0 million of such 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 year ended December 31, 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\$7.7 million and US\$3.6 million for the years ended December 31, 2020 and December 31, 2019, respectively.

### **Interest Rate Swaps**

The Group maintains interest rate swaps to hedge a portion of its interest rate exposure under the floating-rate Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. On September 4, 2019, the Group entered into 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. As a result of the Group's interest rate swaps, LIBOR has been fixed at approximately 1.208% with respect to an amount equal to approximately 27% of the principal amount of the Amended Senior Credit Facilities at December 31, 2020, which reduces a portion of the Company's exposure to interest rate increases. The interest rate swap agreements have fixed payments due monthly that commenced September 30, 2019. The interest rate swap transactions qualify as cash flow hedges. As of December 31, 2020, the interest rate swaps were marked-to-market, resulting in a net liability position to the Group in the amount of US\$21.2 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.

### €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:

<b>Year</b>	<b>Redemption Price</b>
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 Amended Senior Credit Facilities on a first-ranking basis.

#### **Certain Covenants and Events of Default**

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

### Other Loans and Borrowings

Certain consolidated subsidiaries of the Company maintain credit lines and other loans with various third-party lenders in the regions in which they operate. Other loans and borrowings are generally variable rate instruments denominated in the functional currency of the borrowing Group entity. These credit lines provide short-term financing and working capital for the day-to-day business operations of certain Group entities, including overdraft, bank guarantees, and trade finance facilities. The majority of the credit lines included in other loans and borrowings are uncommitted facilities. The total aggregate amount of other loans and borrowings was US\$47.8 million and US\$23.6 million as of December 31, 2020 and December 31, 2019, respectively. The uncommitted available facilities amounted to US\$105.6 million and US\$134.9 million as of December 31, 2020 and December 31, 2019, respectively.

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

<i>(Expressed in millions of US Dollars)</i>	<b>December 31, 2020</b>	December 31, 2019
On demand or within one year	<b>80.6</b>	61.3
After one year but within two years	<b>47.8</b>	48.1
After two years but within five years	<b>2,674.6</b>	744.5
More than five years	<b>427.5</b>	914.0
	<b>3,230.5</b>	1,768.0

### Hedging

The Company's non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventories denominated primarily in US Dollars which are designated as cash flow hedges. Cash outflows associated with these derivatives as of December 31, 2020 are expected to be US\$84.7 million within one year.

### Other Financial Information

#### Capital Expenditures

#### Historical Capital Expenditures

The following table sets forth the Group's capital expenditures for the years ended December 31, 2020 and December 31, 2019:

<i>(Expressed in millions of US Dollars)</i>	<b>Year ended December 31,</b>	
	<b>2020</b>	2019
Land	<b>0.1</b>	–
Buildings	<b>1.4</b>	1.4
Machinery, equipment, leasehold improvements and other	<b>19.1</b>	54.0
Total capital expenditures	<b>20.6</b>	55.4

Capital expenditures during the year ended December 31, 2020 were primarily related to investments in machinery and equipment. The year-on-year decrease in total capital expenditures was primarily due to the Group taking meaningful measures to reduce capital expenditures in response to the impacts on the Group's business from the COVID-19 pandemic.

### Planned Capital Expenditures

The Group's capital expenditures budget for 2021 is approximately US\$39.5 million. The Group plans to refurbish existing retail stores, invest in new product development and upgrade its existing data center, telecommunications and warehouse management systems. Actual capital expenditures in 2021 may be impacted based on the Group's recovery from COVID-19.

### Contractual Obligations

The following table summarizes scheduled maturities of the Group's contractual obligations for which cash flows are fixed and determinable as of December 31, 2020:

<i>(Expressed in millions of US Dollars)</i>	Total	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loans and borrowings	3,230.5	80.6	47.8	2,674.6	427.5
Open inventory purchase orders	229.8	213.6	16.2	0.0	-
Future minimum contractual payments under lease liabilities	598.6	165.4	131.8	211.7	89.7
Future minimum payments under short-term and low-value leases	3.0	2.9	0.0	-	-
Total	4,061.9	462.5	195.9	2,886.3	517.2

As of December 31, 2020, the Group did not have any material off-balance sheet arrangements or contingencies except as included in the table summarizing its contractual obligations above.

### Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries

There were no significant investments held that represented 5% or more of the Group's total assets and no material acquisitions or disposals of subsidiaries during the year ended December 31, 2020.

## 2. Principal Risks and Uncertainties

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

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

## 3. Effectiveness of Risk Management and Internal Control

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

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

The Board has reviewed the overall effectiveness of the Company's systems of risk management and internal control for the year ended December 31, 2020. The Board has delegated to the Audit Committee responsibility for reviewing the Company's systems of risk management and internal control and reporting the committee's findings to the Board. In conducting such review, the Audit Committee, on behalf of the Board, has (i) reviewed the Company's internal audit activities during the year and discussed such activities and the results thereof with the Company's Vice President of Internal Audit, (ii) reviewed and discussed the scope and results of the annual audit with the Company's external auditors, (iii) reviewed the results of management's control self-assessment process with management and the Company's Vice President of Internal Audit, (iv) reviewed the results of the Company's risk assessment with

management and the Company's Vice President of Internal Audit, and (v) reviewed with management the results of the Company's internal management representation process that was performed in connection with the preparation of the Company's consolidated financial statements. Based on its review, the Board confirms, and management has also confirmed to the Board, that the Company's risk management and internal control systems are effective and adequate.

#### **4. Financial Risk Management and Hedging**

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

The Company's non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventories denominated primarily in US Dollars which are designated as cash flow hedges. Cash outflows associated with these derivatives as of December 31, 2020 are expected to be US\$84.7 million within one year.

#### **5. Research and Development**

The Group devotes significant resources to new product design, development and innovation as it is a core part of its strategy. The Group believes it has a strong track record of innovation, and its global scale allows it to make significant expenditures on research and development. The Group incurred research and development expenses of US\$19.4 million during the year ended December 31, 2020. Each of the Group's regions has a design team that develops products specifically for that region, and who are in communication with each other on a regular basis, sharing ideas and designs. The Group's design teams are continuously developing new products, based on continual improvement and innovation.

#### **6. Capital Structure and Shareholding**

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

#### **7. Other Information**

##### **Dividends and Distributions to Equity Holders**

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

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

Dividend payments to non-controlling interests amounted to US\$4.1 million and US\$13.0 million during the years ended December 31, 2020 and December 31, 2019, respectively.

##### **Human Resources and Remuneration**

As of December 31, 2020, the Group had approximately 9,100 employees worldwide. The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice, employee performance and the financial performance of the Group.

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

## 8. Strategic Review and Future Prospects

During 2020, the Group continued to implement its strategic plan in the following areas:

### Financial Highlights

For the year ended December 31, 2020:

- Net sales were US\$1,536.7 million for the year ended December 31, 2020, compared to US\$3,638.8 million for the year ended December 31, 2019, a decrease of 57.8% (-57.5% constant currency). The net sales decrease was due to the effects of the COVID-19 Impacts.
- Gross profit margin, as reported, decreased to 46.0% for the year ended December 31, 2020 from 55.4% for 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 effects of the COVID-19 Impacts, including the effects of (i) an increased provision for inventory reserves and (ii) fixed sourcing and manufacturing expenses on lower sales, as well as the inclusion of restructuring charges and non-cash impairment charges related to the sourcing and production of the Group's products, along with a shift in sales mix. Excluding the restructuring charges and non-cash impairment charges related to the sourcing and production of the Group's products, the gross profit margin, as adjusted for the year ended December 31, 2020 would have been 46.8%. In addition, the effects of the increased provision for inventory reserves and the impact of fixed sourcing and manufacturing expenses on lower sales negatively impacted gross profit margin by 350 basis points and 140 basis points year-on-year, respectively, caused by the COVID-19 Impacts. Had the provision for inventory reserves and fixed sourcing and manufacturing expenses remained consistent with 2019 as a percentage of net sales, gross profit margin for the year ended December 31, 2020 would have been 51.7% (see Directors' Report – Review of Financial Year 2020 – Cost of Sales and Gross Profit for further discussion).
- The Group spent US\$73.3 million on marketing during the year ended December 31, 2020 compared to US\$189.5 million for the year ended December 31, 2019, a decrease of US\$116.3 million, or 61.3% (-61.1% constant currency) as the Group reduced advertising to help conserve cash and to offset the effects of the COVID-19 Impacts on the Group's business. As a percentage of net sales, marketing expenses decreased by 40 basis points to 4.8% for the year ended December 31, 2020 from 5.2% for the year ended December 31, 2019.
- As a result of the COVID-19 Impacts, the Group recognized the 2020 Impairment Charges during 2020 of US\$920.3 million (including US\$4.3 million of non-cash impairment charges in cost of sales). The non-cash 2020 Impairment Charges were comprised of (i) a US\$744.8 million non-cash impairment of goodwill and tradename intangible assets, (ii) a US\$140.3 million non-cash impairment of lease right-of-use assets, (iii) a US\$31.0 million non-cash impairment of property, plant and equipment that was primarily attributable to the under-performance of certain retail locations, and (iv) a US\$4.3 million non-cash impairment, included in cost of sales, of certain molds and machinery used for the production of certain luggage product lines. During the year ended December 31, 2019, the Group recognized the 2019 Impairment Charges of US\$86.4 million (see Directors' Report – Review of Financial Year 2020 – Impairment Charges for further discussion).
- The Group has taken meaningful actions to reduce its fixed cost base in response to the COVID-19 Impacts on the Group's business, which is estimated to result in annualized run-rate fixed cost savings of approximately US\$200.0 million (see Directors' Report – Review of Financial Year 2020 – Impact of COVID-19 for further discussion). In conjunction with these cost saving actions, the Group recognized the 2020 Restructuring Charges during the year ended December 31, 2020 of US\$63.0 million (including US\$8.5 million of restructuring charges in cost of sales), which primarily consisted of severance associated with permanent headcount reductions, store closure costs and certain other

costs incurred to implement profit improvement initiatives (see Directors' Report – Review of Financial Year 2020 – Restructuring Charges for further discussion). During the year ended December 31, 2019, the Group recorded costs related to profit improvement initiatives included in Other Income (Expenses) totaling US\$16.0 million.

- The Group incurred an operating loss of US\$1,266.2 million for the year ended December 31, 2020, compared to an operating profit of US\$283.0 million for the previous year. The Group incurred an operating loss of US\$282.9 million when excluding the non-cash 2020 Impairment Charges and 2020 Restructuring Charges, compared to an operating profit of US\$385.4 million for the previous year when excluding the non-cash 2019 Impairment Charges and costs related to profit improvement initiatives. The year-on-year decrease in operating profit was primarily due to the decrease in net sales and other negative impacts caused by the COVID-19 Impacts.
- The Group recorded an income tax benefit of US\$94.4 million for the year ended December 31, 2020 compared to an income tax expense of US\$31.5 million for the year ended December 31, 2019. The income tax benefit recorded during 2020 was due mainly to the US\$1,382.4 million reported loss before income tax caused by the COVID-19 Impacts, changes in reserves and changes in unrecognized deferred tax assets. Included within the US\$31.5 million of income tax expense recorded during the year ended December 31, 2019 were the 2019 Net Tax Benefits (as defined below) comprised of (i) a non-cash income tax benefit of US\$54.6 million from a change in the tax rate applied to intangible assets currently held in Luxembourg, which primarily consist of certain tradenames owned by the Group, (ii) tax expenses of US\$29.0 million associated with a legal entity reorganization and (iii) a base erosion tax arising as a result of the 2017 U.S. tax reform that applied to the Group in 2019 (which did not apply to the Group previously) of US\$7.4 million. Together, these items resulted in a net tax benefit to the Group of US\$18.3 million (the “2019 Net Tax Benefits”).
- The Group incurred a loss for the year ended December 31, 2020 of US\$1,288.0 million, compared to a profit for the year ended December 31, 2019 of US\$153.4 million. The Group incurred a loss for the year ended December 31, 2020 of US\$424.1 million when excluding the non-cash 2020 Impairment Charges and the 2020 Restructuring Charges, both of which are net of the related tax impact, compared to a profit for the year ended December 31, 2019 of US\$211.0 million when excluding the non-cash 2019 Impairment Charges and the costs related to profit improvement initiatives, both of which are net of the related tax impact, and 2019 Net Tax Benefits. The year-on-year decrease in profit (loss) for the year was primarily due to the COVID-19 Impacts.
- The Group incurred a loss attributable to the equity holders of US\$1,277.7 million for the year ended December 31, 2020, compared to profit attributable to the equity holders of US\$132.5 million for the previous year. The Group incurred a loss attributable to the equity holders of US\$413.8 million when excluding the non-cash 2020 Impairment Charges and the 2020 Restructuring Charges, both of which are net of the related tax impact, for the year ended December 31, 2020, compared to a profit attributable to the equity holders of US\$190.1 million when excluding the non-cash 2019 Impairment Charges and the costs related to profit improvement initiatives, both of which are net of the related tax impact, and 2019 Net Tax Benefits for the year ended December 31, 2019. The year-on-year decrease in profit (loss) attributable to the equity holders was primarily due to the COVID-19 Impacts.
- The Group used US\$114.2 million of cash in operating activities during the year ended December 31, 2020 compared to US\$576.2 million of cash generated from operating activities for the previous year. As of December 31, 2020, the Group had cash and cash equivalents of US\$1,495.0 million and outstanding financial debt of US\$3,230.5 million (excluding deferred financing costs of US\$39.9 million), putting the Group in a net debt position of US\$1,735.5 million compared to a net debt position of US\$1,305.3 million as of December 31, 2019. As a result of the Group taking meaningful actions to reduce

its fixed cost base, reduce marketing expenditures, improve working capital and put a virtual freeze on capital expenditures in response to the COVID-19 Impacts, total cash burn has significantly improved on a quarterly basis during 2020. Total cash burn was (US\$166.7) million during the second quarter of 2020, (US\$67.7) million during the third quarter of 2020 and (US\$3.6) million during the fourth quarter of 2020. Total liquidity as of December 31, 2020 was US\$1,518.3 million.

- 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 Directors' Report – Review of Financial Year 2020 – Indebtedness – Second Amended Credit Agreement for further discussion).
- On March 20, 2020, the Company borrowed US\$810.3 million (USD equivalent at the applicable exchange rate on the borrowing date) under its amended revolving credit facility (see Directors' Report – Review of Financial Year 2020 – Indebtedness – Second Amended Credit Agreement for further discussion) to ensure access to the Group's liquidity, given the uncertainties and challenges caused by the COVID-19 pandemic.
- On April 29, 2020, the Group and its lenders entered into a further amendment (the "Third Amended Credit Agreement") to the Second Amended Credit Agreement in order to suspend the requirement for the Group to test the Financial Covenants (as defined thereunder) from the beginning of the second quarter of 2020 through the end of the second quarter of 2021 (see Directors' Report – Review of Financial Year 2020 – 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 Directors' Report – Review of Financial Year 2020 – 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.

The Company has presented certain non-IFRS measures in the financial highlights above because each of these measures provides additional information that management believes is useful 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.

### Investment in Advertising and Promotion

The Group aggressively reduced advertising expenditures during 2020 to help offset the negative impacts on its profitability caused by the COVID-19 pandemic. Marketing expenses amounted to US\$73.3 million, or approximately 4.8% of net sales, during 2020 compared to US\$189.5 million, or 5.2%, of net sales during 2019.

### Introduction of New and Innovative Products to the Market

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

### Future Prospects

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

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

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

Near-term Focus:

- Ensuring the safety and well-being of the Group's employees, customers and partners continues to be a top priority of the Company.
- The Group has taken significant actions to preserve cash and reduce its fixed cost base and will strive to maintain this lower cost structure as the impacts of COVID-19 recede and the Group's sales recover.
- A recovery plan is in place to ensure re-opening is done in the most cost-effective, safe and efficient way to ensure the Company emerges strongly with an improving profit margin profile while growing its market share when the world starts to travel again.
- Recognizing that many of the Group's restructuring actions have impacted its employees, it is important to keep the Group's teams energized and empowered to navigate through the travel disruption and emerge as a stronger organization.
- With its global platform, diverse set of product categories and leading and complementary brands offering products tailored to each region's preferences, the Company is well-positioned to benefit when day-to-day activities slowly return to normal, and global travel disruptions end.
- The Group will continue its commitment to sustainability and innovation, which are key long-term strategies for the Company.
- With significant liquidity of approximately US\$1.5 billion at December 31, 2020 and meaningful reduction in cash burn, the Company is confident that it has sufficient capacity to navigate the challenges from the COVID-19 pandemic.



