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

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R.C.S. LUXEMBOURG: B 159.469
(Incorporated in Luxembourg with limited liability)
(Stock code: 1910)

QUARTERLY REPORT FOR THE PERIOD ENDED SEPTEMBER 30, 2022

The Board of Directors of Samsonite International S.A. (the “Company”), together with its consolidated subsidiaries (the “Group”), is pleased to present the unaudited consolidated financial and business review of the Group as of September 30, 2022 and for the three and nine month periods then ended, together with comparative figures for the three and nine month periods ended September 30, 2021. This announcement is made pursuant to the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Summary Financial Results and Financial Highlights

Summary Financial Results

During the three and nine months ended September 30, 2022, the Group continued to experience improved net sales trends as the effects of the COVID-19 pandemic on demand for the Group's products moderated in most countries due to the continued rollout and effectiveness of vaccines leading governments in many countries to further loosen social-distancing, travel and other restrictions, which has led to the continuing recovery in travel. As a result, the effects of the COVID-19 pandemic on the Group’s business, financial condition and results of operations have lessened. The Group's actions to enhance and preserve liquidity and reduce expenses during 2020 and the first half of 2021 are discussed in greater detail below. Given the Group’s experience with prior disruptions to travel and actions taken to improve profitability, the Company believes the Group will continue to manage effectively through the current environment.

When evaluating the results for the three and nine months ended September 30, 2022, certain factors impact comparability to prior periods, mainly the suspension and subsequent disposition of operations in Russia, the sale of Speculative Product Design, LLC ("Speck") and the effects of the Chinese government's continued strict zero-COVID policy. On March 14, 2022, the Group suspended all commercial activities in Russia due to the armed conflict in Ukraine, and the Group subsequently determined that continued ownership of its operations in Russia was no longer tenable. The Group completed the disposition of its Russian operations on July 1, 2022 pursuant to a definitive agreement entered into on June 30, 2022. On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck, a designer and distributor of slim protective cases for personal electronic devices that were marketed under the *Speck*® brand. During the second and third quarters of 2022, the Chinese government reinstated travel restrictions and social distancing measures in an effort to combat further outbreaks of COVID-19, which has slowed the Group’s net sales recovery in China.

In this announcement, certain financial results for the three and nine months ended September 30, 2022 are compared to both the three and nine months ended September 30, 2021 and the three and nine months ended September 30, 2019. Comparisons to the three and nine months ended September 30, 2019 are provided because they are the most recently ended comparable periods during which the Company’s results were not affected by COVID-19.

For the Three Months Ended September 30, 2022 and September 30, 2021

The following table sets forth summary financial results for the three months ended September 30, 2022 and September 30, 2021.

(Expressed in millions of US Dollars, except per share data)	Three months ended September 30, 2022	2021	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(1)
Net sales	**790.9**	557.1	42.0 %	54.7 %
Operating profit(2)	**121.8**	50.7	140.0 %	165.4 %
Operating profit excluding total non-cash impairment charges (reversals), restructuring charges (reversals) and certain other expenses(2), (3)	**119.8**	57.7	107.7 %	129.5 %
Profit (loss) for the period(2)	**65.4**	(2.5)	*nm*	*nm*
Profit (loss) attributable to the equity holders(2)	**58.2**	(5.2)	*nm*	*nm*
Adjusted Net Income(4)	**64.9**	8.7	646.5 %	797.1 %
Adjusted EBITDA(5)	**134.1**	72.2	85.6 %	106.3 %
Adjusted EBITDA margin(6)	**17.0 %**	13.0 %		
Basic and diluted earnings (loss) per share(2) *(Expressed in US Dollars per share)*	**0.040**	(0.004)	*nm*	*nm*
Adjusted basic and diluted earnings per share(7) *(Expressed in US Dollars per share)*	**0.045**	0.006	644.2 %	794.3 %

Notes

(1) Results stated on a constant currency basis, a non-International Financial Reporting Standards ("IFRS") measure, are calculated by applying the average exchange rate of the same period in the year under comparison to current period local currency results.

(2) Results for the three months ended September 30, 2022 included total Q3 2022 Restructuring Charges (Reversals) (as defined in Management Discussion and Analysis - For the Three Months Ended September 30, 2022 and September 30, 2021 - Restructuring Charges (Reversals)) of (US$0.7) million and total non-cash Q3 2022 Impairment Charges (Reversals) (as defined in Management Discussion and Analysis - For the Three Months Ended September 30, 2022 and September 30, 2021 - Impairment Charges (Reversals)) of (US$1.2) million. Results for the three months ended September 30, 2021 included total Q3 2021 Restructuring Charges (as defined in Management Discussion and Analysis - For the Three Months Ended September 30, 2022 and September 30, 2021 - Restructuring Charges (Reversals)) of US$5.6 million (including US$0.2 million of Q3 2021 Restructuring Charges in cost of sales) and a loss on the sale of Speck of US$1.3 million. See Impairment Charges (Reversals), Restructuring Charges (Reversals) and Other Income (Expenses), respectively, in Management Discussion and Analysis for further discussion for the three months ended September 30, 2022 and September 30, 2021.

(3) Operating profit excluding total non-cash Impairment Charges (Reversals), total Restructuring Charges (Reversals) and the loss on the sale of Speck is a non-IFRS measure and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered comparable to operating profit for the period in the Group's consolidated statements of income (loss).

(4) Adjusted Net Income, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, along with their respective tax effects, that impact the Group's reported profit (loss) attributable to the equity holders, which the Group believes helps to give securities analysts, investors and other interested parties a better understanding of the Group's underlying financial performance. See Management Discussion and Analysis - For the Three Months Ended September 30, 2022 and September 30, 2021 - Adjusted Net Income for a reconciliation from the Group's profit (loss) attributable to the equity holders to Adjusted Net Income.

(5) Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. The Group believes these measures provide additional information that is useful in gaining a more complete understanding of its operational performance and of the underlying trends of its business. See Management Discussion and Analysis - For the Three Months Ended September 30, 2022 and September 30, 2021 - Adjusted EBITDA for a reconciliation from the Group's profit (loss) for the period to Adjusted EBITDA.

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

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

nm Not meaningful.

Financial Highlights

- Net sales were US$790.9 million for the three months ended September 30, 2022 compared to US$557.1 million for the three months ended September 30, 2021, an increase of 42.0% (+54.7% constant currency). When excluding the Q3 Russia and Speck Net Sales (as defined in Management Discussion and Analysis - For the Three Months Ended September 30, 2022 and September 30, 2021 - Net Sales), consolidated net sales increased by US$250.6 million, or 46.4% (+59.5% constant currency), for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. Further excluding the Group's net sales in China for the third quarters of 2022 and 2021, consolidated net sales for the three months ended September 30, 2022 increased by US$257.1 million, or 53.6% (+67.8% constant currency), compared to the same period in the previous year. The Group continued to experience improved sales trends during the three months ended September 30, 2022.
- The Group's consolidated net sales decreased by 14.2% (-6.1% constant currency) during the three months ended September 30, 2022 compared to the three months ended September 30, 2019. When excluding the Q3 Russia and Speck Net Sales, consolidated net sales decreased by 8.0% but increased by 0.6% on a constant currency basis for the three months ended September 30, 2022 compared to the three months ended September 30, 2019. Further excluding the Group's net sales in China for the third quarters of 2022 and 2019, consolidated net sales for the three months ended September 30, 2022 decreased by 5.5% but increased by 4.2% on a constant currency basis compared to the three months ended September 30, 2019.
- Gross profit margin was 55.0% for the three months ended September 30, 2022 compared to 55.5% for the same period in the previous year. See Management Discussion and Analysis - For the Three Months Ended September 30, 2022 and September 30, 2021 - Cost of Sales and Gross Profit for further discussion.
- The Group spent US$44.8 million on marketing during the three months ended September 30, 2022 compared to US$21.5 million for the three months ended September 30, 2021, an increase of US$23.3 million, or 108.5%. As a percentage of net sales, marketing expenses increased by 180 basis points to 5.7% for the three months ended September 30, 2022 from 3.9% for the three months ended September 30, 2021. The Group has selectively increased its advertising in markets where demand in travel is recovering more quickly. The Group plans to increase its investment in marketing during the remainder of 2022 to drive net sales growth and capitalize on the continued recovery in travel.
- The Group reported an operating profit of US$121.8 million for the three months ended September 30, 2022 compared to an operating profit of US$50.7 million for the same period in the previous year, an improvement of US$71.0 million.
- Profit for the three months ended September 30, 2022 was US$65.4 million compared to a loss for the three months ended September 30, 2021 of US$2.5 million, an improvement of US$68.0 million.
- Profit attributable to the equity holders was US$58.2 million for the three months ended September 30, 2022 compared to a loss attributable to the equity holders of US$5.2 million for the same period in the previous year, an improvement of US$63.4 million.
- Adjusted EBITDA, a non-IFRS measure, improved by US$61.8 million to US$134.1 million for the three months ended September 30, 2022 compared to US$72.2 million for the three months ended September 30, 2021. Adjusted EBITDA margin was 17.0% for the three months ended September 30, 2022 compared to 13.0% for the three months ended September 30, 2021. The improvement in Adjusted EBITDA margin was due primarily to continued sales improvement, along with the positive impacts of actions taken by management to reduce the fixed cost structure of the business.
- The Group generated US$117.9 million of cash from operating activities during the three months ended September 30, 2022 compared to US$157.1 million of cash generated from operating activities for the same period in the previous year. Total cash generation(1) was US$63.9 million during the three months ended September 30, 2022 compared to total cash generation(1) of US$116.1 million during the three months ended September 30, 2021. The year-on-year variations in cash generated from operating activities and total cash generation reflect the Group's increased investment in working capital, primarily inventories, during the three months ended September 30, 2022 to meet improving consumer demand and support net sales growth resulting from the recovery in travel.
- As of September 30, 2022, the Group had cash and cash equivalents of US$801.0 million and outstanding financial debt of US$2,198.8 million (excluding deferred financing costs of US$8.9 million), resulting in a net debt position of US$1,397.9 million compared to a net debt position of US$1,477.2 million as of December 31, 2021.
- Total liquidity(2) as of September 30, 2022 was US$1,443.8 million compared to US$1,501.4 million as of December 31, 2021. During the three months ended September 30, 2022, the Group repaid US$314.2 million of outstanding borrowings under the Group's Senior Credit Facilities (as defined in Management Discussion and Analysis - Other Information - Indebtedness), consisting of US$301.3 million in voluntary prepayments and US$12.9 million in required quarterly amortization payments.