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By: Kyle F. Gendreau  
Capacity: Director



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

### ***Report on the audit of the consolidated financial statements***

#### ***Opinion***

We have audited the consolidated financial statements of Samsonite International S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of income (loss), the consolidated statement of comprehensive income (loss), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### ***Basis for opinion***

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

#### ***Key audit matters***

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



<b>Goodwill and indefinite lived tradenames impairment (note 8(a) and note 8(b))</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Group's goodwill and indefinite lived tradename balances as of 31 December 2020 were US\$849.6 million and US\$1,288.9 million, respectively.</p> <p>During the year ended 31 December 2020, due to certain triggering events and its annual impairment test, the Group performed analyses to evaluate impairments related to goodwill and indefinite lived tradenames and recorded total impairment charges of US\$496.0 million and US\$248.8 million, respectively.</p> <p>The impairment testing of goodwill and indefinite lived tradenames is considered to be a key audit matter due to the complexity of the accounting requirements and significant judgment required in determining the assumptions used to estimate the recoverable amount. The recoverable amount of the cash-generating units, which is based on the higher of the value in use or fair value less costs of disposal, has been derived from discounted forecast cash flow models, to determine the amount of impairment loss, if any. These models use several key assumptions, including forecasted revenue growth rates and the discount rates that involve significant judgment and could be subject to management bias.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• evaluating the design of certain internal controls over the Group's goodwill and indefinite lived tradename impairment analysis process;</li> <li>• evaluating the Group's ability to accurately forecast revenues by comparing previous revenue forecasts with actual outcomes;</li> <li>• evaluating the appropriateness of the Group's forecasted revenue growth rates by comparing them to historical revenue growth rates;</li> <li>• evaluating, with assistance from our own valuation specialists, the appropriateness of the Group's forecasted revenue growth rates by comparing them against growth rates from publicly available market data for comparable entities;</li> <li>• evaluating, with assistance from our own valuation specialists, the appropriateness of each of the discount rates, which included comparing them against publicly available market data for comparable entities; and</li> <li>• performing a sensitivity analysis to assess the impact of possible changes to the discount rates selected by management.</li> </ul>
<b>Long lived store assets (right-of-use assets and leasehold improvements) impairment (note 7 and note 18)</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>During the year ended 31 December 2020, the Group determined that the carrying amounts of certain retail stores, which represent individual cash generating units, exceeded their corresponding recoverable amounts. This resulted in impairment charges totaling US\$175.5 million, comprised of US\$140.3 million for right-of-use assets and US\$35.3 million for property, plant and equipment.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• evaluating the design of certain controls over the Group's impairment analysis process for long lived store assets;</li> <li>• evaluating the Group's ability to accurately forecast revenues by comparing previous revenue forecasts with actual outcomes;</li> </ul>



<p>The impairment testing of long lived store assets is considered to be a key audit matter due to the complexity of the accounting requirements and significant judgment required in determining the assumptions used to estimate the recoverable amounts. The recoverable amount of the cash-generating unit, which is based on the higher of the value in use or fair value less costs of disposal, has been derived from discounted forecast cash flow models, to determine the amount of impairment loss, if any. These models use several key assumptions, including forecasted revenue growth rates and the discount rates that involve significant judgment and could be subject to management bias.</p>	<ul style="list-style-type: none"> <li>• evaluating the appropriateness of the Group's forecasted revenue growth rates by comparing them to historical revenue growth rates;</li> <li>• evaluating, with assistance from our own valuation specialists, the appropriateness of each of the discount rates, which included comparing them against publicly available market data for comparable entities; and</li> <li>• performing a sensitivity analysis to assess the impact of possible changes to the forecasted revenue growth rates and discount rates selected by management.</li> </ul>
<p><b>Revenue recognition (note 3(p))</b></p>	
<p><b>The key audit matter</b></p>	<p><b>How the matter was addressed in our audit</b></p>
<p>The Group recognizes revenue at the point in time at which its performance obligation is satisfied by transferring control of its goods to the customer. Indicators that the Group typically considers to determine transfer of control include legal title, physical possession and significant risks and rewards of ownership.</p> <p>Since the Group's sales occur in various countries throughout the world, there is a risk of inconsistent application of when the Group has transferred control based on these indicators.</p> <p>We identified wholesale revenue transactions recorded at or near year end as a key audit matter.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• evaluating the design of the control over the Group's process to determine transfer of control;</li> <li>• evaluating certain contractual arrangements such as purchase orders, enabling us to understand key terms and conditions negotiated with customers, including the provisions for transfer of control;</li> <li>• examining a sample of revenue transactions occurring at or near year end to obtain evidence of transfer of control; and</li> <li>• testing certain manual journal entries which were recorded in revenue general ledger accounts at or near year end.</li> </ul>
<p><b>Disclosures pertaining to the going concern basis of accounting (note 2(f))</b></p>	
<p><b>The key audit matter</b></p>	<p><b>How the matter was addressed in our audit</b></p>
<p>To support the going concern basis in preparing the consolidated financial statements, management has prepared a cash flow forecast of the Group covering the foreseeable future financial obligations including at least through 31 March 2022 and is of the opinion the Group will meet its financial obligations as and when they fall due and remain in compliance with certain of the Group's financial debt covenants.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• testing the design of certain controls over the Group's cash flow forecast process;</li> <li>• analyzing the requirements of the financial covenants under the Group's relevant debt agreements;</li> </ul>



<p>The forecasted revenue growth rate is a key assumption in the cash flow forecast of the Group.</p> <p>Based on the significant judgment required, we identified the determination of the need to disclose whether there are material uncertainties that cast significant doubt on the Group's ability to continue as a going concern basis as a key audit matter.</p>	<ul style="list-style-type: none"><li>• evaluating the Group's ability to accurately forecast revenue by comparing previous revenue forecasts with actual outcomes;</li><li>• evaluating the appropriateness of the Group's forecasted revenue growth rates by comparing them to historical revenue growth rates;</li><li>• evaluating, with assistance from our own valuation specialists, the appropriateness of the Group's forecasted revenue growth rates by comparing them against growth rates from publicly available market data for comparable entities;</li><li>• performing a sensitivity analysis to assess the impact of possible changes to the cash flow forecasts; and</li><li>• assessing the adequacy and appropriateness of management's going concern disclosures in the consolidated financial statements.</li></ul>
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#### ***Other information***

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

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

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

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

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



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

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

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

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

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

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



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

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

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

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

#### ***Report on other legal and regulatory requirements***

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

Luxembourg, 17 March 2021

KPMG Luxembourg  
Société coopérative  
Cabinet de révision agréé

Philippe Meyer

## Consolidated Statements of Income (Loss)

<i>(Expressed in millions of US Dollars, except per share data)</i>	Note	Year ended December 31,	
		2020	2019
Net sales	4	<b>1,536.7</b>	3,638.8
Cost of sales		<b>(830.4)</b>	(1,622.0)
Gross profit		<b>706.3</b>	2,016.8
Distribution expenses		<b>(744.6)</b>	(1,203.2)
Marketing expenses		<b>(73.3)</b>	(189.5)
General and administrative expenses		<b>(200.0)</b>	(229.6)
Impairment Charges (exclusive of amounts included in cost of sales)	5, 7, 8, 18(a)	<b>(916.0)</b>	(86.4)
Restructuring Charges (exclusive of amounts included in cost of sales)	6	<b>(54.5)</b>	–
Other income (expenses)	6, 21	<b>15.9</b>	(25.1)
Operating profit (loss)		<b>(1,266.2)</b>	283.0
Finance income	20	<b>3.8</b>	3.2
Finance costs	20	<b>(120.0)</b>	(101.3)
Net finance costs	20	<b>(116.2)</b>	(98.1)
Profit (loss) before income tax		<b>(1,382.4)</b>	184.9
Income tax benefit (expense)	19(a)	<b>94.4</b>	(31.5)
Profit (loss) for the year		<b>(1,288.0)</b>	153.4
Profit (loss) attributable to equity holders		<b>(1,277.7)</b>	132.5
Profit (loss) attributable to non-controlling interests		<b>(10.3)</b>	20.9
Profit (loss) for the year		<b>(1,288.0)</b>	153.4
Earnings (loss) per share			
Basic and diluted earnings (loss) per share <i>(Expressed in US Dollars per share)</i>	13	<b>(0.891)</b>	0.093

The accompanying notes form part of the consolidated financial statements.

## Consolidated Statements of Comprehensive Income (Loss)

<i>(Expressed in millions of US Dollars)</i>	Note	Year ended December 31,	
		2020	2019
Profit (loss) for the year		<b>(1,288.0)</b>	153.4
Other comprehensive income (loss):			
Items that will never be reclassified to profit or loss:			
Re-measurements on defined benefit plans, net of tax	15, 19(c)	<b>(1.9)</b>	(0.3)
		<b>(1.9)</b>	(0.3)
Items that are or may be reclassified subsequently to profit or loss:			
Changes in fair value of hedges, net of tax	14(a), 19(c)	<b>(31.2)</b>	(13.4)
Settlement of interest rate swap agreements	14(a), 19(c)	–	0.2
Foreign currency translation losses for foreign operations	19(c), 20	<b>(26.7)</b>	(0.9)
		<b>(57.9)</b>	(14.1)
Other comprehensive loss		<b>(59.8)</b>	(14.4)
Total comprehensive income (loss) for the year		<b>(1,347.8)</b>	139.0
Total comprehensive income (loss) attributable to equity holders		<b>(1,336.3)</b>	118.8
Total comprehensive income (loss) attributable to non-controlling interests		<b>(11.5)</b>	20.2
Total comprehensive income (loss) for the year		<b>(1,347.8)</b>	139.0

The accompanying notes form part of the consolidated financial statements.

## Consolidated Statements of Financial Position

<i>(Expressed in millions of US Dollars)</i>	Note	December 31, 2020	December 31, 2019
<b>Non-Current Assets</b>			
Property, plant and equipment	7	187.8	267.1
Lease right-of-use assets	18(a)	399.6	613.5
Goodwill	8(a)	849.6	1,339.0
Other intangible assets	8(b)	1,418.3	1,691.1
Deferred tax assets	19(d)	54.5	31.7
Derivative financial instruments	14(a)	–	10.7
Other assets and receivables	9(a)	78.1	45.0
 Total non-current assets		 <b>2,987.9</b>	 3,998.1
<b>Current Assets</b>			
Inventories	10	455.9	587.3
Trade and other receivables	11	141.0	396.0
Prepaid expenses and other assets	9(b)	82.4	97.3
Cash and cash equivalents	12	1,495.0	462.6
 Total current assets		 <b>2,174.3</b>	 1,543.2
 Total assets		 <b>5,162.2</b>	 5,541.3
<b>Equity and Liabilities</b>			
Equity:			
Share capital	24(a)	14.3	14.3
Reserves	24(a)	619.8	1,936.7
 Total equity attributable to equity holders		 <b>634.1</b>	 1,951.0
Non-controlling interests	24(b)	34.9	50.5
 Total equity		 <b>669.0</b>	 2,001.5
<b>Non-Current Liabilities</b>			
Loans and borrowings	14(a)	3,110.1	1,693.9
Lease liabilities	18(b)	386.2	475.1
Employee benefits	15	25.2	25.3
Non-controlling interest put options	24(b)	35.1	64.8
Deferred tax liabilities	19(d)	174.5	223.0
Derivative financial instruments	14(a)	24.3	0.3
Other liabilities		6.5	7.0
 Total non-current liabilities		 <b>3,761.9</b>	 2,489.4
<b>Current Liabilities</b>			
Loans and borrowings	14(b)	47.8	23.6
Current portion of long-term loans and borrowings	14(b)	32.8	37.7
Current portion of lease liabilities	18(b)	145.3	174.9
Employee benefits	15	57.4	84.2
Trade and other payables	16	412.9	675.9
Current tax liabilities	19	35.1	54.1
 Total current liabilities		 <b>731.3</b>	 1,050.4
 Total liabilities		 <b>4,493.2</b>	 3,539.8
 Total equity and liabilities		 <b>5,162.2</b>	 5,541.3
 Net current assets		 <b>1,443.0</b>	 492.8
 Total assets less current liabilities		 <b>4,430.9</b>	 4,490.9

The accompanying notes form part of the consolidated financial statements.

## Consolidated Statements of Changes in Equity

	Note	Number of shares	Share capital	Additional paid-in capital	Reserves				Total equity attributable to equity holders	Non-controlling interests	Total equity
					Translation reserve	Other reserves	Retained earnings				
<b>Year ended December 31, 2020</b>											
Balance, January 1, 2020		1,432,569,771	14.3	1,055.2	(51.6)	80.9	852.2	1,951.0	50.5	2,001.5	
Loss for the year		-	-	-	-	-	(1,277.7)	(1,277.7)	(10.3)	(1,288.0)	
Other comprehensive income (loss):											
Re-measurements on defined benefit plans, net of tax	15(c), 19(c)	-	-	-	-	(1.8)	-	(1.8)	(0.1)	(1.9)	
Changes in fair value of hedges, net of tax	14(a), 19(c)	-	-	-	-	(31.2)	-	(31.2)	0.0	(31.2)	
Foreign currency translation losses for foreign operations	19(c), 20	-	-	-	(25.6)	-	-	(25.6)	(1.1)	(26.7)	
Total comprehensive loss for the year		-	-	-	(25.6)	(33.0)	(1,277.7)	(1,336.3)	(11.5)	(1,347.8)	
Transactions with owners recorded directly in equity:											
Change in fair value of put options included in equity	22(g)	-	-	-	-	-	12.8	12.8	-	12.8	
Share-based compensation expense	15	-	-	-	-	6.6	-	6.6	-	6.6	
Vesting of time-based restricted share awards	15(b)	2,310,676	0.0	5.9	-	(5.9)	-	-	-	-	
Dividends paid to non-controlling interests	13(c)	-	-	-	-	-	-	-	(4.1)	(4.1)	
Balance, December 31, 2020		1,434,880,447	14.3	1,061.1	(77.2)	48.6	(412.7)	634.1	34.9	669.0	

The accompanying notes form part of the consolidated financial statements.

## Consolidated Statements of Changes in Equity (continued)

	Number of shares	Share capital	Additional paid-in capital	Reserves				Total equity attributable to equity holders	Non-controlling interests	Total equity
				Translation reserve	Other reserves	Retained earnings	Total equity			
<i>(Expressed in millions of US Dollars, except number of shares)</i>										
<b>Year ended December 31, 2019</b>										
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 year	-	-	-	-	-	132.5	132.5	20.9	153.4	
Other comprehensive income (loss):										
Re-measurements on defined benefit plans, net of tax	-	-	-	-	(0.3)	-	(0.3)	0.0	(0.3)	
Changes in fair value of hedges, net of tax	-	-	-	-	(13.4)	-	(13.4)	0.0	(13.4)	
Settlement of interest rate swap agreements	-	-	-	-	0.2	-	0.2	-	0.2	
Foreign currency translation losses for foreign operations	-	-	-	(0.2)	-	-	(0.2)	(0.7)	(0.9)	
Total comprehensive income (loss) for the year	-	-	-	(0.2)	(13.5)	132.5	118.8	20.2	139.0	
Transactions with owners recorded directly in equity:										
Change in fair value of put options included in equity	-	-	-	-	-	(6.9)	(6.9)	-	(6.9)	
Cash distributions paid to equity holders	-	-	-	-	-	(125.0)	(125.0)	-	(125.0)	
Share-based compensation expense	-	-	-	-	15.8	-	15.8	-	15.8	
Exercise of share options	222,676	0.0	0.7	-	(0.2)	-	0.5	-	0.5	
Vesting of time-based restricted share awards	1,406,715	0.0	4.3	-	(4.3)	-	-	-	-	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(13.0)	(13.0)	
Balance, December 31, 2019	1,432,569,771	14.3	1,055.2	(51.6)	80.9	852.2	1,951.0	50.5	2,001.5	

The accompanying notes form part of the consolidated financial statements.

## Consolidated Statements of Cash Flows

<i>(Expressed in millions of US Dollars)</i>	Note	Year ended December 31,	
		2020	2019
<b>Cash flows from operating activities:</b>			
Profit (loss) for the year		(1,288.0)	153.4
Adjustments to reconcile profit (loss) for the year to net cash generated from (used in) operating activities:			
Depreciation	7	66.1	80.1
Amortization of intangible assets	8(b)	32.6	32.2
Amortization of lease right-of-use assets	18(a)	156.5	197.4
Impairment Charges	5, 7, 8, 18(a)	920.3	86.4
Change in fair value of put options included in finance costs	20, 22(g)	(16.9)	1.6
Non-cash share-based compensation	15(a)	6.6	15.8
Interest expense on borrowings and lease liabilities	14, 20	129.1	98.0
Income tax (benefit) expense	19(a)	(94.4)	31.5
		(88.1)	696.4
Changes in operating assets and liabilities:			
Trade and other receivables		220.1	17.3
Inventories		140.8	30.4
Other current assets		21.7	3.8
Trade and other payables		(295.1)	(15.8)
Other assets and liabilities		32.5	(1.5)
Cash generated from operating activities		31.9	730.6
Interest paid on borrowings and lease liabilities		(117.9)	(91.1)
Income tax paid		(28.2)	(63.3)
Net cash generated from (used in) operating activities		(114.2)	576.2
<b>Cash flows from investing activities:</b>			
Purchases of property, plant and equipment	7	(20.6)	(55.4)
Other intangible asset additions	8(b)	(5.5)	(19.1)
Other proceeds		-	1.4
Net cash used in investing activities		(26.1)	(73.1)
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of Amended Term Loan A Facility	14(a)	800.0	-
Proceeds from issuance of Incremental Term Loan B Facility	14(a)	600.0	-
Proceeds from drawdown on Amended Revolving Credit Facility	14(a)	810.3	-
Proceeds from issuance of other long-term debt	14(a)	2.6	-
Payment and settlement of Term Loan A Facility	14(a)	(797.0)	-
Payments on term loan facilities	14(a)	(24.7)	(127.5)
Payments of other long-term debt	14(a)	-	(2.3)
Proceeds from (payments of) current loans and borrowings, net	14(b)	21.8	(27.6)
Principal payments on lease liabilities	18(d)	(215.7)	(170.2)
Payment of deferred financing costs	14(a)	(34.8)	-
Proceeds from the exercise of share options	14(c), 15	-	0.5
Cash distributions paid to equity holders	13(c), 14(c)	-	(125.0)
Dividend payments to non-controlling interests	13(c), 14(c)	(4.1)	(13.0)
Net cash provided by (used in) financing activities		1,158.4	(465.1)
Net increase in cash and cash equivalents		1,018.1	38.0
Cash and cash equivalents, at beginning of year		462.6	427.7
Effect of exchange rate changes		14.3	(3.1)
Cash and cash equivalents, at end of year	12	1,495.0	462.6

The accompanying notes form part of the consolidated financial statements.

# Notes to the Consolidated Financial Statements

## 1. BACKGROUND

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

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

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

## 2. BASIS OF PREPARATION

### (a) Statement of Compliance

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

Until December 31, 2012, the Company was preparing consolidated financial statements in accordance with IFRS as adopted by the European Union (“EU”). On October 30, 2013, the Company obtained from the Luxembourg Ministry of Justice, a 3-year authorization to prepare consolidated accounts under IFRS as adopted by the IASB instead of IFRS as adopted by the EU provided that a reconciliation of the equity and result for the year as reported to the equity and result for the year that would have been reported under Luxembourg legal and regulatory requirements or under IFRS as adopted by the EU is disclosed in the consolidated financial statements of the Company. The Company has received authorization from the Luxembourg Ministry of Justice to prepare the consolidated accounts under IFRS as adopted by the IASB through the period ending December 31, 2020.

## 2. BASIS OF PREPARATION (continued)

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

<i>(Expressed in millions of US Dollars)</i>	As of December 31,	
	2020	2019
Equity under IFRS as issued by the IASB	669.0	2,001.5
Reconciling item		
None	—	—
Equity under IFRS as adopted by the EU	669.0	2,001.5

  

	For the year ended December 31,	
	2020	2019
Profit (loss) for the year under IFRS as issued by the IASB	(1,288.0)	153.4
Reconciling item		
None	—	—
Profit (loss) for the year under IFRS as adopted by the EU	(1,288.0)	153.4

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

The consolidated financial statements were authorized for issue by the Board of Directors (the “Board”) on March 17, 2021.

### (b) Basis of Measurement

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

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

### (c) Functional and Presentation Currency

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

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

## **2. BASIS OF PREPARATION** (continued)

### **(d) Use of Judgments, Estimates and Assumptions**

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

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

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

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

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

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

## 2. BASIS OF PREPARATION (continued)

### (e) Changes in Accounting Policies

The IASB has issued a number of new, revised and amended IFRS. For the purpose of preparing the consolidated financial statements for the year ended December 31, 2020, the following revised standards became effective.

#### ***Narrow-scope Amendments to IFRS 3, Business Combinations***

In October 2018, the IASB issued narrow-scope amendments to IFRS 3, *Business Combinations*, to improve the definition of a ‘business’. The amendments will help companies determine whether an acquisition made is of a business or a group of assets. A ‘business’ was previously defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. The new definition of a ‘business’ is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. Distinguishing between a business and a group of assets is important because, amongst others, an acquirer recognizes goodwill only when acquiring a business. The changes became effective for annual reporting periods beginning on or after January 1, 2020. This amendment did not have a material impact on the consolidated financial statements of the Group.

#### ***Amendments to IFRS 9, Financial Instruments***

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

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

#### ***Amendments to IFRS 16, Leases***

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

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

## **2. BASIS OF PREPARATION** (continued)

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- there is no substantive change to the other terms and conditions of the lease.

Generally, the lessee will recognize the benefit of the rent concession, that meet the conditions of the practical expedient, in profit or loss as if it were a variable lease payment. If a rent concession does not qualify for the practical expedient or the lessee chooses not to apply the practical expedient, then the regular guidance under IFRS 16 will continue to apply. The Group recorded all such short-term rent concessions, amounting to a benefit of US\$28.7 million for the year ended December 31, 2020, as a benefit to variable rent expense, primarily presented in distribution expenses, in the consolidated statements of income (loss). See note 18(e) Rent Concessions under IFRS 16 for further discussion.

### **(f) Impact of COVID-19**

The COVID-19 pandemic has caused a global health emergency and significant disruptions to travel, tourism and economies worldwide. During the year ended December 31, 2020 the impacts of COVID-19 on the Company's business were significant due to government-mandated lockdowns that led to temporary closures of retail stores in which the Company's products are sold, quarantines and social-distancing required or recommended by governments, and significant reductions in travel and discretionary spending among consumers, which reduced demand for many of the Group's products (collectively, the "COVID-19 Impacts").

These measures, along with the overall impacts of the COVID-19 pandemic, 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 as the COVID-19 Impacts, which initially affected the Group's business in China, began to affect the Group's business globally. During the second quarter of 2020, when most of the Group's markets were significantly affected by the COVID-19 Impacts, net sales decreased by US\$722.6 million, or 78.2% (-77.9% constant currency), year-on-year. 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 governments loosened restrictions and certain of the Group's markets began reopening. During the fourth quarter of 2020, the Group's net sales decreased by US\$553.9 million, or 57.6% (-58.1% constant currency), as more of the Group's markets reopened as a result of governments further loosening restrictions. Overall, the Group's net sales for the year ended December 31, 2020 decreased by US\$2,102.1 million, or 57.8% (-57.5% constant currency), compared to the year ended December 31, 2019 due to the COVID-19 Impacts.

During 2020, the Group's management has taken steps to enhance the Company's liquidity and further improve its resilience. In order to strengthen the Company's financial flexibility in order to navigate the challenges from COVID-19, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into 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 (USD equivalent at the applicable exchange rate on the borrowing date) 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 (as defined in note 14 Loans and Borrowings).

## 2. BASIS OF PREPARATION (continued)

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), and reset the principal amortization schedule for the term loan A facility. See note 14 Loans and Borrowings 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. As of December 31, 2020, the carrying amount of the Group's loans and borrowings was US\$3,190.6 million, net of US\$39.9 million in deferred financing costs. Cash and cash equivalents held by the Group amounted to US\$1,495.0 million as of December 31, 2020. Along with US\$23.4 million available to be borrowed on the Group's Amended Revolving Credit Facility (as defined below), the Group had total liquidity of US\$1,518.3 million (calculated as the sum of cash and cash equivalents per the consolidated statements of financial position plus available capacity on the Amended Revolving Credit Facility (as defined in note 14 Loans and Borrowings further below)) as of December 31, 2020, and was therefore in compliance with the US\$500.0 million minimum liquidity required under the Company's credit agreement during the Suspension Period (as defined below).

In response to the decline in net sales during the year ended December 31, 2020 due to COVID-19, in addition to the strengthening of the Company's liquidity, the Group has taken meaningful actions to manage the impacts of COVID-19 on its consolidated operating results. The Group has reduced its operating expenses to mitigate the impact of lower sales on profit and cash flow. The Group's management continues to evaluate additional opportunities to reduce expenses.

For the year ended December 31, 2020, the Group reduced its marketing expenditures by US\$116.3 million, or 61.3%, to US\$73.3 million, compared to 2019. The Group implemented comprehensive measures to conserve cash, including the temporary suspension of the annual cash distribution to shareholders (US\$125.0 million annual cash distribution was paid to shareholders in 2019) and a virtual freeze on capital expenditures. The Group spent US\$26.1 million on capital expenditures (including software purchases) during the year ended December 31, 2020, compared to capital expenditures (including software purchases) of US\$74.5 million in 2019. Following the onset of the COVID-19 pandemic, the Group spent US\$6.9 million on capital expenditures (including software purchases) from April 2020 through December 2020, compared to US\$57.2 million spent during the same time period in 2019.

The Group realized fixed cost savings from a combination of permanent and temporary actions during the year ended December 31, 2020. Permanent actions consisted primarily of headcount reductions and savings from closing stores. Temporary actions consisted primarily of furloughs, temporary headcount reductions, eliminating bonuses, salary reductions, temporary rent reductions and other expense reductions, such as travel and entertainment and professional services. See note 6 Restructuring Charges for further discussion.

In addition to these actions, the Group continues to work 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 evaluate additional areas of cost savings in response to the impacts on the business from the COVID-19 pandemic.

## 2. BASIS OF PREPARATION (continued)

The Group also has the ability to take additional actions, if needed, during 2021 to further reduce costs, optimize the Group's cash flow and preserve liquidity, including:

- reducing non-essential capital expenditures;
- deferring or canceling discretionary expenditures;
- freezing recruitment of non-essential employees; and
- reducing marketing expenditures.

The Company's credit agreement requires the Company and each of its subsidiaries to comply with certain restrictive covenants, including certain financial covenants. 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 amendments noted above suspended the requirement for the Group to test the Financial Covenants from the beginning of the second quarter of 2020 through the end of the second quarter of 2021 (the "Suspension Period"). 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.

Although the Company was in compliance with the minimum liquidity covenant at December 31, 2020 and remains in compliance with such covenant as of the date hereof, a prolonged downturn in the Company's business, including an extended downturn caused by the impacts of the COVID-19 pandemic, could result in a breach of the minimum liquidity covenant or, following the end of the Suspension Period, a breach of the total net leverage ratio and minimum interest coverage ratio covenants which, if not cured or waived, could have a material adverse effect on the Company's financial condition and results of operations. The principal risks associated with the Company's leverage include the following:

- the Company's ability to obtain additional financing in the future for acquisitions, capital expenditures, general corporate purposes or other purposes could be limited;
- the Company's borrowings under the credit agreement accrue interest at variable rates, and, increases in certain benchmark interest rates would increase the Company's cost of borrowing (note, however, that the Group maintained interest rate swaps with respect to approximately 27% of the principal amount of the Amended Senior Credit Facilities at December 31, 2020, which reduces a portion of the Company's exposure to interest rate increases);
- the Company's leverage could increase its vulnerability to declining economic conditions, including the adverse impact on the Company's business from COVID-19, particularly if the decline is prolonged;

## **2. BASIS OF PREPARATION (continued)**

- failure to comply with any of the covenants under the credit agreement or the Indenture could result in an event of default which, if not cured or waived, could have a material adverse effect on the Company's financial condition and results of operations, and may cast doubt on the Group's ability to continue as a going concern;
- financial and restrictive covenants under the credit agreement, and restrictive covenants under the Indenture, could adversely affect or limit the Company's ability to, among other things, implement business plans, react to changes in economic conditions or return capital to the Company's shareholders (whether through cash distributions, share repurchases, or otherwise); and
- a substantial portion of the Company's cash and cash flow from operations must be used to pay principal and interest on the Senior Credit Facilities and interest on the Senior Notes until maturity, therefore reducing the cash flow available to fund the Company's operations, capital expenditures and other business opportunities.

The Group's management has reviewed the Group's cash flow projections that were prepared by management, including the potential effects of certain downside scenarios. Based on these projections, the Company believes the Group will meet its financial obligations as and when they fall due and will comply with the Financial Covenants at least through March 31, 2022. As such, the consolidated financial statements have been prepared on a going concern basis of accounting.

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

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Significant Accounting Policies**

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

### **(b) Principles of Consolidation**

#### **(i) Subsidiaries**

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

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

#### **(ii) Non-controlling Interests**

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

#### **(iii) Business Combinations**

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

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

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

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

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

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(c) Foreign Currency Translation**

##### **(i) Foreign Currency Transactions**

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

##### **(ii) Foreign Operations**

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

#### **(d) Segment Reporting**

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

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

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

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(e) Property, Plant and Equipment**

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

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

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

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

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

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

#### **(f) Leases**

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

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

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

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

#### **Rent Concessions from Impact of COVID-19**

Due to the impact of the COVID-19 pandemic, many lessees have sought rent concessions from lessors. Rent concessions generally and usually meet the definition of a lease modification and consequential accounting. The IASB has issued amendments to IFRS 16 to simplify how lessees account for rent concessions. The amendment became effective for annual reporting periods beginning on or after June 1, 2020 with earlier application permitted.

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

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- there is no substantive change to the other terms and conditions of the lease.

Generally, the lessee will recognize the benefit of the rent concession, that meet the conditions of the practical expedient, in profit or loss as if it were a variable lease payment. If a rent concession does not qualify for the practical expedient or the lessee chooses not to apply the practical expedient, then the regular guidance under IFRS 16 will continue to apply. The Group recorded all such short-term rent concessions, amounting to a benefit of US\$28.7 million for the year ended December 31, 2020, as a benefit to variable rent expense, primarily presented in distribution expenses, in the consolidated statements of income (loss). See note 18(e) Rent Concessions under IFRS 16 for further discussion.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) Goodwill and Other Intangible Assets

##### (i) Goodwill

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

##### (ii) Intangible Assets (Other Than Goodwill)

Intangible assets primarily consist of tradenames, customer relationships and computer software costs. The values ascribed to intangible assets have not been generated internally.

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

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

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

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

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

#### (h) Impairment

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

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

#### **(ii) Non-financial Assets**

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

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

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

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

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

#### **(i) Inventories**

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

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

#### **(j) Trade and Other Receivables**

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

#### **(k) Cash and Cash Equivalents**

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

#### **(l) Interest-bearing Borrowings**

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(m) Financial Instruments**

##### **(i) Non-derivative Financial Assets and Liabilities**

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

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

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

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

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

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

##### **(ii) Derivative Financial Instruments**

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

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

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

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

#### **(iii) Share Capital**

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

#### **(n) Employee Benefits**

##### **(i) Defined Contribution Plans**

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(ii) Defined Benefit Plans**

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

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

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

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

#### **(iii) Other Long-term Employee Benefits**

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(iv) Termination Benefits**

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

#### **(v) Short-term Employee Benefits**

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

#### **(vi) Share-based Compensation**

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

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

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

#### **(o) Income Taxes**

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

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

#### **(p) Revenue Recognition**

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

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

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

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

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

#### **(r) Finance Income and Costs**

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

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

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

#### **(s) Earnings (Loss) Per Share**

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(t) Provisions and Contingent Liabilities**

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

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

#### **(u) New Standards and Interpretations**

Certain new standards, amendments to standards and interpretations that may be applicable to the Group are not yet effective for the year ended December 31, 2020, and have not been applied in preparing these consolidated financial statements.

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

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

In May 2020, the IASB issued amendments to IAS 16, *Property, Plant and Equipment – Proceeds before Intended Use* ("IAS 16"), which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendments to IAS 16 are effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The Group is currently evaluating the impact of the amendments to IAS 16 on its consolidated financial statements.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

In August 2020, the IASB issued Interest Rate Benchmark Reform – Phase 2 (“IBOR Reform – Phase 2 Amendments”), which amends IFRS 9, *Financial Instruments*, IAS 39, *Financial Instruments: Recognition and Measurement*, IFRS 7, *Financial Instruments: Disclosures*, IFRS 4, *Insurance Contracts* and IFRS 16, *Leases*. The IBOR Reform Phase 2 Amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. These amendments complement those issued in 2019 and focus on issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). The amendments are effective for annual periods beginning on or after January 1, 2021, with earlier application permitted. This amendment is not expected to have a material impact on the consolidated financial statements of the Group.

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

### **4. SEGMENT REPORTING**

#### **(a) Operating Segments**

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

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

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

#### 4. SEGMENT REPORTING (continued)

Segment information as of and for the years ended December 31, 2020 and December 31, 2019 is as follows:

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

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31, 2019					
	North			Latin		
	America	Asia	Europe	America	Corporate <sup>(5)</sup>	Consolidated
External revenues	1,363.4	1,313.4	792.2	166.7	3.1	3,638.8
Operating profit (loss)	52.8	242.0	65.6	(7.8)	(69.6)	283.0
Depreciation and amortization <sup>(1)</sup>	107.9	97.6	79.3	21.9	3.0	309.7
Capital expenditures	20.4	22.9	7.5	4.3	0.3	55.4
Impairment Charges	74.0	1.8	9.6	0.9	0.1	86.4
Finance income	0.2	0.8	0.2	0.1	1.9	3.2
Finance costs <sup>(4)</sup>	(16.8)	(7.3)	(7.5)	(1.2)	(68.5)	(101.3)
Income tax (expense) benefit	15.6	(41.2)	(10.8)	2.4	2.5	(31.5)
Total assets	2,126.7	1,362.1	787.1	182.9	1,082.5	5,541.3
Total liabilities	1,316.1	513.1	481.6	109.8	1,119.2	3,539.8

#### Notes

- (1) Depreciation and amortization expense for the years ended December 31, 2020 and December 31, 2019 includes amortization expense associated with lease right-of-use assets recorded in accordance with IFRS 16.
- (2) Impairment Charges for the year ended December 31, 2020 include US\$4.3 million of impairment charges recognized in cost of sales.
- (3) Restructuring Charges for the year ended December 31, 2020 include US\$8.5 million of restructuring charges recognized in cost of sales.
- (4) Finance costs for the years ended December 31, 2020 and December 31, 2019 primarily include interest expense on financial liabilities, which includes the amortization of deferred financing costs, interest expense on lease liabilities in accordance with IFRS 16, change in the fair value of put options and unrealized (gains) losses on foreign exchange that are presented on a net basis.
- (5) The Corporate segment's total assets and total liabilities include inter-company elimination entries that occur across all segments of the Company.

#### 4. SEGMENT REPORTING (continued)

The following table sets forth a disaggregation of net sales by brand for the years ended December 31, 2020 and December 31, 2019:

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31,	
	2020	2019
Net sales by brand:		
<i>Samsonite</i>	<b>672.9</b>	1,654.9
<i>Tumi</i>	<b>321.6</b>	767.0
<i>American Tourister</i>	<b>244.5</b>	654.9
<i>Speck</i>	<b>96.4</b>	123.9
<i>Gregory</i>	<b>51.2</b>	69.8
<i>High Sierra</i>	<b>25.9</b>	63.2
Other <sup>(1)</sup>	<b>124.2</b>	305.1
Net sales	<b>1,536.7</b>	3,638.8

Note

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

The following table sets forth a disaggregation of net sales by product category for the years ended December 31, 2020 and December 31, 2019:

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31,	
	2020	2019
Net sales by product category:		
Travel	<b>763.0</b>	2,162.3
Non-travel <sup>(1)</sup>	<b>773.7</b>	1,476.5
Net sales	<b>1,536.7</b>	3,638.8

Note

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

#### 4. SEGMENT REPORTING (continued)

The following table sets forth a disaggregation of net sales by distribution channel for the years ended December 31, 2020 and December 31, 2019:

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31,	
	2020	2019
Net sales by distribution channel:		
Wholesale	957.8	2,290.4
Direct-to-consumer ("DTC") <sup>(1)</sup>	576.9	1,345.4
Other <sup>(2)</sup>	2.0	3.1
Net sales	1,536.7	3,638.8

Notes

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

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

#### (b) Geographical Information

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

#### 4. SEGMENT REPORTING (continued)

##### (i) Revenue from External Customers

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

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31,	
	2020	2019
<b>North America:</b>		
United States	578.9	1,299.6
Canada	23.5	63.7
Total North America	602.5	1,363.4
<b>Asia:</b>		
China	166.8	306.1
Japan	115.6	217.2
South Korea	77.5	184.3
India	60.5	174.1
Hong Kong <sup>(1)</sup>	43.6	152.2
Australia	19.6	67.4
Indonesia	19.5	42.1
Thailand	13.4	33.6
Taiwan	12.6	27.0
Singapore	12.0	41.4
United Arab Emirates	9.8	44.0
Other	7.8	24.0
Total Asia	558.6	1,313.4
<b>Europe:</b>		
Belgium <sup>(2)</sup>	72.0	143.9
Germany	48.0	119.6
Italy	31.9	82.0
France	28.0	77.8
Russia	24.5	60.6
Spain	20.1	58.1
United Kingdom <sup>(3)</sup>	17.8	76.7
Netherlands	10.4	32.9
Austria	7.7	22.8
Turkey	7.5	20.2
Switzerland	6.9	19.6
Sweden	6.9	17.4
Norway	4.4	13.6
Other	16.3	47.1
Total Europe	302.5	792.2
<b>Latin America:</b>		
Chile	32.9	57.4
Mexico	14.6	56.3
Brazil <sup>(4)</sup>	8.5	19.5
Other	15.2	33.6
Total Latin America	71.2	166.7
<b>Corporate and other (royalty revenue):</b>		
Luxembourg	2.0	3.0
United States	0.0	0.1
Total Corporate and other	2.0	3.1
<b>Total</b>	<b>1,536.7</b>	<b>3,638.8</b>

#### Notes

- (1) Net sales reported for Hong Kong include net sales made domestically, net sales made in Macau as well as net sales to distributors in certain other Asian markets.
- (2) Net sales in Belgium were US\$6.7 million and US\$22.1 million for the years ended December 31, 2020 and December 31, 2019, respectively. Remaining sales consisted of direct shipments to distributors, customers and agents in other European countries, including e-commerce.
- (3) Net sales reported for the United Kingdom include net sales made in Ireland.
- (4) Excludes sales made to distributors in Brazil from outside the country.