Notes

(1) Total cash generation (burn) is calculated as the total increase (decrease) in cash and cash equivalents per the consolidated statements of cash flows less total cash flow attributable to (i) total loans and borrowings, (ii) deferred financing costs and (iii) foreign exchange conversion impacts.

(2) Total liquidity is calculated as the sum of cash and cash equivalents per the consolidated statements of financial position plus available capacity under the Revolving Credit Facility (as defined in Management Discussion and Analysis - Other Information - Indebtedness).

For the Nine Months Ended September 30, 2022 and September 30, 2021

The following table sets forth summary financial results for the nine months ended September 30, 2022 and September 30, 2021.

(Expressed in millions of US Dollars, except per share data)	Nine months ended September 30, **2022**	2021	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[1]
Net sales	**2,061.1**	1,356.6	51.9 %	61.9 %
Operating profit (loss)[2]	**281.7**	(35.7)	*nm*	*nm*
Operating profit excluding total non-cash impairment charges, restructuring charges and certain other expenses[2], [3]	**293.2**	7.5	3,821.8 %	4,120.4 %
Profit (loss) for the period	**133.9**	(144.8)	*nm*	*nm*
Profit (loss) attributable to the equity holders	**114.5**	(147.7)	*nm*	*nm*
Adjusted Net Income (Loss)[4]	**148.2**	(95.0)	*nm*	*nm*
Adjusted EBITDA[5]	**329.7**	55.3	496.6 %	546.7 %
Adjusted EBITDA margin[6]	**16.0 %**	4.1 %		
Basic and diluted earnings (loss) per share *(Expressed in US Dollars per share)*	**0.080**	(0.103)	*nm*	*nm*
Adjusted basic and diluted earnings (loss) per share[7] *(Expressed in US Dollars per share)*	**0.103**	(0.066)	*nm*	*nm*

Notes

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

(2) Results for the nine months ended September 30, 2022 included total 2022 Restructuring Charges (as defined in Management Discussion and Analysis - For the Nine Months Ended September 30, 2022 and September 30, 2021 - Restructuring Charges) of US$0.7 million and total non-cash 2022 Impairment Charges (as defined in Management Discussion and Analysis - For the Nine Months Ended September 30, 2022 and September 30, 2021 - Impairment Charges) of US$10.7 million. Results for the nine months ended September 30, 2021 included total 2021 Restructuring Charges (as defined in Management Discussion and Analysis - For the Nine Months Ended September 30, 2022 and September 30, 2021 - Restructuring Charges) of US$11.6 million (including US$0.3 million of 2021 Restructuring Charges in cost of sales), a loss on the sale of Speck of US$1.3 million and total non-cash 2021 Impairment Charges (as defined in Management Discussion and Analysis - For the Nine Months Ended September 30, 2022 and September 30, 2021 - Impairment Charges) of US$30.2 million. See Impairment Charges, Restructuring Charges and Other Income, respectively, in Management Discussion and Analysis for further discussion for the nine months ended September 30, 2022 and September 30, 2021.

(3) Operating profit excluding total non-cash Impairment Charges, total Restructuring Charges and the loss on the sale of Speck is a non-IFRS measure and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered comparable to operating profit (loss) for the period in the Group's consolidated statements of income (loss).

(4) Adjusted Net Income (Loss), a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, along with their respective tax effects, that impact the Group's reported profit (loss) attributable to the equity holders, which the Group believes helps to give securities analysts, investors and other interested parties a better understanding of the Group's underlying financial performance. See Management Discussion and Analysis - For the Nine Months Ended September 30, 2022 and September 30, 2021 - Adjusted Net Income (Loss) for a reconciliation from the Group's profit (loss) attributable to the equity holders to Adjusted Net Income (Loss).

(5) Adjusted EBITDA, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. The Group believes these measures provide additional information that is useful in gaining a more complete understanding of its operational performance and of the underlying trends of its business. See Management Discussion and Analysis - For the Nine Months Ended September 30, 2022 and September 30, 2021 - Adjusted EBITDA for a reconciliation from the Group's profit (loss) for the period to Adjusted EBITDA.

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

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

nm Not meaningful.

Financial Highlights

- Net sales were US$2,061.1 million for the nine months ended September 30, 2022 compared to US$1,356.6 million for the nine months ended September 30, 2021, an increase of 51.9% (+61.9% constant currency). When excluding the Russia and Speck Net Sales (as defined in Management Discussion and Analysis - For the Nine Months Ended September 30, 2022 and September 30, 2021 - Net Sales), consolidated net sales increased by US$758.3 million, or 58.3% (+68.7% constant currency), for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. Further excluding the Group's net sales in China for the second and third quarters of 2022 and 2021, consolidated net sales for the nine months ended September 30, 2022 increased by US$794.6 million, or 67.4% (+78.5% constant currency), compared to the same period in the previous year. The Group continued to experience improved sales trends during the nine months ended September 30, 2022.
- The Group's consolidated net sales decreased by 23.0% (-17.5% constant currency) during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2019. When excluding the Russia and Speck Net Sales, consolidated net sales decreased by 19.1% (-13.3% constant currency) for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2019. Further excluding the Group's net sales in China for the second and third quarters of 2022 and 2019, consolidated net sales for the nine months ended September 30, 2022 decreased by 17.3% (-11.0% constant currency) compared to the nine months ended September 30, 2019.
- Gross profit margin was 55.4% for the nine months ended September 30, 2022 compared to 52.7% for the same period in the previous year. The increase in gross profit margin was attributable to (i) increased net sales, (ii) price increases on the Group's products implemented in order to mitigate increased product, freight and duty costs and (iii) lower promotional discounts. See Management Discussion and Analysis - For the Nine Months Ended September 30, 2022 and September 30, 2021 - Cost of Sales and Gross Profit for further discussion.
- The Group spent US$102.6 million on marketing during the nine months ended September 30, 2022 compared to US$50.2 million for the nine months ended September 30, 2021, an increase of US$52.4 million, or 104.4%. As a percentage of net sales, marketing expenses increased by 130 basis points to 5.0% for the nine months ended September 30, 2022 from 3.7% for the nine months ended September 30, 2021. The Group has selectively increased its advertising in markets where demand in travel is recovering more quickly. The Group plans to increase its investment in marketing during the remainder of 2022 to drive net sales growth and capitalize on the continued recovery in travel.
- The Group reported an operating profit of US$281.7 million for the nine months ended September 30, 2022 compared to an operating loss of US$35.7 million for the same period in the previous year, an improvement of US$317.4 million. The Group had an operating profit of US$293.2 million[(1)] for the nine months ended September 30, 2022 when excluding the non-cash 2022 Impairment Charges and 2022 Restructuring Charges. In comparison, the Group had an operating profit of US$7.5 million[(1)] for the same period in the previous year when excluding the non-cash 2021 Impairment Charges, 2021 Restructuring Charges and the loss on the sale of Speck.
- Profit for the nine months ended September 30, 2022 was US$133.9 million compared to a loss for the nine months ended September 30, 2021 of US$144.8 million, an improvement of US$278.6 million. The Group had profit for the nine months ended September 30, 2022 of US$144.7 million[(1)] when excluding the non-cash 2022 Impairment Charges and 2022 Restructuring Charges, both of which are net of the related tax impact. In comparison, the Group incurred a loss for the nine months ended September 30, 2021 of US$112.9 million[(1)] when excluding the non-cash 2021 Impairment Charges, 2021 Restructuring Charges, the loss on the sale of Speck and charges associated with certain amendments to the Credit Agreement (as defined in Management Discussion and Analysis - Other Information - Indebtedness) during the nine months ended September 30, 2021, all of which are net of the related tax impact, and the US$26.0 million tax benefit associated with the intra-group realignment of certain intellectual property rights (the "Intra-Group IP Realignment").
- Profit attributable to the equity holders was US$114.5 million for the nine months ended September 30, 2022 compared to a loss attributable to the equity holders of US$147.7 million for the same period in the previous year, an improvement of US$262.1 million. For the nine months ended September 30, 2022, the Group had profit attributable to the equity holders of US$125.3 million[(1)] when excluding the non-cash 2022 Impairment Charges and 2022 Restructuring Charges, both of which are net of the related tax impact. In comparison, the Group recorded a loss attributable to the equity holders for the nine months ended September 30, 2021 of US$115.8 million[(1)] when excluding the non-cash 2021 Impairment Charges, 2021 Restructuring Charges, the loss on the sale of Speck and charges associated with certain amendments to the Credit Agreement during the nine months ended September 30, 2021, all of which are net of the related tax impact, and the US$26.0 million tax benefit associated with Intra-Group IP Realignment.