#### 4. SEGMENT REPORTING (continued)

##### (ii) Specified Non-current Assets

The following table presents the Group's specific material non-current assets by location at December 31, 2020 and December 31, 2019. Specific material non-current assets are disclosed based on the subsidiary's country of domicile. For the years ended December 31, 2020 and December 31, 2019, non-current assets mainly comprise tradenames, customer relationships, property, plant and equipment, lease right-of-use assets and deposits.

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31,	
	2020	2019
United States	1,231.9	1,851.2
Luxembourg	649.0	688.5
Japan	96.1	61.5
Belgium	83.1	91.8
China	41.4	43.8
India	35.6	32.4
Hungary	27.8	33.8
Chile	26.0	33.9
South Korea	21.6	24.4
Germany	21.5	30.9
Hong Kong	21.3	45.1
Italy	20.1	25.3
Canada	17.1	23.7
France	16.4	34.6
United Kingdom	13.8	32.6
Mexico	12.3	26.1
Spain	11.0	24.5
Russia	9.8	22.0

#### 5. IMPAIRMENT CHARGES

In accordance with International Accounting Standards ("IAS") 36, *Impairment of Assets* ("IAS 36"), the Group is required to evaluate its intangible assets with indefinite lives at least annually or when an event has occurred or circumstances change that would more likely than not reduce the recoverable amount of a CGU below its carrying value. 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 or CGU.

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

## 5. IMPAIRMENT CHARGES (continued)

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

During the year ended December 31, 2019, the Group recognized an impairment charge of US\$48.0 million for assets attributable to the ebags business. The Group made a strategic decision to reduce the sales of third-party brands on the ebags e-commerce website to improve profitability. It was further decided to accelerate this shift to focus on *Samsonite* and the Group's other owned brands, including *ebags*-branded luggage and bags. As a result of the reduction in net sales of third-party brands through the ebags e-commerce website, it was determined that the carrying amount of its *ebags* tradename and certain other assets were higher than their respective recoverable amounts, resulting in a US\$48.0 million impairment charge.

Based on an evaluation of loss-making stores during the year ended December 31, 2019 due to under-performance, the Group recognized impairment charges totaling US\$38.4 million, comprised of the write-off of US\$27.5 million of lease right-of-use assets associated with such stores and a US\$10.9 million impairment for property, plant and equipment, including leasehold improvements, of such stores.

The following table sets forth a breakdown of the impairment charges for the year ended December 31, 2020 and for the year ended December 31, 2019.

		Year ended December 31,	
		2020	2019
<i>(Expressed in millions of US Dollars)</i>			
	Line item in consolidated statements of income (loss) where impairment charges recorded:	<b>Impairment charges</b>	Impairment charges
Impairment charges recognized on:			
Property, plant and equipment	Cost of sales	<b>4.3</b>	–
	Impairment charges included in cost of sales	<b>4.3</b>	–
Goodwill	Impairment Charges	<b>496.0</b>	–
Tradenames	Impairment Charges	<b>248.8</b>	48.0
Lease right-of-use assets	Impairment Charges	<b>140.3</b>	27.5
Property, plant and equipment	Impairment Charges	<b>31.0</b>	10.9
	Impairment charges (exclusive of amounts included in cost of sales)	<b>916.0</b>	86.4
Total impairment charges		<b>920.3</b>	86.4

## 5. IMPAIRMENT CHARGES (continued)

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

The 2020 impairment charges of US\$916.0 million, (which excludes US\$4.3 million of impairment charges in cost of sales) and the 2019 impairment charges of US\$86.4 million were recorded in the Group's consolidated statements of income (loss) in the line item "Impairment Charges". See also note 7 Property, Plant and Equipment, note 8 Goodwill and Other Intangible Assets and note 18 Leases below for further discussion.

## 6. RESTRUCTURING CHARGES

The following table sets forth a breakdown of the restructuring charges for the year ended December 31, 2020. The Company did not record any restructuring charges during the year ended December 31, 2019, but did recognize costs associated with certain profit improvement initiatives within other expenses as discussed below.

<i>(Expressed in millions of US Dollars)</i>	<b>Year ended December 31, 2020</b>
	<b>Restructuring charges</b>
Functional Area	
Restructuring charges included in cost of sales	<b>8.5</b>
Restructuring charges attributable to distribution function	<b>44.8</b>
Restructuring charges attributable to general and administrative function	<b>9.7</b>
Restructuring charges (exclusive of amounts included in cost of sales)	<b>54.5</b>
Total restructuring charges	<b>63.0</b>

Beginning in March 2020, the Group 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 year ended December 31, 2020, the Group recognized restructuring charges of US\$63.0 million primarily for severance costs associated with reductions in personnel, store closure costs and certain other costs incurred to implement profit improvement initiatives. Severance costs were accounted for in accordance with IAS 19, *Employee Benefits*.

Expenses related to personnel have historically been classified primarily in cost of sales, distribution expenses and general and administrative expenses, and occupancy costs have historically been classified as distribution expenses on the consolidated statements of income (loss) using the function of expense presentation method. The 2020 restructuring charges of US\$54.5 million, (which excludes US\$8.5 million of restructuring charges in cost of sales) were recorded in the Group's consolidated statements of income (loss) in the line item "Restructuring Charges".

## 6. RESTRUCTURING CHARGES (continued)

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

During the year ended December 31, 2019 the Group recognized US\$16.0 million of severance and store closure costs incurred in connection with certain profit improvement initiatives undertaken by the Group's management. These costs were recorded in the Group's consolidated statements of income (loss) in the line item "Other income (expenses)".

### Restructuring Charges Accrual Activity

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

<i>(Expressed in millions of US Dollars)</i>	<b>Total</b>
Balance at January 1, 2020	–
Restructuring expense recognized during the year	<b>63.3</b>
Amounts paid during the year	<b>(40.6)</b>
Restructuring expense reversed during the year	<b>(0.3)</b>
Foreign exchange/other changes during the period	<b>2.5</b>
Balance at December 31, 2020	<b>24.8</b>

## 7. PROPERTY, PLANT AND EQUIPMENT

The historical cost and accumulated depreciation for property, plant and equipment as of December 31, 2020 and December 31, 2019 was as follows:

<i>(Expressed in millions of US Dollars)</i>	Land	Buildings	Machinery, equipment, leasehold improvements and other	Total
<b>2020</b>				
Historical cost	12.1	95.7	730.4	838.2
Accumulated depreciation and impairment	(1.4)	(43.6)	(605.3)	(650.3)
Net carrying amount as of December 31, 2020	10.7	52.1	125.1	187.8
<b>2019</b>				
Historical cost	11.6	89.4	773.2	874.2
Accumulated depreciation and impairment	(1.2)	(37.9)	(567.9)	(607.0)
Net carrying amount as of December 31, 2019	10.3	51.4	205.3	267.1

The changes in the carrying amount for property, plant and equipment for the years ended December 31, 2020 and December 31, 2019 are as follows:

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

<i>(Expressed in millions of US Dollars)</i>	Land	Buildings	Machinery, equipment, leasehold improvements and other	Total
Net carrying amount as of January 1, 2019	10.5	54.7	245.8	310.9
Additions	-	1.4	54.0	55.4
Depreciation	-	(2.9)	(77.2)	(80.1)
Disposals	-	(0.0)	(2.9)	(2.9)
Impairments	-	-	(10.9)	(10.9)
Exchange differences and other movements	(0.1)	(1.7)	(3.5)	(5.4)
Net carrying amount as of December 31, 2019	10.3	51.4	205.3	267.1

## **7. PROPERTY, PLANT AND EQUIPMENT (continued)**

Depreciation expense for the years ended December 31, 2020 and December 31, 2019 amounted to US\$66.1 million and US\$80.1 million, respectively. Of this amount, US\$16.6 million and US\$15.5 million was included in cost of sales during the years ended December 31, 2020 and December 31, 2019, respectively. Remaining amounts were presented in distribution and general and administrative expenses. All land owned by the Group is freehold.

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

Based on an evaluation of loss-making stores during the year ended December 31, 2019 due to under-performance, the Group recognized impairment charges totaling US\$10.9 million for property, plant and equipment, including leasehold improvements, of such stores.

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

Of the US\$35.3 million in impairment charges recognized for the year ended December 31, 2020, US\$31.0 million was recorded in the Group's consolidated statements of income (loss) in the line item "Impairment Charges" and US\$4.3 million was recorded in cost of sales. For the year ended December 31, 2019, impairment charges of US\$10.9 million were recorded in the Group's consolidated statements of income (loss) in the line item "Impairment Charges" (see also note 5 Impairment Charges, note 8 Goodwill and Other Intangible Assets and note 18 Leases).

### **Capital Commitments**

Capital commitments outstanding as of December 31, 2020 and December 31, 2019 were US\$1.6 million and US\$6.9 million, respectively, which were not recognized as liabilities in the consolidated statements of financial position as they have not met the recognition criteria.

## 8. GOODWILL AND OTHER INTANGIBLE ASSETS

### (a) Goodwill

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

The carrying amount of goodwill was as follows:

<i>(Expressed in millions of US Dollars)</i>	December 31, 2020	December 31, 2019
<b>Cost:</b>		
As of January 1	2,308.8	2,309.9
Exchange differences	6.6	(1.1)
As of December 31	2,315.4	2,308.8
<b>Accumulated impairment losses:</b>		
As of January 1	(969.8)	(969.8)
Impairments	(496.0)	–
As of December 31	(1,465.8)	(969.8)
Carrying amount	849.6	1,339.0

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

<i>(Expressed in millions of US Dollars)</i>	North America	Asia	Europe	Latin America	Consolidated
As of December 31, 2020	297.1	491.1	61.4	–	849.6
As of December 31, 2019	742.1	539.7	57.2	–	1,339.0

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 valuations performed by a third-party specialist engaged by the Company, management determined that the carrying values of certain CGUs exceeded their recoverable amounts, resulting in impairment charges totaling US\$496.0 million. The Company completed its annual evaluation during the fourth quarter of 2020 and management determined there were no further impairments on its CGUs. These impairment charges for the year ended December 31, 2020 were recorded in the Group's consolidated statements of income (loss) in the line item "Impairment Charges" (see also note 5 Impairment Charges, note 7 Property, Plant and Equipment and note 18 Leases). There were no impairment indicators on the Group's CGUs during the year ended December 31, 2019.

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

## 8. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

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

- Pre-tax discount rates of 10.5%-12.0% were used in discounting the projected cash flows. The pre-tax discount rates were calculated for each CGU.
- Pre-tax cash flows were projected based on the historical operating results and forecasts.
- The terminal values were extrapolated using constant long-term growth rate of 3.0%, which is consistent with the average growth rate for the industry.

Judgment is required to determine key assumptions adopted in the cash flow projections and the changes to key assumptions can significantly affect these cash flow projections. Management has considered the above assumptions and valuation and has also taken into account the business plans going forward. Actual results will be influenced by the prevailing economic conditions and potentially other unforeseen events or circumstances that could have a negative impact on future results. Changes in key assumptions could impact calculated recoverable values and may result in further impairment.

### (b) Other Intangible Assets

The historical cost and accumulated amortization for other intangible assets as of December 31, 2020 and December 31, 2019 was as follows:

<i>(Expressed in millions of US Dollars)</i>	Customer			Total
	Tradenames	Relationships	Other	
<b>2020</b>				
Historical cost	1,582.7	276.8	48.9	1,908.3
Accumulated amortization and impairments	(293.8)	(167.2)	(29.1)	(490.1)
Net carrying amount as of December 31, 2020	1,288.9	109.6	19.8	1,418.3
<b>2019</b>				
Historical cost	1,582.5	272.9	50.3	1,905.6
Accumulated amortization and impairments	(45.0)	(141.0)	(28.4)	(214.4)
Net carrying amount as of December 31, 2019	1,537.5	131.8	21.9	1,691.1

## 8. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

The changes in the carrying amount for other intangible assets for the years ended December 31, 2020 and December 31, 2019 are as follows:

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

<i>(Expressed in millions of US Dollars)</i>	Customer			Total
	Tradenames	Relationships	Other	
Net carrying amount as of January 1, 2019	1,582.7	156.9	31.8	1,771.3
Additions	-	-	19.1	19.1
Amortization	-	(24.1)	(8.1)	(32.2)
Impairments	(45.0)	-	(3.0)	(48.0)
Transfers to lease right-of-use assets	-	-	(18.2)	(18.2)
Exchange differences and other movements	(0.3)	(1.0)	0.4	(0.9)
Net carrying amount as of December 31, 2019	1,537.5	131.8	21.9	1,691.1

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

<i>(Expressed in millions of US Dollars)</i>	December 31, 2020	December 31, 2019
<i>Tumi</i>	628.6	845.0
<i>Samsonite</i>	462.5	462.5
<i>American Tourister</i>	70.0	70.0
<i>Gregory</i>	38.6	38.6
<i>Speck</i>	36.8	36.8
<i>High Sierra</i>	20.0	39.9
<i>Hartmann</i>	10.0	16.5
<i>Lipault</i>	10.0	12.3
<i>ebags</i>	6.8	10.5
Other	5.7	5.4
Total tradenames	1,288.9	1,537.5

Amortization expense for intangible assets for the years ended December 31, 2020 and December 31, 2019 was US\$32.6 million and US\$32.2 million, respectively, and is presented primarily in distribution expenses in the consolidated statements of income (loss). Future amortization expense related to finite life intangible assets as of December 31, 2020 for the next five years is estimated to be US\$31.9 million, US\$22.1 million, US\$16.2 million, US\$14.2 million, US\$18.5 million and a total of US\$26.5 million thereafter.

## 8. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

As a result of overall market conditions caused by the COVID-19 pandemic, the Group determined there were indicators of potential impairment on its indefinite lived intangible assets during the first quarter of 2020. Based on valuations performed by a third-party specialist engaged by the Company, management determined that the carrying values of certain tradenames exceeded their recoverable amounts, resulting in impairment charges totaling US\$236.0 million recognized during the first quarter of 2020. The Company completed its annual evaluation during the fourth quarter of 2020 and management determined that the carrying values of certain tradenames were greater than their recoverable amounts, resulting in additional impairment charges totaling US\$12.8 million. Total impairment charges related to certain tradenames amounted to US\$248.8 million during the year ended December 31, 2020.

During the year ended December 31, 2019, the Group recognized an impairment charge of US\$48.0 million for assets attributable to the ebags business. The Group made a strategic decision to reduce the sales of third-party brands on the ebags e-commerce website to improve profitability. It was further decided to accelerate this shift to focus on Samsonite and the Group's other owned brands, including *ebags*-branded luggage and bags. As a result of the reduction in net sales of third-party brands through the ebags e-commerce website, it was determined that the carrying amount of its *ebags* tradename and certain other assets were higher than their respective recoverable amounts, resulting in a US\$48.0 million impairment charge.

These impairment charges for the years ended December 31, 2020 and December 31, 2019 were recorded in the Group's consolidated statements of income (loss) in the line item "Impairment Charges" (see also note 5 Impairment Charges, note 7 Property, Plant and Equipment and note 18 Leases).

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

- Pre-tax discount rates of 10.5%-11.5% were used. The pre-tax discount rates were calculated separately for each tradename.
- Revenues were based on anticipated selling prices and projected based on the historical operating results, forecasts and royalty rates based on recent transfer pricing studies in the jurisdictions the Group operates in.
- The terminal values were extrapolated using constant long-term growth rates of 3.0%, which is consistent with the average growth rate for the industry.

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

## 9. PREPAID EXPENSES, OTHER ASSETS AND RECEIVABLES

### (a) Non-current

Other assets and receivables consisted of the following:

<i>(Expressed in millions of US Dollars)</i>	<b>December 31, 2020</b>	December 31, 2019
Deposits	<b>36.6</b>	39.0
Other	<b>41.6</b>	6.0
Total other assets and receivables	<b>78.1</b>	45.0

### (b) Current

Prepaid expenses and other current assets consisted of the following:

<i>(Expressed in millions of US Dollars)</i>	<b>December 31, 2020</b>	December 31, 2019
Prepaid income taxes	<b>37.7</b>	30.8
Prepaid value-added tax	<b>23.1</b>	28.7
Prepaid advertising	<b>3.2</b>	5.5
Prepaid insurance	<b>3.0</b>	3.5
Prepaid other	<b>15.3</b>	28.7
Total prepaid expenses and other assets	<b>82.4</b>	97.3

## 10. INVENTORIES

Inventories consisted of the following:

<i>(Expressed in millions of US Dollars)</i>	<b>December 31, 2020</b>	December 31, 2019
Raw materials	<b>23.9</b>	28.0
Work in process	<b>1.6</b>	2.0
Finished goods	<b>430.3</b>	557.3
Total inventories	<b>455.9</b>	587.3

The amounts above as of December 31, 2020 and December 31, 2019 include inventories carried at net realizable value (estimated selling price less costs to sell) of US\$103.2 million and US\$61.1 million, respectively. During the years ended December 31, 2020 and December 31, 2019, the write-down of inventories to net realizable value amounted to US\$66.6 million and US\$23.3 million, respectively. During the years ended December 31, 2020 and December 31, 2019 the reversal of reserves recognized in profit or loss amounted to US\$5.6 million and US\$8.1 million, respectively.

## 11. TRADE AND OTHER RECEIVABLES

Trade and other receivables are presented net of related allowances for doubtful accounts of US\$32.4 million and US\$16.9 million as of December 31, 2020 and December 31, 2019, respectively. The increase in the allowances for doubtful accounts was due to the impact on the Group's wholesale customers from the challenging economic conditions caused by the COVID-19 pandemic.

### (a) Aging Analysis

Included in trade and other receivables are trade receivables (net of allowance for doubtful accounts) of US\$129.8 million and US\$380.7 million as of December 31, 2020 and December 31, 2019, respectively, with the following aging analysis by due date of the respective invoice:

<i>(Expressed in millions of US Dollars)</i>	<b>December 31, 2020</b>	December 31, 2019
Current	<b>109.9</b>	304.6
0 – 30 days past due	<b>18.7</b>	46.9
Greater than 30 days past due	<b>1.2</b>	29.2
Total trade receivables, net of allowance	<b>129.8</b>	380.7

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

### (b) Impairment of Trade Receivables

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

The movement in the allowance for doubtful accounts during the years ended December 31, 2020 and December 31, 2019 were as follows:

<i>(Expressed in millions of US Dollars)</i>	<b>December 31, 2020</b>	December 31, 2019
As of January 1	<b>16.9</b>	14.8
Impairment loss recognized	<b>28.4</b>	5.2
Impairment loss written back or off	<b>(12.9)</b>	(3.1)
As of December 31	<b>32.4</b>	16.9

## 12. CASH AND CASH EQUIVALENTS

<i>(Expressed in millions of US Dollars)</i>	<b>December 31, 2020</b>	December 31, 2019
Bank balances	<b>1,431.8</b>	448.0
Overnight sweep accounts and time deposits	<b>63.2</b>	14.6
Total cash and cash equivalents	<b>1,495.0</b>	462.6

Cash and cash equivalents are generally denominated in the functional currency of the respective Group entities. There were no restrictions on the use of any of the Group's cash or cash equivalents as of December 31, 2020 and December 31, 2019.

### 13. EARNINGS (LOSS) PER SHARE AND SHARE CAPITAL

#### (a) Basic earnings (loss) per share

The calculation of basic earnings (loss) per share is based on the profit (loss) attributable to the equity holders of the Company for the years ended December 31, 2020 and December 31, 2019.

<i>(Expressed in millions of US Dollars, except share and per share data)</i>	Year ended December 31,	
	2020	2019
Issued ordinary shares at the beginning of the year	1,432,569,771	1,430,940,380
Weighted-average impact of share options exercised and restricted share units vested during the year	853,196	421,904
Weighted-average number of ordinary shares at the end of the year	1,433,422,967	1,431,362,284
Profit (loss) attributable to the equity holders	(1,277.7)	132.5
Basic earnings (loss) per share <i>(Expressed in US Dollars per share)</i>	(0.891)	0.093

For the year ended December 31, 2020, basic loss per share was negatively impacted by the Impairment Charges (as described in note 5 Impairment Charges, note 7 Property, Plant and Equipment, note 8 Goodwill and Other Intangible Assets and note 18 Leases) totaling US\$920.3 million, and by US\$63.0 million in Restructuring Charges, and the related tax impacts. For the year ended December 31, 2019, basic earnings per share was negatively impacted by the Impairment Charges (as described in note 5 Impairment Charges, note 7 Property, Plant and Equipment, note 8 Goodwill and Other Intangible Assets and note 18 Leases) totaling US\$86.4 million and by US\$16.0 million in costs incurred to implement profit improvement initiatives (which was recorded in the line item "Other income (expenses)" in the consolidated statements of income (loss)), and the related tax impacts.

#### (b) Diluted earnings (loss) per share

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

<i>(Expressed in millions of US Dollars, except share and per share data)</i>	Year ended December 31,	
	2020	2019
Weighted-average number of ordinary shares (basic) at the end of the year	1,433,422,967	1,431,362,284
Effect of share options exercised and restricted share units vested	–	1,678,287
Weighted-average number of shares for the year	1,433,422,967	1,433,040,571
Profit (loss) attributable to the equity holders	(1,277.7)	132.5
Diluted earnings (loss) per share <i>(Expressed in US Dollars per share)</i>	(0.891)	0.093

Diluted earnings (loss) per share was negatively impacted by the same factors noted above for basic earnings (loss) per share. At December 31, 2020 and December 31, 2019, 96,199,451 and 88,397,492 unvested share awards, respectively, were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive.

### 13. EARNINGS (LOSS) PER SHARE AND SHARE CAPITAL (continued)

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

#### (c) Dividends and Distributions

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

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

Dividend payments to non-controlling interests amounted to US\$4.1 million and US\$13.0 million during the years ended December 31, 2020 and December 31, 2019, respectively.

### 14. LOANS AND BORROWINGS

#### (a) Non-current Obligations

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

<i>(Expressed in millions of US Dollars)</i>	<b>December 31, 2020</b>	December 31, 2019
Term Loan A Facility	–	797.0
Amended Term Loan A Facility	<b>785.0</b>	–
Term Loan B Facility	<b>548.2</b>	554.9
2020 Incremental Term Loan B Facility	<b>597.0</b>	–
Amended Revolving Credit Facility	<b>822.2</b>	–
Total Senior Credit Facilities	<b>2,752.4</b>	1,351.8
Senior Notes <sup>(1)</sup>	<b>427.5</b>	392.4
Other long-term borrowings and obligations	<b>2.9</b>	0.1
Total loans and borrowings	<b>3,182.7</b>	1,744.4
Less deferred financing costs	<b>(39.9)</b>	(12.8)
Total loans and borrowings less deferred financing costs	<b>3,142.9</b>	1,731.6
Less current portion of long-term borrowings and obligations	<b>(32.8)</b>	(37.7)
Non-current loans and borrowings	<b>3,110.1</b>	1,693.9

Note

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

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

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

#### **14. LOANS AND BORROWINGS (continued)**

##### **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 (as defined below), 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).

#### **14. LOANS AND BORROWINGS (continued)**

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 (as defined below).

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 was 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.

## **14. LOANS AND BORROWINGS (continued)**

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

In addition, the Credit Agreement requires the Company and its subsidiaries to meet certain quarterly financial covenants. Commencing with the fiscal quarter ended September 30, 2018, the Company and its subsidiaries 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.

#### **14. LOANS AND BORROWINGS (continued)**

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 Credit Agreement. The previously existing deferred financing costs will continue to be amortized over the life of the Credit 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.

#### **14. LOANS AND BORROWINGS (continued)**

- (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 compliance with the Financial Covenants under the Third Amended Credit Agreement. So long as the Company uses Historical EBITDA to calculate compliance with 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 Credit Agreement. The previously existing deferred financing costs will continue to be amortized over the life of the Credit 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).

## **14. LOANS AND BORROWINGS (continued)**

### **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 at the applicable exchange rate on the borrowing date) under the Amended Revolving Credit Facility to ensure access to the Group’s liquidity given the uncertainties and challenges caused by the COVID-19 pandemic. As of December 31, 2020, US\$23.4 million was available to be borrowed on the Amended Revolving Credit Facility as a result of US\$822.2 million of outstanding borrowings and the utilization of US\$4.5 million of the facility for outstanding letters of credit extended to certain creditors.

As of December 31, 2019, US\$647.0 million was available to be borrowed under the US\$650.0 million Revolving Credit Facility because there were no outstanding borrowings under such facility and US\$3.0 million of such 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 year ended December 31, 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\$7.7 million and US\$3.6 million for the years ended December 31, 2020 and December 31, 2019, respectively.

## 14. LOANS AND BORROWINGS (continued)

### Interest Rate Swaps

The Group maintains interest rate swaps to hedge a portion of its interest rate exposure under the floating-rate Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. On September 4, 2019, the Group entered into 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. As a result of the Group's interest rate swaps, LIBOR has been fixed at approximately 1.208% with respect to an amount equal to approximately 27% of the principal amount of the Amended Senior Credit Facilities at December 31, 2020, which reduces a portion of the Company's exposure to interest rate increases. The interest rate swap agreements have fixed payments due monthly that commenced September 30, 2019. The interest rate swap transactions qualify as cash flow hedges. As of December 31, 2020, the interest rate swaps were marked-to-market, resulting in a net liability position to the Group in the amount of US\$21.2 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.

### €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:

<u>Year</u>	<u>Redemption Price</u>
2021	101.750%
2022	100.875%
2023 and thereafter	100.000%

#### 14. LOANS AND BORROWINGS (continued)

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 Amended Senior Credit Facilities 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.

##### **(b) Current Obligations and Credit Facilities**

Current obligations represent current debt obligations and were as follows:

<i>(Expressed in millions of US Dollars)</i>	<b>December 31, 2020</b>	December 31, 2019
Current portion of long-term borrowings and obligations	<b>32.8</b>	37.7
Other loans and borrowings	<b>47.8</b>	23.6
Total current obligations	<b>80.6</b>	61.3

##### **Other Loans and Borrowings**

Certain consolidated subsidiaries of the Company maintain credit lines and other loans with various third-party lenders in the regions in which they operate. Other loans and borrowings are generally variable rate instruments denominated in the functional currency of the borrowing Group entity. These credit lines provide short-term financing and working capital for the day-to-day business operations of certain Group entities, including overdraft, bank guarantees, and trade finance facilities. The majority of the credit lines included in other loans and borrowings are uncommitted facilities. The total aggregate amount of other loans and borrowings was US\$47.8 million and US\$23.6 million as of December 31, 2020 and December 31, 2019, respectively. The uncommitted available facilities amounted to US\$105.6 million and US\$134.9 million as of December 31, 2020 and December 31, 2019, respectively.

## 14. LOANS AND BORROWINGS (continued)

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

	Liabilities		Equity			Total
	Loans and borrowings <sup>(2)</sup>	Lease liabilities	Share capital	Reserves	Non-controlling interests	
<i>(Expressed in millions of US Dollars)</i>						
<b>Balance at January 1, 2020</b>	<b>1,757.4</b>	<b>650.0</b>	<b>14.3</b>	<b>1,936.7</b>	<b>50.5</b>	<b>4,408.9</b>
<b>Changes from financing cash flows:</b>						
Proceeds from issuance of Amended Term Loan A Facility	800.0	-	-	-	-	800.0
Proceeds from issuance of Incremental Term Loan B Facility	600.0	-	-	-	-	600.0
Proceeds from drawdown on Amended Revolving Credit Facility	810.3	-	-	-	-	810.3
Proceeds from issuance of other long-term debt	2.6	-	-	-	-	2.6
Payment and settlement of Term Loan A Facility	(797.0)	-	-	-	-	(797.0)
Payments on term loan facilities	(24.7)	-	-	-	-	(24.7)
Proceeds from current loans and borrowings, net	21.8	-	-	-	-	21.8
Principal payments on lease liabilities	-	(215.7)	-	-	-	(215.7)
Payment of deferred financing costs	(34.8)	-	-	-	-	(34.8)
Dividend payments to non-controlling interests	-	-	-	-	(4.1)	(4.1)
<b>Total changes from financing cash flows</b>	<b>1,378.3</b>	<b>(215.7)</b>	<b>-</b>	<b>-</b>	<b>(4.1)</b>	<b>1,158.4</b>
<b>The effect of changes in foreign exchange rates/other</b>	<b>46.0</b>	<b>97.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143.4</b>
<b>Other changes:</b>						
<i>Liability-related</i>						
Interest expense on borrowings and lease liabilities, including amortization of deferred financing costs	103.9	25.2	-	-	-	129.1
Interest paid on borrowings and lease liabilities	(92.6)	(25.2)	-	-	-	(117.9)
Net changes in defined benefit pension plan	-	-	-	(0.8)	-	(0.8)
<b>Total other changes</b>	<b>11.3</b>	<b>-</b>	<b>-</b>	<b>(0.8)</b>	<b>-</b>	<b>10.4</b>
<b>Other movements in equity<sup>(1)</sup></b>	<b>-</b>	<b>-</b>	<b>0.0</b>	<b>(1,316.1)</b>	<b>(11.5)</b>	<b>(1,327.5)</b>
<b>Balance at December 31, 2020</b>	<b>3,193.0</b>	<b>531.5</b>	<b>14.3</b>	<b>619.8</b>	<b>34.9</b>	<b>4,393.6</b>

#### Notes

- (1) See consolidated statements of changes in equity for further details on movements during the year.
- (2) Includes accrued interest which is included in trade and other payables in the consolidated statements of financial position.

## 14. LOANS AND BORROWINGS (continued)

<i>(Expressed in millions of US Dollars)</i>	Liabilities		Equity			Total
	Loans and borrowings <sup>(2)</sup>	Lease liabilities	Share capital	Reserves	Non-controlling interests	
<b>Balance at January 1, 2019</b>	1,921.5	694.5	14.3	1,933.5	43.3	4,607.2
<b>Changes from financing cash flows:</b>						
Payments of Term Loan Facilities	(129.8)	-	-	-	-	(129.8)
Payments of other current loans and borrowings, net	(27.6)	-	-	-	-	(27.6)
Principal payments on lease liabilities	-	(170.2)	-	-	-	(170.2)
Proceeds from the exercise of share options	-	-	0.0	0.5	-	0.5
Cash distributions to equity holders	-	-	-	(125.0)	-	(125.0)
Dividend payments to non-controlling interests	-	-	-	-	(13.0)	(13.0)
<b>Total changes from financing cash flows</b>	<b>(157.4)</b>	<b>(170.2)</b>	<b>0.0</b>	<b>(124.5)</b>	<b>(13.0)</b>	<b>(465.1)</b>
<b>The effect of changes in foreign exchange rates/other</b>	<b>(13.6)</b>	<b>125.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112.1</b>
<b>Other changes:</b>						
<i>Liability-related</i>						
Interest expense on borrowings and lease liabilities, including amortization of deferred financing costs	67.5	30.5	-	-	-	98.0
Interest paid on borrowings and lease liabilities	(60.6)	(30.5)	-	-	-	(91.1)
Net changes in defined benefit pension plan	-	-	-	0.4	-	0.4
<b>Total other changes</b>	<b>6.9</b>	<b>-</b>	<b>-</b>	<b>0.4</b>	<b>-</b>	<b>7.3</b>
<b>Other movements in equity<sup>(1)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127.3</b>	<b>20.1</b>	<b>147.5</b>
<b>Balance at December 31, 2019</b>	<b>1,757.4</b>	<b>650.0</b>	<b>14.3</b>	<b>1,936.7</b>	<b>50.5</b>	<b>4,408.9</b>

### Notes

- (1) See consolidated statements of changes in equity for further details on movements during the year.
- (2) Includes accrued interest which is included in trade and other payables in the consolidated statements of financial position.

## 15. EMPLOYEE BENEFITS

### (a) Employee Benefits Expense

Employee benefits expense, which consists of payroll, bonuses, pension plan expenses, share-based payments and other benefits, amounted to US\$353.2 million and US\$542.4 million for the years ended December 31, 2020 and December 31, 2019, respectively. Of these amounts, US\$29.4 million and US\$42.2 million was included in cost of sales during the years ended December 31, 2020 and December 31, 2019, respectively. The remaining amounts were presented in distribution expenses and general and administrative expenses.

During the year ended December 31, 2020 and December 31, 2019, the Group incurred severance costs attributable to headcount reductions totaling US\$36.9 million and US\$15.2 million, respectively. The US\$36.9 million in severance costs incurred during the year ended December 31, 2020 were associated with permanent headcount reductions as the Group took meaningful actions to restructure its business in an effort to reduce its fixed cost base in response to the impact of COVID-19 on the Group's business.

## **15. EMPLOYEE BENEFITS (continued)**

Of the US\$36.9 million in severance costs recognized for the year ended December 31, 2020, US\$28.4 million was recorded in the Group's consolidated statements of income (loss) in the line item "Restructuring Charges" and US\$8.5 million was recorded in cost of sales. The US\$15.2 million in severance and related costs incurred during the year ended December 31, 2019 were in connection with targeted headcount reductions undertaken by the Group's management. These costs were recorded in the line item "Other income (expenses)" in the consolidated statements of income (loss).

Share-based compensation cost of US\$6.6 million and US\$15.8 million was recognized in the consolidated statements of income (loss), with a corresponding increase in equity reserves, for the years ended December 31, 2020 and December 31, 2019, respectively.

Average employee headcount worldwide was approximately 11,843 and 14,488 respectively, for the years ended December 31, 2020 and December 31, 2019, respectively.

### **(b) Share-based Payment Arrangements**

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

As of February 28, 2021 (the "Latest Practicable Date"), the maximum aggregate number of shares in respect of which awards may be granted pursuant to the Share Award Scheme is 28,902,565 shares, representing approximately 2.0% of the issued share capital of the Company at that date. An individual participant may be granted awards pursuant to the Share Award Scheme in respect of a maximum of 1% of the Company's total issued shares in any 12-month period. Any grant of awards to an individual participant in excess of this limit is subject to independent shareholder's approval.

### **Share Options**

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

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

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

## 15. EMPLOYEE BENEFITS (continued)

On November 18, 2020, the Company granted premium-priced share options exercisable for 17,933,636 ordinary shares to the executive director of the Company and members of the senior management team with an exercise price of HK\$15.18 per share, which represented an approximately 30% premium over the closing price of the Company's shares on the date of grant. Such options are subject to graded (*pro rata*) vesting over a four-year period from the date of grant, with 25% of the options vesting on each anniversary of the date of the grant, subject to the grantee continuing to be employed by, or continuing to provide services to, the Group on the applicable vesting date. Such options have a 10-year term.