- Adjusted EBITDA, a non-IFRS measure, improved by US$274.5 million to US$329.7 million for the nine months ended September 30, 2022 compared to US$55.3 million for the nine months ended September 30, 2021. Adjusted EBITDA margin was 16.0% for the nine months ended September 30, 2022 compared to 4.1% for the nine months ended September 30, 2021. The improvement in Adjusted EBITDA margin was due primarily to continued sales improvement and strong gross margins, along with the positive impacts of actions taken by management to reduce the fixed cost structure of the business.
- The Group generated US$180.4 million of cash from operating activities during the nine months ended September 30, 2022 compared to US$155.3 million of cash generated from operating activities for the same period in the previous year. Total cash generation(2) was US$37.3 million during the nine months ended September 30, 2022 compared to total cash generation(2) of US$24.2 million during the nine months ended September 30, 2021. The year-on-year increase in cash generated from operating activities and total cash generation reflect the Group's improved net sales and profitability, partially offset by increased investment in working capital, primarily inventories, during the nine months ended September 30, 2022 to meet improving consumer demand and support net sales growth resulting from the recovery in travel.
- As of September 30, 2022, the Group had cash and cash equivalents of US$801.0 million and outstanding financial debt of US$2,198.8 million (excluding deferred financing costs of US$8.9 million), resulting in a net debt position of US$1,397.9 million compared to a net debt position of US$1,477.2 million as of December 31, 2021.
- Total liquidity(3) as of September 30, 2022 was US$1,443.8 million compared to US$1,501.4 million as of December 31, 2021. During the nine months ended September 30, 2022, the Group repaid US$535.0 million of outstanding borrowings under the Group's Senior Credit Facilities, consisting of US$501.3 million in voluntary prepayments and US$33.7 million in required quarterly amortization payments.

Notes

(1) See reconciliations in Management Discussion and Analysis for the nine months ended September 30, 2022 and September 30, 2021.

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

(3) Total liquidity is calculated as the sum of cash and cash equivalents per the consolidated statements of financial position plus available capacity under the Revolving Credit Facility.

Disclaimer

Non-IFRS Measures

The Company has presented certain non-IFRS[1] measures in the summary financial results and financial highlights and Management Discussion and Analysis section 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, gross margin, operating profit (loss), Adjusted Net Income (Loss), Adjusted EBITDA[2], Adjusted EBITDA margin, cash flow, liquidity and capital resources, potential impairments, growth, strategies, plans, achievements, distributions, organizational structure, future store openings or closings, market opportunities and general market and industry conditions. The Company generally identifies forward-looking statements by words such as "expect", "seek", "believe", "plan", "intend", "estimate", "project", "anticipate", "may", "will", "would" and "could" or similar words or statements. Forward-looking statements are based on beliefs and assumptions made by management using currently available information. These statements are only predictions and are not guarantees of future performance, actions or events. Forward-looking statements are subject to risks and uncertainties. These risks, uncertainties and other factors also include the effects of the COVID-19 pandemic on the Company's future financial and operational results, which could vary significantly depending on the duration and severity of the COVID-19 pandemic worldwide and the pace and extent of recovery from the effects of the COVID-19 pandemic.

If one or more of these risks or uncertainties materialize, or if management's underlying beliefs and assumptions prove 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 effect of political or social unrest and armed conflict; the length and severity of the COVID-19 pandemic; lower levels of consumer spending resulting from COVID-19; the effects of inflation; a general economic downturn or generally reduced consumer spending, including as a result of COVID-19; the pace and extent of recovery following COVID-19; significant changes in consumer spending patterns or preferences; interruptions or delays in the supply of finished goods or key components; the performance of the Group's products within the prevailing retail environment; financial difficulties encountered by customers and related bankruptcy and collection issues; and risks related to the success of the Group's restructuring programs.

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 report 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.

Consolidated Statements of Income (Loss)

(Expressed in millions of US Dollars, except per share data)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Net sales	**790.9**	557.1	**2,061.1**	1,356.6
Cost of sales	**(355.7)**	(248.1)	**(918.5)**	(641.8)
Gross profit	**435.2**	309.0	**1,142.6**	714.8
Distribution expenses	**(209.7)**	(179.0)	**(585.5)**	(505.4)
Marketing expenses	**(44.8)**	(21.5)	**(102.6)**	(50.2)
General and administrative expenses	**(59.8)**	(53.5)	**(164.5)**	(155.9)
Impairment (Charges) Reversals	**1.2**	—	**(10.7)**	(30.2)
Restructuring (Charges) Reversals (exclusive of amounts included in cost of sales)	**0.7**	(5.4)	**(0.7)**	(11.3)
Other income (expense)	**(1.0)**	1.1	**3.1**	2.5
Operating profit (loss)	**121.8**	50.7	**281.7**	(35.7)
Finance income	**2.9**	1.0	**5.5**	2.7
Finance costs	**(38.5)**	(31.0)	**(103.3)**	(135.2)
Net finance costs	**(35.6)**	(30.0)	**(97.8)**	(132.5)
Profit (loss) before income tax	**86.2**	20.7	**183.9**	(168.2)
Income tax (expense) benefit	**(20.8)**	(23.2)	**(50.0)**	23.4
Profit (loss) for the period	**65.4**	(2.5)	**133.9**	(144.8)
Profit (loss) attributable to equity holders	**58.2**	(5.2)	**114.5**	(147.7)
Profit attributable to non-controlling interests	**7.2**	2.7	**19.4**	2.9
Profit (loss) for the period	**65.4**	(2.5)	**133.9**	(144.8)
Earnings (loss) per share:				
Basic and diluted earnings (loss) per share				
(Expressed in US Dollars per share)	**0.040**	(0.004)	**0.080**	(0.103)

Consolidated Statements of Comprehensive Income (Loss)

	Three months ended September 30,		Nine months ended September 30,	
(Expressed in millions of US Dollars)	**2022**	2021	**2022**	2021
Profit (loss) for the period	**65.4**	(2.5)	**133.9**	(144.8)
Other comprehensive income (loss):				
Items that are or may be reclassified subsequently to profit or loss:				
Changes in fair value of hedges, net of tax	**8.5**	2.1	**28.7**	12.8
Settlement of cross currency swap agreement, net of tax	**(2.4)**	0.9	**(0.1)**	0.9
Foreign currency translation gains (losses) for foreign operations	**(3.3)**	(0.6)	**2.9**	5.4
Other comprehensive income	**2.8**	2.4	**31.5**	19.1
Total comprehensive income (loss) for the period	**68.2**	(0.1)	**165.4**	(125.7)
Total comprehensive income (loss) attributable to equity holders	**62.8**	(2.0)	**150.4**	(126.9)
Total comprehensive income attributable to non-controlling interests	**5.4**	1.9	**15.0**	1.2
Total comprehensive income (loss) for the period	**68.2**	(0.1)	**165.4**	(125.7)

Consolidated Statements of Financial Position

(Expressed in millions of US Dollars)	**September 30, 2022**	December 31, 2021
Non-Current Assets		
Property, plant and equipment	**138.4**	155.1
Lease right-of-use assets	**297.7**	348.9
Goodwill	**813.3**	828.5
Other intangible assets	**1,375.7**	1,392.3
Deferred tax assets	**115.3**	124.2
Derivative financial instruments	**31.3**	—
Other assets and receivables	**61.4**	65.7
Total non-current assets	**2,833.1**	2,914.7
Current Assets		
Inventories	**556.7**	348.4
Trade and other receivables	**285.1**	206.2
Prepaid expenses and other assets	**75.2**	60.2
Cash and cash equivalents	**801.0**	1,324.8
Total current assets	**1,718.0**	1,939.6
Total assets	**4,551.1**	4,854.3
Equity and Liabilities		
Equity:		
Share capital	**14.4**	14.4
Reserves	**825.3**	675.3
Total equity attributable to equity holders	**839.7**	689.7
Non-controlling interests	**45.4**	36.9
Total equity	**885.1**	726.6
Non-Current Liabilities		
Loans and borrowings	**2,075.9**	2,682.0
Lease liabilities	**213.6**	302.8
Employee benefits	**31.3**	28.1
Non-controlling interest put options	**68.4**	47.2
Deferred tax liabilities	**155.7**	140.4
Derivative financial instruments	**—**	3.4
Other liabilities	**4.8**	6.1
Total non-current liabilities	**2,549.7**	3,210.0
Current Liabilities		
Loans and borrowings	**62.4**	60.7
Current portion of long-term loans and borrowings	**51.6**	46.6
Current portion of lease liabilities	**147.1**	131.2
Employee benefits	**94.6**	92.9
Trade and other payables	**694.1**	529.0
Current tax liabilities	**66.5**	57.3
Total current liabilities	**1,116.3**	917.7
Total liabilities	**3,666.0**	4,127.7
Total equity and liabilities	**4,551.1**	4,854.3
Net current assets	**601.7**	1,021.9
Total assets less current liabilities	**3,434.8**	3,936.6