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the share options exercisable for 17,933,636 shares that were granted on November 18, 2020:

Fair value at grant date	<b>HK\$4.92</b>
Share price at grant date	<b>HK\$11.68</b>
Exercise price	<b>HK\$15.18</b>
Expected volatility (weighted average volatility)	<b>51.9%</b>
Option life (expected weighted average life)	<b>6.25 years</b>
Expected cash distributions	<b>0.0%</b>
Risk-free interest rate (based on government bonds)	<b>0.4%</b>

Particulars and movements of share options during the years ended December 31, 2020 and December 31, 2019 were as follows:

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

	<b>Number of options</b>	<b>Weighted-average exercise price</b>
Outstanding at January 1, 2019	76,733,623	HK\$25.83
Granted during the year	10,633,212	HK\$16.05
Exercised during the year	(222,676)	HK\$17.36
Canceled/lapsed during the year	(10,694,276)	HK\$26.86
Outstanding at December 31, 2019	76,449,883	HK\$24.35
Exercisable at December 31, 2019	43,450,021	HK\$24.61

## 15. EMPLOYEE BENEFITS (continued)

At December 31, 2020, the range of exercise prices for outstanding share options was HK\$15.18 to HK\$31.10 with a weighted average contractual life of 6.5 years. At December 31, 2019, the range of exercise prices for outstanding share options was HK\$16.04 to HK\$31.10 with a weighted average contractual life of 6.7 years.

### Restricted Share Units (“RSUs”)

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

#### Time-based Restricted Share Units

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

A summary of TRSU activity during the years ended December 31, 2020 and December 31, 2019 were as follows:

	Number of TRSUs	Weighted- average Fair Value per TRSU
Outstanding at January 1, 2020	6,724,551	HK\$17.60
Vested and converted to ordinary shares during the year	(2,310,676)	HK\$18.79
Canceled/lapsed during the year	(1,154,764)	HK\$17.57
Outstanding at December 31, 2020	3,259,111	HK\$16.76
	Number of TRSUs	Weighted- average Fair Value per TRSU
Outstanding at January 1, 2019	4,884,072	HK\$22.50
Granted during the year	4,182,558	HK\$14.54
Vested and converted to ordinary shares during the year	(1,406,715)	HK\$23.40
Canceled/lapsed during the year	(935,364)	HK\$20.80
Outstanding at December 31, 2019	6,724,551	HK\$17.60

## 15. EMPLOYEE BENEFITS (continued)

### Performance-based Restricted Share Units

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

A summary of PRSU activity (at target level vesting) during the years ended December 31, 2020 and December 31, 2019 were as follows:

	Number of PRSUs	Weighted- average Fair Value per PRSU
Outstanding at January 1, 2020	2,910,131	HK\$15.24
Canceled/lapsed during the year	(422,411)	HK\$15.13
Outstanding at December 31, 2020	2,487,720	HK\$15.26

  

	Number of PRSUs	Weighted- average Fair Value per PRSU
Outstanding at January 1, 2019	1,564,366	HK\$17.91
Granted during the year	1,455,327	HK\$12.56
Canceled/lapsed during the year	(109,562)	HK\$17.78
Outstanding at December 31, 2019	2,910,131	HK\$15.24

In the Company's circular to shareholders dated September 3, 2018 relating to, among other things, the grant of PRSUs, the Company stated that the final number of shares which will vest under the PRSUs will vary depending on the level of achievement of performance conditions applicable to the PRSUs, thereby ensuring that the actual payout is linked to the Company's performance. The Remuneration Committee determined that in relation to the PRSUs which were granted in October and December 2018, the performance conditions are based on (i) fiscal year 2018 to 2020 three-year adjusted earnings per share ("EPS") compound annual growth rate ("CAGR") (with a 50% weighting) and (ii) fiscal year 2018 to 2020 three-year relative total shareholders' return ("TSR") (with a 50% weighting). Relative TSR measures the Company's TSR to the TSR of a benchmark group, consisting of the Company's peer group companies.

As the actual fiscal year 2018 to 2020 three-year cumulative adjusted EPS CAGR was below the 90% threshold, and the actual fiscal year 2018 to 2020 three-year relative TSR performance was also below the threshold level, none of the outstanding PRSUs granted by the Company in October and December 2018 will vest and such PRSUs will therefore lapse during 2021 on the three-year anniversary of the grant dates for such PRSUs.

## **15. EMPLOYEE BENEFITS (continued)**

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

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

### **(c) Defined Benefit Plans and Schemes**

#### **Plan Descriptions**

The Group sponsors various pension and other post-retirement plans in certain jurisdictions. As of December 31, 2020 and December 31, 2019, the total unfunded liability recognized for such plans amounted to US\$25.2 million and US\$25.3 million, respectively. Details of certain defined benefit plans are presented below.

A Belgian subsidiary of the Group sponsors a pre-pension defined benefit retirement plan, which covers certain employees who meet certain age and years of service eligibility requirements. Benefits are calculated based on a final pay formula and are contributed until the employee reaches the legal retirement age. The Belgian subsidiary also provides long-service benefits (jubilee awards) to employees who meet certain years of service eligibility requirements. The expense is recorded as incurred and the outstanding liability is calculated annually by an independent actuary. Together, these defined benefit plans make up the Belgian Plans. The latest independent actuarial valuations of the Belgian Plans were provided as of December 31, 2020 and were prepared by independent qualified actuaries, who are members of the Institute of Actuaries in Belgium, using the projected unit credit method.

The actuarial valuations indicate that the Group's obligations under the Belgian Plans as of December 31, 2020 and December 31, 2019 were US\$16.4 million and US\$16.0 million, respectively, neither of which was funded by plan assets.

Remeasurements to the Group's defined benefit plans can include the effect of changes in demographic assumptions, the effect of changes in financial assumptions and the effect of experience adjustments, all of which are recognized in other comprehensive income or loss ("OCI"). For the years ended December 31, 2020 and December 31, 2019, remeasurements recognized in OCI to the Belgian Plans were US\$3.2 million and US\$3.7 million, respectively.

The total net periodic benefit cost (gain), including service cost (gain) and interest expense on defined benefit obligation, is recognized in the consolidated statements of income (loss). For the years ended December 31, 2020 and December 31, 2019, total net periodic benefit cost (gain) amounted to (US\$0.3) million and US\$1.1 million, respectively.

## 15. EMPLOYEE BENEFITS (continued)

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

	<u>Belgian Plans</u>
<b>2020</b>	
Weighted average assumptions used to determine benefit obligations as of December 31:	
Discount rate	<b>0.50%</b>
Rate of price inflation	<b>1.60%</b>
Weighted average assumptions used to determine net periodic benefit cost for the year ended December 31:	
Discount rate	<b>0.60%</b>
<b>2019</b>	
Weighted average assumptions used to determine benefit obligations as of December 31:	
Discount rate	0.60%
Rate of price inflation	1.60%
Weighted average assumptions used to determine net periodic benefit cost for the year ended December 31:	
Discount rate	1.60%

### (d) Defined Contribution Plan

A U.S. subsidiary of the Group provides a defined contribution 401(k) retirement plan. The plan covers substantially all employees of the subsidiary for the sole purpose of encouraging participants to save for retirement. Plan participants may contribute up to 75% of their compensation to the plan, a percentage of which is matched by the Group. The Group may also make non-elective contributions to participants' accounts. Participant contributions and the earnings thereon are fully vested upon contribution. Participants become vested in the matching and non-elective contributions upon completion of two and three years of service, respectively. Forfeited contributions made by the Group are used to reduce future matching contributions and/or administrative expenses.

In connection with this plan, the Group recognized an expense of US\$4.0 million and US\$5.4 million for the years ended December 31, 2020 and December 31, 2019, respectively. Forfeited contributions were inconsequential for the periods presented.

## 16. TRADE AND OTHER PAYABLES

<i>(Expressed in millions of US Dollars)</i>	<b>December 31, 2020</b>	December 31, 2019
Accounts payable	<b>240.2</b>	500.6
Accrued restructuring	<b>24.8</b>	–
Other payables and accruals	<b>136.4</b>	163.0
Other tax payables	<b>11.5</b>	12.2
Total trade and other payables	<b>412.9</b>	675.9

## 16. TRADE AND OTHER PAYABLES (continued)

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

<i>(Expressed in millions of US Dollars)</i>	<b>December 31, 2020</b>	December 31, 2019
Current	<b>163.0</b>	350.7
0 – 30 days past due	<b>7.1</b>	39.3
Greater than 30 days past due	<b>6.8</b>	5.3
Total trade payables	<b>176.8</b>	395.2

## 17. CONTINGENT LIABILITIES

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

The Group did not settle any material litigation during the years ended December 31, 2020 and December 31, 2019.

## 18. LEASES

### (a) Lease Right-of-use Assets

The following table sets forth a breakdown of IFRS 16 lease right-of-use asset additions and amortization expenses for the years ended December 31, 2020 and December 31, 2019 and the carrying amount of lease right-of-use assets by class of underlying asset as of December 31, 2020 and December 31, 2019.

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

## 18. LEASES (continued)

<i>(Expressed in millions of US Dollars)</i>	Real Estate	Other	Total
<b>For the year ended December 31, 2019:</b>			
Additions of lease right-of-use assets	117.0	16.0	133.0
Amortization expense of lease right-of-use assets	193.0	4.4	197.4
Impairment charges on lease right-of-use assets	27.5	0.0	27.5
<b>Balance at December 31, 2019:</b>			
Carrying value of lease right-of-use assets	602.0	11.5	613.5

Based on the evaluation of loss-making stores during the years ended December 31, 2020 and December 31, 2019 and also due to reduced traffic and under-performance caused by the COVID-19 pandemic during 2020, the Group determined that the carrying amounts of certain retail stores as of December 31, 2020 and December 31, 2019 exceeded their respective recoverable amounts. The Group recognized impairment charges reflecting the aggregate difference totaling US\$140.3 million and US\$27.5 million for the years ended December 31, 2020 and December 31, 2019, respectively, of lease right-of-use assets primarily associated with such stores. Expenses related to lease right-of-use assets have historically been classified as distribution expenses on the consolidated statements of income (loss) using the function of expense presentation method. These impairment charges for the years ended December 31, 2020 and December 31, 2019 were recorded in the Group's consolidated statements of income (loss) in the line item "Impairment Charges" (see also note 5 Impairment Charges, note 7 Property, Plant and Equipment and note 8 Goodwill and Other Intangible Assets).

### (b) Lease Liabilities

The Group's IFRS 16 lease liabilities primarily consist of leases of retail stores, distribution centers, warehouses, office facilities, equipment and automobiles. As of December 31, 2020 and December 31, 2019, future minimum contractual payments under lease liabilities were as follows:

<i>(Expressed in millions of US Dollars)</i>	<b>December 31, 2020</b>	December 31, 2019
Within one year	<b>165.4</b>	201.7
After one year but within two years	<b>131.8</b>	161.4
After two years but within five years	<b>211.7</b>	272.0
More than five years	<b>89.7</b>	111.7
Total future minimum payments under lease liabilities <sup>(1)</sup>	<b>598.6</b>	746.8

#### Note

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

## 18. LEASES (continued)

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

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

The rental cost for short-term, low-value and current expense for variable lease payments are recorded as incurred to rent expense and amounted to US\$31.9 million, net of rent concessions of US\$28.7 million (see discussion below) and US\$56.0 million for the years ended December 31, 2020 and December 31, 2019, respectively. Certain of the retail store leases provide for additional rent payments based on a percentage of sales. These additional variable rent payments amounted to US\$5.6 million and US\$13.9 million for the years ended December 31, 2020 and December 31, 2019, respectively.

As of December 31, 2020 and December 31, 2019, future minimum contractual payments under short-term and low-value lease payments were as follows:

<i>(Expressed in millions of US Dollars)</i>	December 31, 2020	December 31, 2019
Within one year	2.9	3.1
After one year but within two years	0.0	0.0
After two years but within five years	–	0.0
Total future minimum payments under short-term and low-value leases	3.0	3.1

### (d) Total Cash Outflows for Leases

The following table sets forth a breakdown of total cash outflows for the years ended December 31, 2020 and December 31, 2019 related to IFRS 16 lease liabilities and those leases exempt from capitalization under IFRS 16.

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

## 18. LEASES (continued)

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31, 2019		
	Lease liabilities	Short-term, low-value and variable leases	Total cash outflow for leases
Principal payments on lease liabilities	170.2	–	170.2
Interest paid on lease liabilities	30.5	–	30.5
Rent expense – short-term, variable and low value leases <sup>(1)</sup>	–	56.0	56.0
Contingent rent	–	13.9	13.9
<b>Total cash outflow</b>	<b>200.7</b>	<b>69.9</b>	<b>270.6</b>

Note

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

### (e) Rent Concessions under IFRS 16

During the year ended December 31, 2020, the Group renegotiated many of its contractual arrangements with its lessors and received rent concessions as a direct result of the COVID-19 pandemic. The Group recorded all such short-term rent concessions, amounting to a benefit of US\$28.7 million for the year ended December 31, 2020, as a benefit to variable rent expense, primarily presented in distribution expenses, in the consolidated statements of income (loss). Any substantial modifications to the contractual terms over the life of the leases have been remeasured in accordance with IFRS 16. See note 2(e) Changes in Accounting Policies for further discussion.

## 19. INCOME TAXES

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

Taxation in the consolidated statements of income (loss) for the years ended December 31, 2020 and December 31, 2019 consisted of the following:

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31,	
	2020	2019
Current tax benefit (expense) – Hong Kong Profits Tax:		
Current period	1.1	(8.2)
Current tax benefit (expense) – foreign:		
Current period	25.0	(80.3)
Adjustment for prior periods	7.5	(0.1)
Total current tax benefit (expense) – foreign	32.5	(80.4)
Total current tax benefit (expense)	33.6	(88.6)
Deferred tax benefit (expense):		
Origination and reversal of temporary differences	190.1	11.2
Current year losses for which no deferred tax assets are recognized	(75.4)	(3.0)
Change in recognized temporary differences	(54.3)	(1.2)
Change in tax rate	0.4	50.1
Total deferred tax benefit	60.8	57.1
<b>Total income tax benefit (expense)</b>	<b>94.4</b>	<b>(31.5)</b>

## 19. INCOME TAXES (continued)

The Group recorded an income tax benefit of US\$94.4 million for the year ended December 31, 2020 compared to an income tax expense of US\$31.5 million for the year ended December 31, 2019. The income tax benefit recorded during 2020 was due mainly to the US\$1,382.4 million reported loss before income tax caused by the COVID-19 Impacts, changes in reserves and changes in unrecognized deferred tax assets.

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

Deferred tax assets in each jurisdiction are analyzed for recoverability at each reporting date and derecognized to the extent that it is no longer probable that the assets will be utilized in future taxable periods. The analysis considers both positive and negative evidence. Due to the negative impacts from the COVID-19 pandemic and significant losses before income tax reported globally, the Group derecognized certain deferred tax assets which were deemed not probable of realization in the foreseeable future.

For the year ended December 31, 2019, income tax expense was US\$31.5 million. Included within the US\$31.5 million of income tax expense were the 2019 Net Tax Benefits (as defined below) which were comprised of (i) an income tax benefit of US\$54.6 million from a change in the tax rate applied to intangible assets currently held in Luxembourg, which primarily consist of certain tradenames owned by the Group, (ii) tax expenses of US\$29.0 million associated with a legal entity reorganization and (iii) a base erosion tax arising as a result of the 2017 U.S. tax reform that applied to the Group in 2019 (which did not apply to the Group previously) of US\$7.4 million. Together, these items resulted in a net tax benefit to the Group of US\$18.3 million (the "2019 Net Tax Benefits").

The Group's consolidated effective tax rate for operations was 6.8% and 17.0% for the years ended December 31, 2020 and December 31, 2019, respectively. The decrease in the Group's effective tax rate year-on-year 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 from the non-deductible goodwill impairment charges in 2020. The effective tax rate is calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets.

Excluding the non-deductible goodwill impairment charges in 2020 and the derecognition of deferred tax assets during the year ended December 31, 2020 and excluding the 2019 Net Tax Benefits for the year ended December 31, 2019, the Group's consolidated effective tax rate for operations would have been 24.9% and 26.9% for the years ended December 31, 2020 and December 31, 2019, respectively. The decrease in the Group's effective tax rate was mainly the result of changes in the profit mix between high and low tax jurisdictions and changes in reserves.

The provision for Hong Kong Profits Tax for the years ended December 31, 2020 and December 31, 2019 was calculated at an effective tax rate of 16.5% of the estimated assessable profits for the year. Taxation for overseas subsidiaries was charged at the appropriate current rates of taxation in the relevant countries.

**19. INCOME TAXES** (continued)**(b) Reconciliation Between Tax Benefit (Expense) and Profit Before Taxation at Applicable Tax Rates**

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31,	
	2020	2019
Profit (loss) for the year	(1,288.0)	153.4
Total income tax benefit (expense)	94.4	(31.5)
Profit (loss) before income tax	(1,382.4)	184.9
Income tax benefit (expense) using the Group's applicable tax rate	345.7	(40.7)
Tax incentives	(0.2)	24.5
U.S. base erosion taxes	–	(7.4)
Change in tax rate – tradenames	–	54.6
Change in tax rates – other	0.4	(4.5)
Change in tax reserves	(6.6)	(13.0)
Goodwill impairment charges	(122.1)	–
Permanent differences	(0.8)	(9.2)
Change in tax effect of undistributed earnings	(0.1)	(3.8)
Current year losses for which no deferred tax assets are recognized	(75.4)	(3.0)
Recognition of previously unrecognized tax losses	–	0.6
Change in recognized temporary differences	(54.3)	(1.2)
Share-based compensation	(2.7)	(2.4)
Tax expense associated with legal entity reorganization	–	(29.0)
Withholding (taxes) – net of credits	8.5	4.4
Other	(5.5)	(1.3)
Over (under) provided in prior periods	7.5	(0.1)
	94.4	(31.5)

The provision for taxation for the years ended December 31, 2020 and December 31, 2019 was calculated using the Group's applicable tax rate of 25.0% and 22.0%, respectively. The applicable rate was based on the Group's weighted average worldwide tax rate.