Consolidated Statements of Changes in Equity

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Reserves: Retained earnings / (Accumulated deficit)	Total equity attributable to equity holders	Non-controlling interests	Total equity
Three months ended September 30, 2022									
Balance, July 1, 2022	**1,437,826,770**	**14.4**	**1,068.2**	**(57.8)**	**105.3**	**(354.9)**	**775.2**	**43.2**	**818.4**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**58.2**	**58.2**	**7.2**	**65.4**
Other comprehensive income (loss):									
Changes in fair value of hedges, net of tax	**—**	**—**	**—**	**—**	**8.5**	**—**	**8.5**	**0.0**	**8.5**
Settlement of cross currency swap agreement, net of tax	**—**	**—**	**—**	**—**	**(2.4)**	**—**	**(2.4)**	**—**	**(2.4)**
Foreign currency translation losses for foreign operations	**—**	**—**	**—**	**(1.5)**	**—**	**—**	**(1.5)**	**(1.8)**	**(3.3)**
Total comprehensive income (loss) for the period	**—**	**—**	**—**	**(1.5)**	**6.1**	**58.2**	**62.8**	**5.4**	**68.2**
Transactions with owners recorded directly in equity:									
Change in fair value of put options included in equity	**—**	**—**	**—**	**—**	**—**	**(2.8)**	**(2.8)**	**—**	**(2.8)**
Share-based compensation expense	**—**	**—**	**—**	**—**	**3.7**	**—**	**3.7**	**—**	**3.7**
Exercise of share options	**367,493**	**0.0**	**1.1**	**—**	**(0.3)**	**—**	**0.8**	**—**	**0.8**
Dividends paid to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(3.2)**	**(3.2)**
Balance, September 30, 2022	**1,438,194,263**	**14.4**	**1,069.3**	**(59.3)**	**114.8**	**(299.5)**	**839.7**	**45.4**	**885.1**

Consolidated Statements of Changes in Equity (continued)

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Reserves: Retained earnings / (Accumulated deficit)	Total equity attributable to equity holders	Non-controlling interests	Total equity
Three months ended September 30, 2021									
Balance, July 1, 2021	1,435,846,257	14.3	1,063.1	(70.2)	61.4	(549.3)	519.3	31.9	551.2
Profit (loss) for the period	—	—	—	—	—	(5.2)	(5.2)	2.7	(2.5)
Other comprehensive income (loss):									
Changes in fair value of hedges, net of tax	—	—	—	—	2.1	—	2.1	0.0	2.1
Settlement of cross currency swap agreement, net of tax	—	—	—	—	0.9	—	0.9	—	0.9
Foreign currency translation gains (losses) for foreign operations	—	—	—	0.2	—	—	0.2	(0.8)	(0.6)
Total comprehensive income (loss) for the period	—	—	—	0.2	3.0	(5.2)	(2.0)	1.9	(0.1)
Transactions with owners recorded directly in equity:									
Change in fair value of put options included in equity	—	—	—	—	—	(4.3)	(4.3)	—	(4.3)
Share-based compensation expense	—	—	—	—	3.8	—	3.8	—	3.8
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(1.0)	(1.0)
Balance, September 30, 2021	1,435,846,257	14.3	1,063.1	(70.0)	68.2	(558.8)	516.8	32.8	549.6

Consolidated Statements of Changes in Equity (continued)

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings / (accumulated deficit)	Total equity attributable to equity holders	Non-controlling interests	Total equity
Nine months ended September 30, 2022									
Balance, January 1, 2022	**1,436,905,063**	**14.4**	**1,066.3**	**(66.5)**	**78.2**	**(402.7)**	**689.7**	**36.9**	**726.6**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**114.5**	**114.5**	**19.4**	**133.9**
Other comprehensive income (loss):									
Changes in fair value of hedges, net of tax	**—**	**—**	**—**	**—**	**28.8**	**—**	**28.8**	**(0.1)**	**28.7**
Settlement of cross currency swap agreement, net of tax	**—**	**—**	**—**	**—**	**(0.1)**	**—**	**(0.1)**	**—**	**(0.1)**
Foreign currency translation gains (losses) for foreign operations	**—**	**—**	**—**	**7.2**	**—**	**—**	**7.2**	**(4.3)**	**2.9**
Total comprehensive income for the period	**—**	**—**	**—**	**7.2**	**28.7**	**114.5**	**150.4**	**15.0**	**165.4**
Transactions with owners recorded directly in equity:									
Change in fair value of put options included in equity	**—**	**—**	**—**	**—**	**—**	**(11.3)**	**(11.3)**	**—**	**(11.3)**
Share-based compensation expense	**—**	**—**	**—**	**—**	**10.0**	**—**	**10.0**	**—**	**10.0**
Exercise of share options	**391,903**	**0.0**	**1.2**	**—**	**(0.3)**	**—**	**0.9**	**—**	**0.9**
Vesting of time-based restricted share awards	**897,297**	**0.0**	**1.8**	**—**	**(1.8)**	**—**	**—**	**—**	**—**
Dividends paid to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(6.5)**	**(6.5)**
Balance, September 30, 2022	**1,438,194,263**	**14.4**	**1,069.3**	**(59.3)**	**114.8**	**(299.5)**	**839.7**	**45.4**	**885.1**

Consolidated Statements of Changes in Equity (continued)

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings / (accumulated deficit)	Total equity attributable to equity holders	Non-controlling interests	Total equity
Nine months ended September 30, 2021									
Balance, January 1, 2021	1,434,880,447	14.3	1,061.1	(77.2)	48.6	(412.7)	634.1	34.9	669.0
Profit (loss) for the period	—	—	—	—	—	(147.7)	(147.7)	2.9	(144.8)
Other comprehensive income (loss):									
Changes in fair value of hedges, net of tax	—	—	—	—	12.7	—	12.7	0.1	12.8
Settlement of cross currency swap agreement, net of tax	—	—	—	—	0.9	—	0.9	—	0.9
Foreign currency translation gains (losses) for foreign operations	—	—	—	7.2	—	—	7.2	(1.8)	5.4
Total comprehensive income (loss) for the period	—	—	—	7.2	13.6	(147.7)	(126.9)	1.2	(125.7)
Transactions with owners recorded directly in equity:									
Change in fair value of put options included in equity	—	—	—	—	—	1.6	1.6	—	1.6
Share-based compensation expense	—	—	—	—	8.0	—	8.0	—	8.0
Exercise of share options	3,094	0.0	0.0	—	0.0	—	0.0	—	0.0
Vesting of time-based restricted share awards	962,716	0.0	2.0	—	(2.0)	—	—	—	—
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(3.3)	(3.3)
Balance, September 30, 2021	1,435,846,257	14.3	1,063.1	(70.0)	68.2	(558.8)	516.8	32.8	549.6

Consolidated Statements of Cash Flows

(Expressed in millions of US Dollars)	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Cash flows from operating activities:				
Profit (loss) for the period	**65.4**	(2.5)	**133.9**	(144.8)
Adjustments to reconcile profit (loss) for the period to net cash generated from operating activities:				
Depreciation	**8.3**	10.6	**26.5**	35.8
Amortization of intangible assets	**5.7**	7.9	**17.4**	24.3
Amortization of lease right-of-use assets	**29.2**	29.5	**88.6**	90.7
Impairment Charges (Reversals)	**(1.2)**	—	**10.7**	30.2
Change in fair value of put options included in finance costs	**3.7**	3.4	**9.8**	2.4
Non-cash share-based compensation	**3.7**	3.8	**10.0**	8.0
Interest expense on borrowings and lease liabilities	**29.8**	28.8	**84.2**	99.3
Non-cash charge to derecognize deferred financing costs	**—**	—	**—**	30.1
Income tax expense (benefit)	**20.8**	23.2	**50.0**	(23.4)
	165.4	104.7	**431.1**	152.6
Changes in operating assets and liabilities:				
Trade and other receivables	**(41.9)**	(17.0)	**(96.8)**	(45.6)
Inventories	**(106.4)**	52.9	**(241.8)**	100.2
Other current assets	**(4.6)**	(12.5)	**(15.4)**	(10.8)
Trade and other payables	**134.8**	50.3	**212.6**	53.7
Other assets and liabilities	**7.1**	4.2	**(2.2)**	12.6
Cash generated from operating activities	**154.4**	182.6	**287.5**	262.7
Interest paid on borrowings and lease liabilities	**(25.4)**	(23.6)	**(76.3)**	(88.8)
Income tax paid	**(11.1)**	(1.9)	**(30.8)**	(18.6)
Net cash generated from operating activities	**117.9**	157.1	**180.4**	155.3
Cash flows from investing activities:				
Purchases of property, plant and equipment	**(15.2)**	(1.2)	**(27.8)**	(5.8)
Other intangible asset additions	**(2.1)**	(0.6)	**(5.2)**	(2.0)
Proceeds from the sale of Speck	**—**	35.3	**—**	35.3
Net cash (used in) provided by investing activities	**(17.3)**	33.5	**(33.0)**	27.5
Cash flows from financing activities:				
Payments on Term Loan Credit Facilities	**(12.9)**	(8.2)	**(83.7)**	(248.0)
Payments on Revolving Credit Facility	**(301.3)**	(40.0)	**(451.3)**	(140.0)
Proceeds from (payments on) other loans and borrowings	**2.7**	(1.4)	**9.2**	1.0
Principal payments on lease liabilities	**(34.4)**	(38.0)	**(104.4)**	(120.1)
Payment of deferred financing costs	**—**	—	**—**	(3.5)
Proceeds from the exercise of share options	**0.8**	—	**0.9**	0.0
Dividend payments to non-controlling interests	**(3.2)**	(1.0)	**(6.5)**	(3.3)
Net cash used in financing activities	**(348.3)**	(88.6)	**(635.8)**	(513.9)
Net (decrease) increase in cash and cash equivalents	**(247.7)**	102.0	**(488.4)**	(331.1)
Cash and cash equivalents, at beginning of period	**1,064.6**	1,058.2	**1,324.8**	1,495.0
Effect of exchange rate changes	**(15.9)**	(6.7)	**(35.4)**	(10.4)
Cash and cash equivalents, at end of period	**801.0**	1,153.5	**801.0**	1,153.5

Management Discussion and Analysis

For the Three Months Ended September 30, 2022 and September 30, 2021

Net Sales

The Group's net sales increased by US$233.8 million, or 42.0% (+54.7% constant currency), during the three months ended September 30, 2022 compared to the three months ended September 30, 2021. The Group continued to experience improved net sales trends as the effects of the COVID-19 pandemic on demand for the Group's products moderated in most countries due to the continued rollout and effectiveness of vaccines leading governments in many countries to further loosen social-distancing, travel and other restrictions, which has led to the continuing recovery in travel.

When evaluating the results for the three months ended September 30, 2022, certain factors impact comparability to prior periods, mainly the suspension and subsequent disposition of operations in Russia and the sale of Speculative Product Design, LLC ("Speck"). On March 14, 2022, the Group suspended all commercial activities in Russia due to the armed conflict in Ukraine, and the Group subsequently determined that continued ownership of its operations in Russia was no longer tenable. The Group completed the disposition of its Russian operations on July 1, 2022 pursuant to a definitive agreement entered into on June 30, 2022. On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck, a designer and distributor of slim protective cases for personal electronic devices that were marketed under the *Speck*® brand.

In the discussions that follow, where noted net sales results exclude (i) the net sales of the Group's former Russian operations for the third quarters of 2021 and 2019 (the "Q3 Russia Net Sales"), (ii) the net sales of Speck for July 2021 and the third quarter of 2019 (the "Q3 Speck Net Sales" and together with the Q3 Russia Net Sales, the "Q3 Russia and Speck Net Sales"). In addition, where noted the Group's net sales in China for the third quarters of 2022, 2021 and 2019 have been further excluded for comparability. During the second and third quarters of 2022, the Chinese government reinstated travel restrictions and social distancing measures in an effort to combat further outbreaks of COVID-19, which has slowed the Group’s net sales recovery in China.

When excluding the Q3 Russia and Speck Net Sales, consolidated net sales increased by US$250.6 million, or 46.4% (+59.5% constant currency), for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. Further excluding the Group's net sales in China, consolidated net sales for the three months ended September 30, 2022 increased by US$257.1 million, or 53.6% (+67.8% constant currency), compared to the same period in the previous year.

The Group's consolidated net sales decreased by 14.2% (-6.1% constant currency) during the three months ended September 30, 2022 compared to the three months ended September 30, 2019. When excluding the Q3 Russia and Speck Net Sales, consolidated net sales decreased by 8.0% but increased by 0.6% on a constant currency basis for the three months ended September 30, 2022 compared to the three months ended September 30, 2019. Further excluding the Group's net sales in China, consolidated net sales for the three months ended September 30, 2022 decreased by 5.5% but increased by 4.2% on a constant currency basis compared to the three months ended September 30, 2019.

The Group's positive net sales trend continued, with the Group’s constant currency net sales for October 2022 when compared to October 2019 and excluding the Russia and Speck Net Sales (as defined in Management Discussion and Analysis - For the Nine Months Ended September 30, 2022 and September 30, 2021 - Net Sales) increasing by 2.3%, and by 6.5% when further excluding the Group's net sales in China.

Net Sales by Region

The following table sets forth a breakdown of net sales by region for the three months ended September 30, 2022 and September 30, 2021, both in absolute terms and as a percentage of total net sales.

	Three months ended September 30,				2022 vs 2021	
	2022		2021			
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(5)
Net sales by region(1):						
North America(2)	**292.3**	**37.0 %**	214.9	38.6 %	36.0 %	36.4 %
Asia	**264.4**	**33.4 %**	174.0	31.2 %	52.0 %	66.0 %
Europe(3)	**193.2**	**24.4 %**	139.5	25.0 %	38.5 %	68.7 %
Latin America	**40.6**	**5.1 %**	28.2	5.1 %	43.9 %	56.7 %
Corporate	**0.4**	**0.1 %**	0.5	0.1 %	(28.7)%	(28.7)%
Net sales(4)	**790.9**	**100.0 %**	557.1	100.0 %	42.0 %	54.7 %

Notes
(1) The geographic location of the Group's net sales generally reflects the country/territory from which its products were sold and does not necessarily indicate the country/territory in which its end consumers were actually located.
(2) On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck. When excluding the Q3 Speck Net Sales for July 2021, net sales in North America increased by US$81.7 million, or 38.8% (+39.2% constant currency), for the three months ended September 30, 2022 compared to the same period in the previous year.
(3) On March 14, 2022, the Group suspended all commercial activities in Russia due to the armed conflict in Ukraine. The Group completed the disposition of its Russian operations on July 1, 2022. When excluding the Q3 Russia Net Sales for 2021, net sales in Europe increased by US$66.2 million, or 52.1% (+85.4% constant currency), for the three months ended September 30, 2022 compared to the same period in the previous year.
(4) When excluding the Q3 Russia and Speck Net Sales, consolidated net sales increased by US$250.6 million, or 46.4% (+59.5% constant currency), for the three months ended September 30, 2022 compared to the same period in the previous year.
(5) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the same period in the year under comparison to current period local currency results.

Brands

The following table sets forth a breakdown of net sales by brand for the three months ended September 30, 2022 and September 30, 2021, both in absolute terms and as a percentage of total net sales.

	Three months ended September 30,				2022 vs 2021	
	2022		2021			
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(3)
Net sales by brand:						
Samsonite	**414.8**	**52.5 %**	259.6	46.6 %	59.8 %	75.5 %
Tumi	**165.3**	**20.9 %**	134.9	24.2 %	22.5 %	29.9 %
American Tourister	**145.6**	**18.4 %**	100.3	18.0 %	45.2 %	58.6 %
Gregory	**14.2**	**1.8 %**	16.6	3.0 %	(14.4)%	(2.7)%
Speck(1)	**—**	**— %**	4.3	0.8 %	(100.0)%	(100.0)%
Other(2)	**51.0**	**6.4 %**	41.5	7.4 %	22.8 %	34.8 %
Net sales	**790.9**	**100.0 %**	557.1	100.0 %	42.0 %	54.7 %

Notes
(1) On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck, including the *Speck* brand.
(2) "Other" includes certain other brands owned by the Group, such as *High Sierra*, *Kamiliant*, *ebags*, *Xtrem*, *Lipault*, *Hartmann*, *Saxoline* and *Secret*, as well as third-party brands sold through the Group's Rolling Luggage and Chic Accent retail stores.
(3) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the same period in the year under comparison to current period local currency results.

The Group's core brands all recorded strong year-on-year net sales increases during the three months ended September 30, 2022 compared to the three months ended September 30, 2021. Net sales of the *Samsonite* brand increased by US$155.2 million, or 59.8% (+75.5% constant currency), year-on-year, driven by increases in all the Group's regions. Net sales of the *Tumi* brand increased by US$30.4 million, or 22.5% (+29.9% constant currency), year-on-year. The increase in *Tumi* brand net sales was driven by a US$12.0 million increase in North America, a US$9.9 million increase in Asia, a US$8.3 million increase in Europe, and a US$0.3 million increase in Latin America. Net sales of the *American Tourister* brand increased by US$45.4 million, or 45.2% (+58.6% constant currency), for the three months ended September 30, 2022 compared to the three months ended September 30, 2021, with increases in all of the Group's regions.

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 three months ended September 30, 2022 and September 30, 2021, both in absolute terms and as a percentage of total net sales.

	Three months ended September 30,					
	2022		2021		2022 vs 2021	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(3)
Net sales by product category:						
Travel	**538.6**	**68.1 %**	333.5	59.9 %	61.5 %	75.0 %
Non-travel(1), (2)	**252.3**	**31.9 %**	223.7	40.1 %	12.8 %	24.5 %
Net sales	**790.9**	**100.0 %**	557.1	100.0 %	42.0 %	54.7 %

Notes
(1) The non-travel category comprises business, casual, accessories and other products.
(2) On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck. When excluding the applicable Q3 Speck Net Sales for July 2021, non-travel product category net sales increased by US$32.9 million, or 15.0% (+26.9% constant currency), for the three months ended September 30, 2022 compared to the same period in the previous year.
(3) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the same period in the year under comparison to current period local currency results.

Net sales in the travel product category during the three months ended September 30, 2022 increased by US$205.2 million, or 61.5% (+75.0% constant currency), compared to the three months ended September 30, 2021. The Group continued to experience improved net sales trends in the travel product category as the effects of the COVID-19 pandemic on demand for the Group's travel products moderated in most countries due to the continued rollout and effectiveness of vaccines leading governments in many countries to further loosen social-distancing, travel and other restrictions, which has led to the continuing recovery in travel. Total non-travel category net sales, which includes business, casual, accessories and other products, increased by US$28.6 million, or 12.8% (+24.5% constant currency), for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. When excluding the applicable Q3 Speck Net Sales for July 2021, non-travel product category net sales increased by US$32.9 million, or 15.0% (+26.9% constant currency), for the three months ended September 30, 2022 compared to the same period in the previous year.