**Uncertain Tax Positions**

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

**19. INCOME TAXES (continued)****(c) Income Tax Benefit (Expense) Recognized in Other Comprehensive Income (Loss)**

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31, 2020			Year ended December 31, 2019		
	Before tax	Income tax benefit		Before tax	Income tax benefit	
		(expense)	Net of tax		(expense)	Net of tax
Remeasurements on benefit plans	(0.9)	(1.0)	(1.9)	(0.4)	0.1	(0.3)
Changes in fair value of hedges	(40.3)	9.1	(31.2)	(18.3)	4.9	(13.4)
Settlement of interest rate swap agreements	-	-	-	0.2	-	0.2
Foreign currency translation losses for foreign operations	(26.7)	-	(26.7)	(0.9)	-	(0.9)
	(67.9)	8.1	(59.8)	(19.4)	5.0	(14.4)

**(d) Deferred Tax Assets and Liabilities**

Deferred tax assets and liabilities were attributable to the following:

<i>(Expressed in millions of US Dollars)</i>	December 31, 2020	December 31, 2019
<b>Deferred tax assets:</b>		
Allowance for doubtful accounts	4.3	3.0
Inventories	16.1	13.2
Lease liabilities	113.5	157.3
Property, plant and equipment	15.1	14.9
Pension and post-retirement benefits	2.7	6.7
Share-based compensation	1.2	1.9
Tax losses	17.3	11.7
Reserves	24.6	29.9
Financing charges <sup>(1)</sup>	10.1	13.6
Other	15.3	12.0
Set off of tax <sup>(2)</sup>	(165.7)	(232.5)
Total gross deferred tax assets	54.5	31.7
<b>Deferred tax liabilities:</b>		
Lease right-of-use assets	(96.7)	(149.9)
Property, plant and equipment	(7.5)	(6.7)
Intangible assets	(194.1)	(257.5)
Deferred gain on legal entity reorganization	(28.5)	(28.6)
Other	(13.4)	(12.8)
Set off of tax <sup>(2)</sup>	165.7	232.5
Total gross deferred tax liabilities	(174.5)	(223.0)
Net deferred tax liability	(120.0)	(191.3)

## Notes

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

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

## 19. INCOME TAXES (continued)

The movement in temporary differences for the years ended December 31, 2020 and December 31, 2019 was:

<i>(Expressed in millions of US Dollars)</i>	Balance, January 1, 2020	Recognized in profit or loss	Recognized in equity <sup>(3)</sup>	Other <sup>(4)</sup>	Balance, December 31, 2020
Allowance for doubtful accounts	3.0	1.2	–	0.1	4.3
Inventories	13.2	2.7	–	0.2	16.1
Lease liabilities <sup>(1)</sup>	157.3	(47.6)	–	3.8	113.5
Lease right-of-use assets <sup>(1)</sup>	(149.9)	56.7	–	(3.5)	(96.7)
Property, plant and equipment <sup>(1)</sup>	8.2	(0.6)	–	0.0	7.6
Intangible assets <sup>(1)</sup>	(257.5)	63.7	–	(0.3)	(194.1)
Pension and post-retirement benefits	6.7	(3.5)	(1.0)	0.5	2.7
Share-based compensation	1.9	(0.7)	–	0.0	1.2
Tax losses	11.7	5.9	–	(0.3)	17.3
Reserves	29.9	(5.6)	–	0.3	24.6
Financing charges <sup>(2)</sup>	13.6	(3.6)	–	0.1	10.1
Deferred gain on legal entity reorganization	(28.6)	0.1	–	0.0	(28.5)
Other	(0.8)	(7.9)	9.1	1.5	1.9
<b>Net deferred tax asset (liability)</b>	<b>(191.3)</b>	<b>60.8</b>	<b>8.1</b>	<b>2.4</b>	<b>(120.0)</b>

### Notes

- (1) Includes 2020 impairment charges excluding goodwill.
- (2) Relates to deferred financing charges and interest expense limitation.
- (3) Income tax benefit of US\$8.1 million recognized in other comprehensive income.
- (4) Other comprises primarily foreign exchange rate effects.

<i>(Expressed in millions of US Dollars)</i>	Balance, January 1, 2019	Recognized in profit or loss	Recognized in equity <sup>(4)</sup>	Other <sup>(5)</sup>	Balance, December 31, 2019
Allowance for doubtful accounts	1.5	1.5	–	0.0	3.0
Inventories	11.7	1.6	–	(0.1)	13.2
Lease liabilities <sup>(1)</sup>	–	(14.0)	–	171.3	157.3
Lease right-of-use assets <sup>(1)</sup>	–	21.4	–	(171.3)	(149.9)
Property, plant and equipment	2.5	5.6	–	0.1	8.2
Intangible assets <sup>(2)</sup>	(325.0)	67.8	–	(0.3)	(257.5)
Pension and post-retirement benefits	7.8	(1.1)	0.1	(0.1)	6.7
Share-based compensation	0.6	1.3	–	0.0	1.9
Tax losses	13.4	(1.9)	–	0.2	11.7
Reserves	32.0	(1.9)	–	(0.2)	29.9
Financing charges <sup>(3)</sup>	10.3	3.3	–	0.0	13.6
Deferred gain on legal entity reorganization	–	(28.6)	–	0.0	(28.6)
Other	(8.1)	2.1	4.9	0.3	(0.8)
<b>Net deferred tax asset (liability)</b>	<b>(253.3)</b>	<b>57.1</b>	<b>5.0</b>	<b>(0.1)</b>	<b>(191.3)</b>

### Notes

- (1) Relates to the adoption of IFRS 16 on January 1, 2019.
- (2) Includes US\$54.6 million benefit from rate change applied to intangible assets held in Luxembourg.
- (3) Relates to deferred financing charges and interest expense limitation.
- (4) Income tax benefit of US\$5.0 million recognized in other comprehensive income.
- (5) Other comprises primarily foreign exchange rate effects and initial recognition on adoption of IFRS 16.

## 19. INCOME TAXES (continued)

### Unrecognized Deferred Tax Assets

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

<i>(Expressed in millions of US Dollars)</i>	<b>December 31, 2020</b>	December 31, 2019
Deductible temporary differences	<b>205.7</b>	7.9
Tax credits	<b>25.1</b>	1.6
Tax losses	<b>386.1</b>	63.7
Balance at end of year	<b>616.9</b>	73.2

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

Available tax losses (recognized and unrecognized):

<i>(Expressed in millions of US Dollars)</i>	<b>December 31, 2020</b>	December 31, 2019	<b>Life of Tax Losses</b>	<b>Expires if not used by<sup>(1)</sup></b>
North America	<b>138.7</b>	21.9	Definite	2025 – 2040
North America	<b>31.7</b>	0.0	Indefinite	n/a
Asia	<b>57.9</b>	0.7	Definite	2023 – 2030
Asia	<b>44.9</b>	5.7	Indefinite	n/a
Europe	<b>71.3</b>	33.6	Definite	2021 – 2037
Europe	<b>129.6</b>	0.0	Indefinite	n/a
Latin America	<b>45.4</b>	23.8	Definite	2021 – 2032
Latin America	<b>29.6</b>	26.9	Indefinite	n/a
Total	<b>549.1</b>	112.6		

#### Notes

(1) Applies to December 31, 2020 balances.

n/a Not applicable.

### Unrecognized Deferred Tax Liabilities

As of December 31, 2020 and December 31, 2019, a deferred tax liability of US\$46.4 million and US\$56.7 million, respectively, related to investments in subsidiaries is not recognized because the Group controls whether the liability will be incurred and it is satisfied that the temporary difference will not be reversed in the foreseeable future.

## 20. FINANCE INCOME AND FINANCE COSTS

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

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31,	
	2020	2019
<b>Recognized in income or loss:</b>		
Interest income	3.8	3.2
Total finance income	3.8	3.2
Interest expense on loans and borrowings	(96.2)	(63.9)
Amortization of deferred financing costs associated with the Senior Credit Facilities	(7.7)	(3.6)
Interest expense on lease liabilities	(25.2)	(30.5)
Change in fair value of put options	16.9	(1.6)
Net foreign exchange gain (loss)	(6.7)	1.8
Other finance costs	(1.1)	(3.5)
Total finance costs	(120.0)	(101.3)
Net finance costs recognized in profit or loss	(116.2)	(98.1)
<b>Recognized in other comprehensive income (loss):</b>		
Foreign currency translation losses for foreign operations	(26.7)	(0.9)
Changes in fair value of hedges	(40.3)	(18.3)
Settlement of interest rate swap agreements	–	0.2
Income tax benefit on finance income and finance costs recognized in other comprehensive income (loss)	9.1	4.9
Net finance costs recognized in total other comprehensive income (loss), net of tax	(57.9)	(14.1)
<b>Attributable to:</b>		
Equity holders of the Company	(56.8)	(13.4)
Non-controlling interests	(1.1)	(0.7)

## 21. ADDITIONAL DISCLOSURE OF CERTAIN EXPENSES

Profit (loss) before income tax was arrived at after recognizing the following expenses for the years ended December 31, 2020 and December 31, 2019:

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31,	
	2020	2019
Depreciation of fixed assets	66.1	80.1
Amortization of intangible assets	32.6	32.2
Amortization of lease right-of-use assets	156.5	197.4
Impairment Charges	920.3	86.4
Restructuring Charges	63.0	–
Employee benefits expense	353.2	542.4
Other (income) expense <sup>(1)</sup>	(15.9)	25.1
Auditors' remuneration	7.7	6.0
Research and development	19.4	32.4
Rent expense <sup>(2)</sup>	43.3	59.5

### Notes

- (1) The Group recorded other income of US\$15.9 million and other expenses of US\$25.1 million for the years ended December 31, 2020 and December 31, 2019, respectively. Other income for 2020 included gains on lease exits/remeasurements of US\$17.2 million, partially offset by other expenses of US\$1.3 million. Other expenses for 2019 included severance and store closure costs incurred in connection with certain profit improvement initiatives undertaken by the Group's management totaling US\$16.0 million.
- (2) Rent expense for the years ended December 31, 2020 and December 31, 2019 represents those contracts/agreements which are not recognized on the consolidated statements of financial position in accordance with IFRS 16, including month-to-month contracts, certain shop-in-shop arrangements and variable rent agreements.

The fees in relation to the audit and related services for the years ended December 31, 2020 and December 31, 2019 provided by KPMG Luxembourg, Société coopérative and its foreign member firms, the external auditors of the Group, were as follows:

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31,	
	2020	2019
Legal annual audit fees	4.4	5.3
Fees for tax services	0.8	0.7
Other non-audit fees	2.5	0.0
Total	7.7	6.0

## 22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

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

### (a) Risk Management

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

### (b) Exposure to Credit Risk

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

#### Trade and Other Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The percentage of the Company's net sales and trade and other receivables that were attributable to the Group's five largest customers was less than 30% as of and for the years ended December 31, 2020 and December 31, 2019. The percentage of the Company's net sales that were attributable to the Group's largest customer was less than 10% during the years ended December 31, 2020 and December 31, 2019. There were no concentrations of credit risk associated with any single customer on the Group's sales for the periods presented or trade and other receivables as of December 31, 2020 and December 31, 2019. Geographically there is no concentration of credit risk.

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

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

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

<i>(Expressed in millions of US Dollars)</i>	<b>December 31, 2020</b>	December 31, 2019
Trade and other receivables	<b>141.0</b>	396.0

## 22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

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

<i>(Expressed in millions of US Dollars)</i>	December 31, 2020	December 31, 2019
North America	45.2	119.1
Asia	63.6	172.1
Europe	12.1	56.1
Latin America	9.0	33.3
Total trade receivables	129.8	380.7

### (c) Exposure to Liquidity Risk

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

The Group's primary sources of liquidity are its cash flows from operating activities, invested cash, available lines of credit (see note 14 Loans and Borrowings) and, subject to shareholder approval, its ability to issue additional shares. The Group believes that its existing cash and estimated cash flows, along with current working capital, will be adequate to meet the foreseeable future operating and capital requirements of the Group at least through March 31, 2022.

The following tables summarize the scheduled maturities of the Group's contractual obligations for which cash flows are fixed and determinable as of December 31, 2020 and December 31, 2019. The tables also indicate the periods in which the cash flows associated with derivatives, that are cash flow hedges, are expected to occur and impact profit or loss.

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

## 22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

<i>(Expressed in millions of US Dollars)</i>	December 31, 2019					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities<sup>(1)</sup>:</b>						
Term Loan Facilities	1,351.8	1,351.8	37.7	48.1	744.5	521.6
Senior Notes <sup>(3)</sup>	392.4	392.4	–	–	–	392.4
Other borrowings and obligations	23.7	23.7	23.6	0.0	0.1	0.0
Revolving Credit Facility	–	–	–	–	–	–
Trade and other payables	675.9	675.9	675.9	–	–	–
<b>Derivative financial instruments<sup>(4)</sup>:</b>						
Interest rate swap agreements – assets <sup>(5)</sup>	10.6	36.1	10.3	7.9	18.0	–
Cross-currency swap agreements – assets <sup>(6)</sup>	0.1	5.7	1.3	1.3	3.1	–
Cross-currency swap agreements – liabilities <sup>(6)</sup>	0.3	1.3	0.3	0.3	0.7	–
Foreign exchange forward contracts – liabilities	0.0	125.8	125.8	–	–	–
<b>Other:</b>						
Lease liabilities	650.0	746.8	201.7	161.4	272.0	111.7
Short-term and low-value leases	–	3.1	3.1	0.0	0.0	–

### Notes

- (1) The contractual cash flows for non-derivative financial liabilities represent contractual future cash payments consisting of principal only.
- (2) The carrying amounts for the Senior Credit Facilities and Senior Notes represent the principal balance less remaining deferred financing costs.
- (3) The value of the Senior Notes, when translated from Euros into US Dollars, will change relative to the fluctuation in the exchange rate between the Euro and US Dollar at stated points in time.
- (4) The future cash flows on derivative instruments may be different from the amount in the tables above as interest rates and foreign exchange rates change.
- (5) See note 14(a) Non-current Obligations for further details on interest rate swaps in effect during the period.
- (6) See note 22(d)(i) Currency Risk – Cross-currency Swaps for further details in effect during the period.

### (d) Exposure to Market Risk

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

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

### (i) Currency Risk

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

## 22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

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

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

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

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

  

	December 31, 2019				
	Euro (Euro millions)	Renminbi (RMB millions)	Indian Rupee (INR millions)	Won (KRW millions)	Yen (JPY millions)
Cash	52.5	148.1	288.9	17,522.4	1,665.0
Trade and other receivables, net	44.5	226.6	2,660.2	22,331.9	2,472.0
Inter-company receivables (payables)	(10.2)	(33.2)	139.9	(3,130.4)	(671.6)
Trade and other payables	(70.6)	(204.4)	(1,163.6)	(5,423.4)	(294.8)
Statement of financial position exposure	16.2	137.1	1,925.4	31,300.5	3,170.5

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

	Average rate		Reporting date spot rate	
	2020	2019	2020	2019
Euro	1.1452	1.1201	1.2215	1.1212
Renminbi	0.1451	0.1450	0.1532	0.1436
Indian Rupee	0.0135	0.0142	0.0137	0.0140
Korean Won	0.0009	0.0009	0.0009	0.0009
Japanese Yen	0.0094	0.0092	0.0097	0.0092

## 22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

### **Foreign Currency Sensitivity Analysis**

If each of the above currencies that more significantly affect the Group's financial performance had strengthened by 10% against the US Dollar, profit (loss) for the years ended December 31, 2020 and December 31, 2019 and equity as of December 31, 2020 and December 31, 2019 would have increased (decreased) by:

<i>(Expressed in millions of US Dollars)</i>	Profit (loss) for the year ended December 31,		Equity as of December 31,	
	2020	2019	2020	2019
Euro	<b>(16.2)</b>	2.4	<b>12.9</b>	29.5
Renminbi	<b>(0.5)</b>	2.7	<b>4.9</b>	5.1
Indian Rupee	<b>(2.2)</b>	2.0	<b>3.1</b>	6.2
Korean Won	<b>(0.6)</b>	1.1	<b>6.2</b>	6.4
Japanese Yen	<b>(4.2)</b>	0.7	<b>1.8</b>	6.0

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

### **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 December 31, 2020, the cross-currency swaps qualified as net investment hedges and the monthly mark-to-market is recorded to other comprehensive income. As of December 31, 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\$2.7 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 liability position to the Group in the amount of US\$0.5 million, which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income. 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.

## 22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

### (ii) Interest Rate Risk

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

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

<i>(Expressed in millions of US Dollars)</i>	December 31, 2020	December 31, 2019
Variable rate instruments:		
Financial assets	63.2	14.6
Financial liabilities <sup>(1)</sup>	(2,800.1)	(1,375.3)
Total variable rate instruments	(2,736.9)	(1,360.7)
Fixed rate instruments:		
Interest rate swap agreements – assets	–	10.6
Interest rate swap agreements – liabilities	(21.2)	–
Financial liabilities <sup>(2)</sup>	(430.3)	(392.4)
Total fixed rate instruments	(451.4)	(381.8)

Notes:

(1) Comprised the Senior Credit Facilities.

(2) Primarily comprised the Senior Notes.

### ***Sensitivity Analysis for Variable Rate Instruments***

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

If the benchmark interest rates on each of the Term Loan A Facility, Term Loan B Facility and Revolving Credit Facility increased by 100 basis points, with all other variables held constant, profit for the year would have decreased by US\$11.7 million for the year ended December 31, 2019 and equity would have decreased by US\$11.7 million as of December 31, 2019. A 100 basis point decrease in interest rates under each of the Term Loan A Facility, Term Loan B Facility and Revolving Credit Facility would have an equal, but opposite impact to profit for the year and equity as of December 31, 2019.

### ***Fair Value Sensitivity Analysis for Fixed Rate Instruments***

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

## **22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)**

### **(e) Capital Management**

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

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

### **(f) Fair Value Versus Carrying Amounts**

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

### **(g) Fair Value of Financial Instruments**

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

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

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

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

### **Loans and Borrowings**

As of December 31, 2020, the fair value of the Amended Term Loan A Facility, Term Loan B Facility, 2020 Incremental Term Loan B Facility and Senior Notes (see note 14 Loans and Borrowings for further discussion), including their respective current portions, was US\$2,306.3 million. The difference between the fair value and carrying value of the Amended Term Loan A Facility, Term Loan B Facility, 2020 Incremental Term Loan B Facility and Senior Notes is due to the Group's fixed and variable rate debt obligations carrying interest rates that are above or below market rates at the measurement date. The fair value of the Amended Term Loan A Facility, Term Loan B Facility, 2020 Incremental Term Loan B Facility and Senior Notes was calculated based on estimated rates for the same or similar instruments with similar terms and remaining maturities, which represent Level 2 inputs in the fair value hierarchy.