Net sales of business products increased by US$21.5 million, or 18.4% (+30.5% constant currency), for the three months ended September 30, 2022 compared to the same period in the previous year. When excluding the applicable Q3 Speck Net Sales for July 2021, business product net sales increased by US$22.6 million, or 19.6% (+31.8% constant currency), for the three months ended September 30, 2022 compared to the same period in the previous year. Net sales of casual products during the three months ended September 30, 2022 increased by US$5.8 million, or 10.3% (+22.1% constant currency), year-on-year. Net sales of accessories products during the three months ended September 30, 2022 increased by US$1.0 million, or 2.4% (+11.6% constant currency), year-on-year. When excluding the applicable Q3 Speck Net Sales for July 2021, net sales of accessories products increased by US$4.0 million, or 11.0% (+21.0% constant currency), for the three months ended September 30, 2022 compared to the same period in the previous year.

Distribution Channels

The Group sells its products through two primary distribution channels: wholesale and direct-to-consumer ("DTC"). The following table sets forth a breakdown of net sales by distribution channel for the three months ended September 30, 2022 and September 30, 2021, both in absolute terms and as a percentage of total net sales.

	Three months ended September 30,					
	2022		2021		2022 vs 2021	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(3)
Net sales by distribution channel:						
Wholesale	**506.6**	**64.0 %**	340.7	61.1 %	48.7 %	61.6 %
DTC(1)	**283.8**	**35.9 %**	215.9	38.8 %	31.4 %	44.0 %
Other(2)	**0.4**	**0.1 %**	0.5	0.1 %	(14.3)%	(14.3)%
Net sales	**790.9**	**100.0 %**	557.1	100.0 %	42.0 %	54.7 %

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

Net sales in the wholesale channel increased by US$165.9 million, or 48.7% (+61.6% constant currency), during the three months ended September 30, 2022 compared to the three months ended September 30, 2021. Net sales to e-retailers, which are included in the Group's wholesale channel, increased by US$9.1 million, or 16.0% (+24.5% constant currency), during the three months ended September 30, 2022 compared to the same period in the previous year.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, increased by US$67.9 million, or 31.4% (+44.0% constant currency), to US$283.8 million (representing 35.9% of net sales) for the three months ended September 30, 2022 from US$215.9 million (representing 38.8% of net sales) for the three months ended September 30, 2021.

Net sales in the DTC retail channel increased by US$53.0 million, or 33.6% (+47.2% constant currency), during the three months ended September 30, 2022 compared to the same period in the previous year primarily due to an increase in consumer demand and the reopening of certain company-operated retail stores, some of which had been temporarily closed during the same period in the previous year due to the COVID-19 pandemic. During the three months ended September 30, 2022, the Group added 7 new company-operated retail stores. This was partially offset by the permanent closure of 5 company-operated retail stores. This resulted in a net addition of 2 company-operated retail stores during the three months ended September 30, 2022 compared to a net reduction of 11 company-operated retail stores during the three months ended September 30, 2021. The total number of company-operated retail stores was 965 as of September 30, 2022 compared to 1,016 company-operated retail stores as of September 30, 2021 and 1,285 company-operated retail stores as of September 30, 2019. As a result of the temporary closure during the third quarter of 2021 of certain company-operated retail stores due to the COVID-19 pandemic, the Company believes its quarter-to-date 2022 comparable store sales metrics may not be representative of the underlying trends of its business. The Company has not included these metrics in its discussion and analysis of net sales.

Total DTC e-commerce net sales increased by US$14.9 million, or 25.6% (+35.3% constant currency), to US$73.3 million (representing 9.3% of net sales) for the three months ended September 30, 2022 from US$58.3 million (representing 10.5% of net sales) for the three months ended September 30, 2021.

During the three months ended September 30, 2022, US$139.5 million of the Group’s net sales were through e-commerce channels (comprising US$73.3 million of net sales from the Group’s DTC e-commerce website, which are included within the DTC channel, and US$66.2 million of net sales to e-retailers, which are included within the wholesale channel). This represented a year-on-year increase of US$24.1 million, or 20.8% (+30.0% constant currency), compared to the three months ended September 30, 2021, when e-commerce comprised US$115.4 million of the Group’s net sales. During the three months ended September 30, 2022, the Group's net sales through e-commerce channels represented 17.6% of total net sales compared to 20.7% of total net sales for the three months ended September 30, 2021. The year-on-year decrease in net sales through e-commerce channels as a percentage of total net sales is primarily due to governments relaxing social-distancing restrictions and markets around the world reopening, which has led many customers to shop in person again rather than online.

Regions

North America

The Group's net sales in North America increased by US$77.4 million, or 36.0% (+36.4% constant currency), for the three months ended September 30, 2022 compared to the three months ended September 30, 2021 due to relaxed social-distancing restrictions, markets reopening and travel continuing to rebound in both the United States and Canada. On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck. Excluding the Q3 Speck Net Sales for July 2021, net sales in North America increased by US$81.7 million, or 38.8% (+39.2% constant currency), for the three months ended September 30, 2022 compared to the same period in the previous year.

The Group's net sales declined by 13.7% (-13.8% constant currency) in North America during the three months ended September 30, 2022 compared to the three months ended September 30, 2019. During the third quarter of 2022, the Group's net sales in North America (when compared to the corresponding period in 2019 and excluding the Q3 Speck Net Sales) continued its sequential quarterly improvement, recording a net sales decline of 0.8% (-0.8% constant currency) when compared to the quarter ended September 30, 2019. This compares to the second quarter of 2022 when the Group's net sales in North America decreased by 16.8% (-17.0% constant currency) when compared to the corresponding period in 2019 and excluding the Speck Net Sales for the second quarter of 2019. This compares to the first quarter of 2022 when the Group's net sales in North America decreased by 21.5% (-21.6% constant currency) when compared to the corresponding period in 2019 and excluding the Speck Net Sales for the first quarter of 2019.

The Group's constant currency net sales in North America for October 2022 decreased by 1.8% when compared to October 2019 and excluding the Speck Net Sales.

For the three months ended September 30, 2022, net sales of the *Samsonite* brand in North America increased by US$72.2 million, or 84.7% (+85.2% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand increased by US$12.0 million, or 14.4% (+14.7% constant currency) compared to the same period in the previous year. Net sales of the *American Tourister* brand increased by US$0.4 million, or 1.4% (+1.8% constant currency), compared to the three months ended September 30, 2021. Net sales of the *Gregory* brand decreased by US$1.2 million, or 25.6% (-25.6% constant currency), compared to the same period in the previous year.

For the three months ended September 30, 2022, net sales in the United States increased by US$69.5 million, or 33.9%, year-on-year. When excluding the Q3 Speck Net Sales for July 2021, net sales in the United States increased by US$73.7 million, or 36.7%, for the three months ended September 30, 2022 compared to the same period in the previous year. For the three months ended September 30, 2022, net sales in Canada increased by US$8.0 million, or 79.9% (+87.7% constant currency), year-on-year as restrictions on social distancing eased and markets reopened.

Net sales in the United States during the three months ended September 30, 2022 decreased by 1.3% when compared to the three months ended September 30, 2019 and excluding the Q3 Speck Net Sales for 2019. Net sales in Canada increased by 9.1% (+8.0% constant currency) during the three months ended September 30, 2022 compared to the three months ended September 30, 2019.

Asia

While the reinstatement of travel restrictions and social distancing measures slowed the net sales recovery in China the net sales performance in other countries within Asia continued to improve. The Group's net sales in Asia increased by US$90.4 million, or 52.0% (+66.0% constant currency), for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. When excluding the Group's net sales in China for the third quarters of 2022 and 2021, the Group's net sales in Asia for the three months ended September 30, 2022 increased by US$96.9 million, or 85.9% (+104.7% constant currency), when compared to the same period in the previous year.

During the third quarter of 2022, the Group's net sales in Asia (when compared to the corresponding period in 2019) continued its sequential quarterly improvement, although the improvement in the third quarter of 2022 continued to be moderated by the effects of lockdowns in China. The Group recorded a net sales decline of 20.6% (-13.9% constant currency) during the quarter ended September 30, 2022 compared to the quarter ended September 30, 2019; further excluding the Group's net sales in China for the third quarters of 2022 and 2019, the Group recorded a net sales decline of 16.8% (-7.5% constant currency). This compares to the second quarter of 2022 when the Group's net sales in Asia decreased by 38.2% (-34.5% constant currency) when compared to the corresponding period in 2019; further excluding the Group's net sales in China for the second quarters or 2022 and 2019, the Group recorded a net sales decline of 31.4% (-26.2% constant currency). This compares to the first quarter of 2022 when the Group's net sales in Asia decreased by 39.6% (-38.6% constant currency) when compared to the corresponding period in 2019.

The Group's positive net sales trend in Asia continued, with the Group's constant currency net sales for October 2022 when compared to October 2019 decreasing by 3.9%, and increasing by 8.5% when excluding the Group's net sales in China.

For the three months ended September 30, 2022, net sales of the *Samsonite* brand increased by US$41.3 million, or 58.5% (+72.8% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand increased by US$9.9 million, or 26.8% (+39.6% constant currency), year-on-year. Net sales of the *American Tourister* brand increased by US$30.6 million, or 66.7% (+80.4% constant currency), compared to the three months ended September 30, 2021.