## 22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

The following table presents the estimated fair value of the Term Loan A Facility, Amended Term Loan A Facility, Term Loan B Facility, 2020 Incremental Term Loan B Facility and Senior Notes as of December 31, 2020 and December 31, 2019:

<i>(Expressed in millions of US Dollars)</i>	Carrying Amount	Fair Value	Fair value measurements at reporting date using		
			Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>December 31, 2020</b>					
Amended Term Loan A Facility	785.0	769.3	-	769.3	-
Term Loan B Facility	548.2	537.3	-	537.3	-
2020 Incremental Term Loan B Facility	597.0	592.5	-	592.5	-
Senior Notes <sup>(1)</sup>	427.5	407.2	-	407.2	-
Total	2,357.7	2,306.3	-	2,306.3	-
<b>December 31, 2019</b>					
Term Loan A Facility	797.0	781.0	-	781.0	-
Term Loan B Facility	554.9	549.3	-	549.3	-
Senior Notes <sup>(1)</sup>	392.4	406.0	-	406.0	-
Total	1,744.2	1,736.3	-	1,736.3	-

### Note

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

### Derivatives

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

### Redeemable Non-controlling Interests

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

## 22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

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

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

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

**Note**

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

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

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

## 22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

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

Certain non-U.S. subsidiaries of the Group periodically enter into forward contracts related to the purchase of inventory denominated primarily in US Dollars which are designated as cash flow hedges. The hedging effectiveness was evaluated in accordance with IFRS 9, Financial Instruments. The fair value of these instruments was a liability of US\$5.2 million and a liability of US\$0.0 million as of December 31, 2020 and December 31, 2019, respectively.

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

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

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

<i>(Expressed in millions of US Dollars)</i>	
Balance at January 1, 2019	56.3
Change in fair value included in equity	6.9
Change in fair value included in finance costs	1.6
Balance at December 31, 2019 and January 1, 2020	64.8
Change in fair value included in equity	(12.8)
Change in fair value included in finance costs	(16.9)
<b>Balance at December 31, 2020</b>	<b>35.1</b>

For the fair value of put options, reasonably possible changes to one of the significant unobservable inputs, holding other inputs constant, would have the following effects at December 31, 2020:

<i>(Expressed in millions of US Dollars)</i>	Profit or Loss		Shareholders' Equity	
	Increase	Decrease	Increase	Decrease
EBITDA multiple (movement of 0.1x)	0.6	(0.6)	0.5	(0.5)

## 22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

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

## 23. RELATED PARTY TRANSACTIONS

### (a) Transactions with Key Management Personnel

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

Key management personnel are comprised of the Group's directors and senior management team. Compensation paid to key management personnel during the years ended December 31, 2020 and December 31, 2019 comprised:

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31,	
	2020	2019
Director's fees	1.2	1.4
Salaries, allowances and other benefits in kind	6.7	7.4
Bonus <sup>(1)</sup>	2.9	3.8
Termination benefits	1.1	0.5
Share-based compensation <sup>(2)</sup>	5.1	6.6
Contributions to post-employment plans	0.4	0.3
Total compensation	17.5	20.0

#### Notes

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

## 23. RELATED PARTY TRANSACTIONS (continued)

### (b) Directors' Remuneration

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

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

#### Notes

- (1) Mr. Korbas was re-designated from a Non-Executive Director to an Independent Non-Executive Director effective March 17, 2021.
- (2) Bonus reflects amounts paid during the period and is generally based on the performance of the Group for the previous year.
- (3) Share-based compensation amounts reported represent the expense taken during the period of awards granted previously.

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31, 2019					Total
	Directors' fees	Salaries, allowances and other benefits in kind	Bonus <sup>(2)</sup>	Share-based compensation expense <sup>(3)</sup>	Contributions to post-employment plans	
<i>Executive Director</i>						
Kyle Gendreau	-	1.2	1.3	1.9	0.0	4.4
<i>Non-Executive Directors</i>						
Timothy Parker	0.5	-	-	-	-	0.5
Tom Korbas	0.1	-	-	0.0	0.0	0.2
<i>Independent Non-Executive Directors</i>						
Paul Etchells	0.2	-	-	-	-	0.2
Jerome Griffith <sup>(1)</sup>	0.1	-	-	-	-	0.1
Keith Hamill	0.2	-	-	-	-	0.2
Bruce Hardy McLain	0.1	-	-	-	-	0.1
Ying Yeh	0.1	-	-	-	-	0.1
<b>Total</b>	<b>1.4</b>	<b>1.2</b>	<b>1.3</b>	<b>1.9</b>	<b>0.1</b>	<b>5.9</b>

#### Notes

- (1) Mr. Griffith was re-designated from a Non-Executive Director to an Independent Non-Executive Director effective March 13, 2019.
- (2) Bonus reflects amounts paid during the period and is generally based on the performance of the Group for the previous year.
- (3) Share-based compensation amounts reported represent the expense taken during the period of awards granted previously.

### 23. RELATED PARTY TRANSACTIONS (continued)

No director received any emoluments from the Group as an inducement to join or upon joining the Group during the years ended December 31, 2020 and December 31, 2019. No director received any compensation during the years ended December 31, 2020 and December 31, 2019 for the loss of office as a director of the Company or of any other office in connection with the management of the affairs of the Group. No director waived or agreed to waive any emoluments during the periods presented. No director received any loans from the Group during the years ended December 31, 2020 and December 31, 2019.

#### (c) Individuals with the Highest Emoluments

The five highest paid individuals of the Group included one director during the years ended December 31, 2020 and December 31, 2019 whose emoluments are disclosed above. Details of remuneration paid to the remaining highest paid individuals of the Group are as follows:

<i>(Expressed in millions of US Dollars)</i>	Year ended December 31,	
	2020	2019
Salaries, allowances and other benefits in kind	2.3	2.3
Bonus <sup>(1)</sup>	1.2	1.3
Share-based compensation expense <sup>(2)</sup>	2.1	3.7
Contributions to post-employment plans	0.1	0.1
Total	5.7	7.3

#### Notes

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

The emoluments of each individual for 2020 and 2019 fall within these ranges:

	Year ended December 31,	
	2020	2019
HK\$8,000,000 – HK\$8,500,000 (US\$1,031,102 – US\$1,095,546):	1	–
HK\$10,500,000 – HK\$11,000,000 (US\$1,353,322 – US\$1,417,765):	1	–
HK\$12,000,000 – HK\$12,500,000 (US\$1,546,653 – US\$1,611,097):	1	1
HK\$12,500,000 – HK\$13,000,000 (US\$1,611,097 – US\$1,675,541):	1	1
HK\$14,500,000 – HK\$15,000,000 (US\$1,868,873 – US\$1,933,317):	–	1
HK\$17,500,000 – HK\$18,000,000 (US\$2,255,536 – US\$2,319,980):	–	1

No amounts have been paid to these individuals as compensation for loss of office or as an inducement to join or upon joining the Group during the years ended December 31, 2020 and December 31, 2019.

## **24. SHARE CAPITAL AND RESERVES AND PARTICULARS OF GROUP ENTITIES**

### **(a) Share Capital and Reserves**

#### **(i) Ordinary Shares**

There were no changes to the authorized share capital of the Company during 2020 or 2019.

As of December 31, 2020 and December 31, 2019, the Company had 2,065,119,553 and 2,067,430,229, respectively, shares authorized but unissued and 1,434,880,447 and 1,432,569,771, respectively, ordinary shares with par value of US\$0.01 per share issued and outstanding.

The holders of ordinary shares are entitled to one vote per share at shareholder meetings of the Company. All ordinary shares in issue rank equally and in full for all dividends or other distributions declared, made or paid on the shares in respect of a record date.

During the year ended December 31, 2020, the Company issued 2,310,676 ordinary shares upon the vesting of TRSUs granted under the Company's Share Award Scheme.

During the year ended December 31, 2019, the Company issued 222,676 ordinary shares in connection with the exercise of share options that were granted under the Company's Share Award Scheme. During the year ended December 31, 2019, the Company issued 1,406,715 ordinary shares upon the vesting of TRSUs granted under the Company's Share Award Scheme.

#### **(ii) Treasury Shares**

There are no treasury shares held by the Group.

#### **(iii) Distributable Reserves**

As of December 31, 2020, reserves available for distribution to shareholders amounted to approximately US\$1.7 billion as shown in the statutory financial statements of Samsonite International S.A. and calculated in accordance with the Company's Articles of Incorporation.

#### **(iv) Foreign Currency Translation Reserve**

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

#### **(v) Other Reserves**

Other reserves comprise amounts related to defined benefit pension plans, the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions pending subsequent recognition of the hedged cash flows and the share option reserve for share-based payments made by the Company.

### **(b) Non-controlling Interests**

The Group currently operates in certain markets by means of majority-owned subsidiaries that are operated in conjunction with a non-controlling partner in each country. Under these arrangements, the Group contributes brands through trademark licensing agreements and international marketing expertise and the partner contributes local market expertise. All interests acquired were paid in full at the time of the acquisition and each of these subsidiaries is operated on a self-financing basis. There are no current or future requirements for the Group to contribute any further investment amount to any of these entities.

The agreements governing certain majority-owned subsidiaries include put and call options whereby the Group may be required to acquire the respective non-controlling interest at amounts intended to represent current fair value. As of December 31, 2020 and December 31, 2019, the financial liabilities recognized related to these put options were US\$35.1 million and US\$64.8 million, respectively.

## 24. SHARE CAPITAL AND RESERVES AND PARTICULARS OF GROUP ENTITIES (continued)

The call options were deemed to have a fair value of nil as of each reporting date as the agreements call for redemption at fair value upon the option being exercised.

The following tables summarize the information relating to certain of the Group's subsidiaries that have non-controlling interests ("NCI"), before any intra-group eliminations:

For the year ended December 31, 2020:

<i>(Expressed in millions of US Dollars)</i>	Samsonite Chile S.A.	Samsonite South Asia Private Limited
NCI percentage	15%	40%
Non-current assets	56.3	38.3
Current assets	28.2	99.8
Non-current liabilities	13.3	32.7
Current liabilities	27.3	74.0
Net assets	43.9	31.5
Carrying amount of NCI	6.6	12.6
Net outside revenue	32.9	60.5
Loss for the year	(9.5)	(22.2)
Other comprehensive income (loss)	1.3	(2.3)
Total comprehensive loss	(8.2)	(24.6)
Loss allocated to NCI	(1.4)	(8.9)
Other comprehensive income (loss) allocated to NCI	0.2	(0.9)
Dividends paid to NCI	–	2.3
Net increase in cash and cash equivalents	5.4	6.6

For the year ended December 31, 2019:

<i>(Expressed in millions of US Dollars)</i>	Samsonite Chile S.A.	Samsonite South Asia Private Limited
NCI percentage	15%	40%
Non-current assets	64.0	27.6
Current assets	33.5	135.6
Non-current liabilities	17.0	15.2
Current liabilities	28.5	86.1
Net assets	52.0	61.8
Carrying amount of NCI	7.8	24.7
Net outside revenue	57.4	174.1
Profit for the year	0.2	19.9
Other comprehensive loss	(4.1)	(1.3)
Total comprehensive income (loss)	(3.9)	18.6
Profit allocated to NCI	0.0	8.0
Other comprehensive loss allocated to NCI	(0.6)	(0.5)
Dividends paid to NCI	0.1	2.5
Net increase (decrease) in cash and cash equivalents	1.4	(2.4)

**24. SHARE CAPITAL AND RESERVES AND PARTICULARS OF GROUP ENTITIES (continued)**  
**(c) Particulars of Group Entities**

Entity name	Country/ Territory	Ownership %	
		2020	2019
Samsonite International S.A.	Luxembourg	<b>Parent</b>	Parent
AboutBags NV	Belgium	<b>100</b>	100
Astrum R.E. LLC	United States	<b>100</b>	100
Bypersonal S.A. de C.V.	Mexico	<b>100</b>	100
Delilah Europe Investments S.à r.l.	Luxembourg	<b>100</b>	100
Delilah US Investments S.à r.l.	Luxembourg	<b>100</b>	100
Direct Marketing Ventures, LLC	United States	<b>100</b>	100
ebags, Inc. <sup>(1)</sup>	United States	<b>–</b>	100
ebags International, Inc. <sup>(1)</sup>	United States	<b>–</b>	100
Equipaje en Movimiento, S.A. de C.V.	Mexico	<b>100</b>	100
Galaxy Media, Inc. <sup>(1)</sup>	United States	<b>–</b>	100
Global Licensing Company, LLC	United States	<b>100</b>	100
HL Operating, LLC	United States	<b>100</b>	100
Jody Apparel II, LLC	United States	<b>100</b>	100
Lonberg Express S.A.	Uruguay	<b>100</b>	100
Limited Liability Company “Samsonite”	Russia	<b>100</b>	100
McGregor II, LLC	United States	<b>100</b>	100
PT Samsonite Indonesia	Indonesia	<b>60</b>	60
PTL Holdings, Inc.	United States	<b>100</b>	100
Samsonite (Malaysia) Sdn Bhd	Malaysia	<b>100</b>	100
Samsonite (Thailand) Co., Ltd.	Thailand	<b>60</b>	60
Samsonite A/S	Denmark	<b>100</b>	100
Samsonite AB (Aktiebolag)	Sweden	<b>100</b>	100
Samsonite AG	Switzerland	<b>100</b>	100
Samsonite Argentina S.A.	Argentina	<b>95</b>	95
Samsonite Asia Limited	Hong Kong	<b>100</b>	100
Samsonite Australia Pty Limited	Australia	<b>100</b>	100
Samsonite Belgium Holdings BVBA	Belgium	<b>100</b>	100
Samsonite Brasil Ltda.	Brazil	<b>100</b>	100
Samsonite B.V.	Netherlands	<b>100</b>	100
Samsonite Canada Inc.	Canada	<b>100</b>	100
Samsonite CES Holding B.V.	Netherlands	<b>100</b>	100
Samsonite Chile S.A.	Chile	<b>85</b>	85
Samsonite China Holdings Limited	Hong Kong	<b>100</b>	100
Samsonite (China) Co., Ltd.	China	<b>100</b>	100
Samsonite Colombia S.A.S.	Colombia	<b>100</b>	100
Samsonite Company Stores, LLC	United States	<b>100</b>	100
Samsonite Espana S.A.	Spain	<b>100</b>	100
Samsonite Europe Holdings S.à r.l.	Luxembourg	<b>100</b>	100
Samsonite Europe NV	Belgium	<b>100</b>	100
Samsonite Finanziaria S.r.l.	Italy	<b>100</b>	100
Samsonite Finco S.à r.l.	Luxembourg	<b>100</b>	100
Samsonite Finland Oy	Finland	<b>100</b>	100
Samsonite Franquias do Brasil Eireli	Brazil	<b>100</b>	100
Samsonite Gesm.b.H.	Austria	<b>100</b>	100
Samsonite GmbH	Germany	<b>100</b>	100
Samsonite Hungaria Borond KFT	Hungary	<b>100</b>	100
Samsonite Importaciones, S.A. de C.V.	Mexico	<b>100</b>	100
Samsonite IP Holdings S.à r.l.	Luxembourg	<b>100</b>	100
Samsonite Japan Co. Ltd.	Japan	<b>100</b>	100
Samsonite Korea Limited	South Korea	<b>100</b>	100
Samsonite Latinoamerica S.A. de C.V.	Mexico	<b>100</b>	100

## 24. SHARE CAPITAL AND RESERVES AND PARTICULARS OF GROUP ENTITIES (continued)

Entity name	Country/ Territory	Ownership %	
		2020	2019
Samsonite Limited	United Kingdom	100	100
Samsonite LLC	United States	100	100
Samsonite Macau Limitada	Macau	100	100
Samsonite Mauritius Limited	Mauritius	100	100
Samsonite Mercosur Limited	Bahamas	100	100
Samsonite Mexico, S.A. de C.V.	Mexico	100	100
Samsonite Middle East FZCO	United Arab Emirates	60	60
Samsonite Norway AS	Norway	100	100
Samsonite Pacific LLC	United States	100	100
Samsonite Panama S.A.	Panama	100	100
Samsonite Peru S.A.C.	Peru	100	100
Samsonite Philippines Inc.	Philippines	60	60
Samsonite S.A.S.	France	100	100
Samsonite S.p.A.	Italy	100	100
Samsonite Seyahat Ürünleri Sanayi ve Ticaret Anonim Sirketi	Turkey	60	60
Samsonite Singapore Pte Ltd	Singapore	100	100
Samsonite South Asia Private Limited	India	60	60
Samsonite Southern Africa Ltd.	South Africa	60	60
Samsonite Sp.zo.o	Poland	100	100
Samsonite Sub Holdings S.à r.l.	Luxembourg	100	100
Samsonite US Holdco, LLC	United States	100	100
SC Chile Uno S.A.	Chile	100	100
SC Inversiones Chile Ltda	Chile	100	100
Speck Trading (Shanghai) Co., Ltd. <sup>(2)</sup>	China	–	100
Speculative Product Design, LLC	United States	100	100
The Tumi Haft Company, LLC	United States	100	100
Tumi Asia, Limited	Hong Kong	100	100
Tumi Asia, Limited (Shenzhen Subsidiary) <sup>(2)</sup>	China	–	100
Tumi Asia (Macau) Co., Ltd.	Macau	100	100
Tumi Canada Holdings, LLC	United States	100	100
Tumi Canada ULC	Canada	100	100
Tumi Charlotte Airport LLC	United States	100	100
Tumi D2C GmbH	Germany	100	100
Tumi Dulles Airport LLC	United States	90	90
Tumi Houston Airport LLC	United States	70	70
Tumi Inc.	United States	100	100
Tumi International LLC	United States	100	100
Tumi Ireland Limited	Ireland	100	100
Tumi Japan Inc.	Japan	100	100
Tumi Services GmbH	Germany	100	100
Tumi Stores, Inc.	United States	100	100
Tumi (UK) Limited	United Kingdom	100	100

### Notes

(1) These entities were merged into Direct Marketing Ventures, LLC in 2020.

(2) These entities were de-registered during 2020.

## 25. SUBSEQUENT EVENTS

The Group has evaluated events occurring subsequent to December 31, 2020, the reporting date, through March 17, 2021, the date this financial information was authorized for issuance by the Board. There are no subsequent events to report for the relevant period.