Net sales in India increased by US$26.1 million, or 71.0% (+84.7% constant currency), for the three months ended September 30, 2022 compared to the same period in the previous year, primarily due to the removal by the Indian government of all travel restrictions and further loosening of other social distancing measures. Net sales in Australia increased by US$12.9 million, or 377.3% (+413.2% constant currency), compared to the same period in the previous year as the Australian government ended lockdown restrictions and opened the country's borders. Net sales in South Korea increased by US$11.3 million, or 62.3% (+87.3% constant currency), year-on-year. Net sales in Japan increased by US$6.7 million, or 26.5% (+57.5% constant currency), year-on-year. Total net sales reported for Hong Kong (which comprises net sales made in the domestic Hong Kong market, Macau and to distributors in certain other Asian markets) increased by US$2.1 million, or 15.0% (+15.4% constant currency), year-on-year. These year-on-year net sales increases were partially offset by a decrease in net sales in China of US$6.5 million, or 10.6% (-5.4% constant currency), year-on-year, due to renewed lockdowns and continued restrictions on travel. When excluding net sales in China for the third quarters of 2022 and 2021, net sales in Asia increased by US$96.9 million, or 85.9% (+104.7% constant currency), year-on-year.

India reported a net sales increase of 33.7% (+52.2% constant currency) during the three months ended September 30, 2022 compared to the same period in 2019, while the rest of the Group’s main markets in Asia continued to report net sales decreases when comparing the three months ended September 30, 2022 with the three months ended September 30, 2019, including: China (-32.4%; -34.0% constant currency), Japan (-48.9%; -34.8% constant currency), South Korea (-34.8%; -27.0% constant currency) and Hong Kong (-47.4%; -47.4% constant currency).

Europe

The Group's net sales in Europe increased by US$53.7 million, or 38.5% (+68.7% constant currency), for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. On March 14, 2022, the Group suspended all commercial activities in Russia due to the armed conflict in Ukraine, and the Group subsequently determined that continued ownership of its operations in Russia was no longer tenable. The Group completed the disposition of its Russian operations on July 1, 2022 pursuant to a definitive agreement entered into on June 30, 2022. When excluding the Q3 Russia Net Sales for 2021, the Group's net sales in Europe for the three months ended September 30, 2022 increased by US$66.2 million, or 52.1% (+85.4% constant currency), when compared to the same period in the previous year.

During the third quarter of 2022, the Group's net sales in Europe (when compared to the corresponding period in 2019) continued its sequential quarterly improvement. The Group's net sales decreased by 8.3% but increased by 10.7% on a constant currency basis during the quarter ended September 30, 2022 compared to the quarter ended September 30, 2019; further excluding the Q3 Russia Net Sales for 2019, the Group's net sales in Europe decreased by 0.1% but increased on a constant currency basis by 20.6%. This compares to the second quarter of 2022 when the Group's net sales in Europe decreased by 11.0% (-0.5% constant currency) when compared to the corresponding period in 2019; further excluding the Russia Net Sales for the second quarters of 2022 and 2019, the Group's net sales in Europe decreased by 1.8% but increased on a constant currency basis by 9.9%. This compares to the first quarter of 2022 when the Group's net sales in Europe decreased by 27.7% (-21.5% constant currency) when compared to the corresponding period in 2019.

The Group's constant currency net sales in Europe for October 2022 increased by 13.3% when compared to October 2019 and excluding the Russia Net Sales.

For the three months ended September 30, 2022, net sales of the *Samsonite* brand increased by US$32.2 million, or 34.6% (+65.5% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand increased by US$8.3 million, or 61.9% (+98.9% constant currency), year-on-year. Net sales of the *American Tourister* brand increased by US$12.1 million, or 49.5% (+76.8% constant currency), compared to the three months ended September 30, 2021.

Net sales in the United Kingdom increased by US$12.0 million, or 134.2% (+172.1% constant currency), for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. Italy's net sales increased by US$6.3 million, or 44.3% (+67.7% constant currency), compared to the three months ended September 30, 2021. Net sales in France increased by US$4.5 million, or 31.6% (+53.0% constant currency), compared to the same period in the previous year. Net sales in Germany increased by US$4.1 million, or 20.6% (+40.4% constant currency), for the three months ended September 30, 2022 compared to the same period in the previous year. Spain's net sales increased by US$4.0 million, or 34.5% (+56.3% constant currency), year-on-year.

All of the Group’s key markets in Europe recorded net sales decreases during the three months ended September 30, 2022 compared to the three months ended September 30, 2019 including: Germany (-20.5%; -13.2% constant currency), United Kingdom (-5.2%; -2.0% constant currency), France (-7.4% but increased by 1.1% on a constant currency basis), Italy (-6.1% but increased by 2.5% on a constant currency basis) and Spain (-2.7% but increased by 6.1% on a constant currency basis).

Latin America

The Group’s net sales in Latin America increased by US$12.4 million, or 43.9% (+56.7% constant currency), for the three months ended September 30, 2022 compared to the three months ended September 30, 2021.

During the third quarter of 2022, the Group's net sales in Latin America continued its sequential quarterly improvement when compared to the corresponding period in 2019. For the quarter ended September 30, 2022, the Group recorded a net sales increase of 6.4% (+38.0% constant currency) compared to the quarter ended September 30, 2019. This compares to the second quarter of 2022 when the Group's net sales in Latin America increased by 4.9% (+34.6% constant currency) when compared to the corresponding period in 2019. This compares to the first quarter of 2022 when the Group's net sales in Latin America decreased by 3.4% but increased on a constant currency basis by 28.7% when compared to the corresponding period in 2019.

The Group's constant currency net sales in Latin America for October 2022 increased by 26.9% when compared to October 2019.

For the three months ended September 30, 2022, net sales of the *Samsonite* brand in Latin America increased by US$9.5 million, or 88.4% (+102.7% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand in Latin America increased by US$0.3 million, or 19.1% (+19.9% constant currency), compared to the same period in the previous year. Net sales of the *American Tourister* brand increased by US$2.3 million, or 51.5% (+59.6% constant currency), compared to the three months ended September 30, 2021. Net sales of the *Saxoline* brand increased by US$0.6 million, or 22.4% (+46.3% constant currency), year-on-year. Net sales of the *Xtrem* brand increased by US$0.5 million, or 9.2% (+19.9% constant currency), compared to the same period in the previous year.

Net sales in Chile decreased by US$1.3 million, or 11.6%, but increased by 5.5% on a constant currency basis during the three months ended September 30, 2022 compared to the same period in the previous year. Net sales in Mexico increased by US$5.8 million, or 76.3% (+77.7% constant currency), year-on-year. Net sales in Brazil increased by US$4.0 million, or 114.5% (+116.2% constant currency), year-on-year.

Two of the Group’s key markets in Latin America recorded net sales decreases during the three months ended September 30, 2022 compared to the three months ended September 30, 2019 including: Chile (-10.6% but increased by 15.5% on a constant currency basis) and Mexico (-9.2%; -6.0% constant currency). Net sales in Brazil increased by 52.0% (+99.0% constant currency) during the three months ended September 30, 2022 compared to the three months ended September 30, 2019.

Cost of Sales and Gross Profit

Cost of sales increased by US$107.6 million, or 43.4%, to US$355.7 million (representing 45.0% of net sales) for the three months ended September 30, 2022 from US$248.1 million (representing 44.5% of net sales) for the three months ended September 30, 2021. Although cost of sales was negatively impacted by an increase in global freight and raw material costs, the Group leveraged its long-standing relationships with suppliers to mitigate the effects of cost increases where possible, and the Group implemented price increases in most markets to offset the resulting margin pressure.

Gross profit increased by US$126.2 million, or 40.8%, to US$435.2 million for the three months ended September 30, 2022 from US$309.0 million for the three months ended September 30, 2021 due to increased sales year-on-year. Gross profit margin was 55.0% for the three months ended September 30, 2022 compared to 55.5% for the same period in the previous year. The 50 basis points decrease in gross profit margin from the third quarter of 2021 was mostly driven by variations in brand, country and channel sales mix, which were partially offset by lower promotional activity and price increases on the Group's products in order to mitigate increased product, freight and duty costs. The devaluation of many currencies to the US Dollar also had a negative impact on gross profit margin.

The Group's gross profit margin during the third quarter of 2022 was 55.0% compared to 55.7% recorded during the three months ended September 30, 2019. The 70 basis points decrease was mainly due to the effects of fixed manufacturing costs on lower net sales during the third quarter of 2022 compared to the third quarter of 2019, higher freight and raw material costs, increased duties related to the non-renewal of the Generalized System of Preferences program in the United States ("GSP"), and variations in the sales mix in Asia, which was partially offset by lower promotional activity and price increases on the Group's products in order to mitigate increased product, freight and duty costs.

Distribution Expenses

Distribution expenses increased by US$30.7 million, or 17.2%, to US$209.7 million (representing 26.5% of net sales) for the three months ended September 30, 2022 from US$179.0 million (representing 32.1% of net sales) for the three months ended September 30, 2021. Distribution expenses for the three months ended September 30, 2022 decreased by 30.9% compared to the three months ended September 30, 2019, and as a percentage of net sales decreased by 650 basis points from 33.0% for the three months ended September 30, 2019. Distribution expenses as a percentage of net sales has improved primarily due to the increase in net sales and the actions taken by management to reduce the fixed cost structure of the business.

Marketing Expenses

The Group spent US$44.8 million on marketing during the three months ended September 30, 2022 compared to US$21.5 million for the three months ended September 30, 2021, an increase of US$23.3 million, or 108.5%. As a percentage of net sales, marketing expenses increased by 180 basis points to 5.7% for the three months ended September 30, 2022 from 3.9% for the three months ended September 30, 2021. Marketing expenses as a percentage of net sales for the three months ended September 30, 2022 increased by 80 basis points from 4.9% for the three months ended September 30, 2019. The Group has selectively increased its advertising in markets where demand in travel is recovering more quickly.

General and Administrative Expenses

General and administrative expenses increased by US$6.2 million, or 11.6%, to US$59.8 million (representing 7.6% of net sales) for the three months ended September 30, 2022 from US$53.5 million (representing 9.6% of net sales) for the three months ended September 30, 2021. The decrease in general and administrative expenses as a percentage of net sales reflects the increase in net sales and the effect of actions taken by management to reduce the fixed cost structure of the business, including headcount reductions and other savings initiatives, to help mitigate the negative impacts on the Group's profitability caused by COVID-19. General and administrative expenses as a percentage of net sales increased to 7.6% for the three months ended September 30, 2022 from 6.0% for the three months ended September 30, 2019 due primarily to the lower net sales base during the third quarter of 2022.

Impairment Charges (Reversals)

The following table sets forth a breakdown of the non-cash impairment charges (reversals) (the "Q3 2022 Impairment Charges (Reversals)") for the three months ended September 30, 2022. There were no impairment charges (reversals) recorded during the three months ended September 30, 2021.

		Three Months Ended September 30,	
(Expressed in millions of US Dollars)		**2022**	2021
Impairment charges (reversals) recognized on:	Functional Area	**Q3 2022 Impairment Charges (Reversals)**	Q3 2021 Impairment Charges (Reversals)
Lease right-of-use assets	Distribution	**(1.2)**	—
Total impairment charges (reversals)		**(1.2)**	—

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. The Group reviews the carrying amounts of its intangible assets with indefinite lives to determine whether there is any indication of impairment of a cash generating unit ("CGU") below its carrying value (resulting in an impairment charge), or when an event has occurred or circumstances change that would result in the recoverable amount of intangible assets, excluding goodwill, exceeding its net impaired carrying value (resulting in an impairment reversal). The Group is also required to perform a review for impairment indicators at the end of each reporting period on its tangible and intangible assets with finite useful lives. If there is any indication that an asset may be impaired or there may be an impairment reversal, the Group must estimate the recoverable amount of the asset or CGU.

Q3 2022 Impairment Charges (Reversals)

During the three months ended September 30, 2022, the Group determined there were no triggering events that indicated that its indefinite-lived intangible assets or other assets with finite lives were impaired. During the three months ended September 30, 2022, the Group reversed a non-cash impairment charge on a previously impaired lease right-of-use asset of US$1.2 million, as circumstances changed resulting in the recoverable amount of the lease right-of-use asset exceeding its net impaired carrying value.

During the three months ended September 30, 2021, the Group determined there were no triggering events that indicated that its indefinite-lived intangible assets or other assets with finite lives were impaired.

Restructuring Charges (Reversals)

The following table sets forth a breakdown of the restructuring charges (reversals) (the "Q3 2022 Restructuring Charges (Reversals)") for the three months ended September 30, 2022 and the restructuring charges (the "Q3 2021 Restructuring Charges") for the three months ended September 30, 2021.

	Three Months Ended September 30,	
(Expressed in millions of US Dollars)	**2022**	2021
Functional Area	**Q3 2022 Restructuring Charges (Reversals)**	Q3 2021 Restructuring Charges
Restructuring charges included in cost of sales	**—**	0.2
Restructuring charges (reversals) attributable to distribution function	**(0.7)**	1.2
Restructuring charges attributable to general and administrative function	**0.0**	4.2
Restructuring charges (reversals) (exclusive of amounts included in cost of sales)	**(0.7)**	5.4
Total restructuring charges (reversals)	**(0.7)**	5.6

During the three months ended September 30, 2022, the Group determined that a portion of its restructuring accrual was no longer needed and US$0.7 million was reversed.

During 2020 and the first half of 2021, the Group aggressively reduced its operating expenses to mitigate the impact of lower sales on profit and cash flow as well as to right-size the business for the future in response to the COVID-19 pandemic. In conjunction with the cost saving actions and other restructuring initiatives, the Group recognized Q3 2021 Restructuring Charges of US$5.6 million during the three months ended September 30, 2021. The Q3 2021 Restructuring Charges consisted primarily of store closure costs, severance costs related to the sale of Speck on July 30, 2021, and certain other costs (described below).

In June 2021 the Company established a brand development and sourcing hub in Singapore as part of a global restructuring initiative to enhance the alignment of the Company's product development, brand management and supply chain operations. The establishment of this hub enables the Company to design and develop products closer to market for several key brands, including *Samsonite* and *American Tourister*, as well as to manage its extensive sourcing activities. In June 2021, the Group also completed an intra-group realignment of certain intellectual property rights (the "Intra-Group IP Realignment"). During the three months ended September 30, 2021, the Group recognized charges associated with the establishment of the brand development and sourcing hub in Singapore.

Other Income (Expense)

The Group recorded other expense of US$1.0 million for the three months ended September 30, 2022 compared to other income of US$1.1 million for the three months ended September 30, 2021.

Operating Profit

The following table presents the reconciliation from the Group's operating profit, as reported, to operating profit, as adjusted, for the three months ended September 30, 2022 and September 30, 2021.

OPERATING PROFIT

(Expressed in millions of US Dollars)	Three Months Ended September 30, 2022	2021	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(1)
Operating profit, as reported	**121.8**	50.7	140.0 %	165.4 %
Impairment Charges (Reversals)	**(1.2)**	—	n/a	n/a
Restructuring Charges (Reversals)	**(0.7)**	5.6	*nm*	*nm*
Loss on the sale of Speck	**—**	1.3	(100.0)%	(100.0)%
Operating profit, as adjusted	**119.8**	57.7	107.7 %	129.5 %

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

The Group reported an operating profit of US$121.8 million for the three months ended September 30, 2022 compared to an operating profit of US$50.7 million for the same period in the previous year, an improvement of US$71.0 million. The improvement in operating profit for the third quarter of 2022 compared to the same period in the previous year was primarily due to improved net sales and the positive impacts of actions taken by management to reduce the fixed cost structure of the business.

Net Finance Costs

Net finance costs increased by US$5.5 million, or 18.5%, to US$35.6 million for the three months ended September 30, 2022 from US$30.0 million for the three months ended September 30, 2021. This increase was primarily attributable to an increase in foreign exchange losses of US$9.1 million, an increase in interest expense on loans and borrowings of US$1.7 million due to rising interest rates, partially offset by a decrease in other finance costs of US$2.8 million and an increase in interest income of US$1.9 million.

During the third quarter of 2022, the Group prepaid US$301.3 million of outstanding borrowings under the Revolving Credit Facility (as defined in Management Discussion and Analysis - Other Information - Indebtedness).

The following table sets forth a breakdown of total finance costs for the three months ended September 30, 2022 and September 30, 2021.

(Expressed in millions of US Dollars)	Three Months Ended September 30, 2022	2021
Recognized in profit or loss:		
Interest income	**2.9**	1.0
Total finance income	**2.9**	1.0
Interest expense on loans and borrowings	**(24.1)**	(22.4)
Amortization of deferred financing costs associated with the Senior Credit Facilities	**(1.1)**	(1.2)
Interest expense on lease liabilities	**(4.5)**	(5.2)
Change in fair value of put options	**(3.7)**	(3.4)
Net foreign exchange gain (loss)	**(8.4)**	0.7
Other finance costs	**3.3**	0.5
Total finance costs	**(38.5)**	(31.0)
Net finance costs recognized in profit or loss	**(35.6)**	(30.0)

Profit before Income Tax

The following table presents the reconciliation from the Group's profit before income tax, as reported, to profit before income tax, as adjusted, for the three months ended September 30, 2022 and September 30, 2021.

PROFIT BEFORE INCOME TAX

	Three Months Ended September 30,			
(Expressed in millions of US Dollars)	**2022**	2021	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(1)
Profit before income tax, as reported	**86.2**	20.7	316.4 %	389.0 %
Impairment Charges (Reversals)	**(1.2)**	—	n/a	n/a
Restructuring Charges (Reversals)	**(0.7)**	5.6	*nm*	*nm*
Loss on the sale of Speck	**—**	1.3	(100.0)%	(100.0)%
Profit before income tax, as adjusted	**84.3**	27.7	204.6 %	258.0 %

Notes

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

n/a Not applicable.

nm Not meaningful.

The Group recorded a profit before income tax of US$86.2 million for the three months ended September 30, 2022 compared to a profit before income tax of US$20.7 million for the same period in the previous year, an improvement of US$65.5 million. The improvement in profit before income tax for the third quarter of 2022 compared to the same period in the previous year was primarily due to improved net sales and the positive impacts of actions taken by management to reduce the fixed cost structure of the business.

Income Tax Expense

The Group recorded income tax expense of US$20.8 million for the three months ended September 30, 2022 compared to income tax expense of US$23.2 million for the three months ended September 30, 2021. The income tax expense recorded during the three months ended September 30, 2022 was due mainly to the US$86.2 million reported profit before income tax, changes in unrecognized deferred tax assets, and changes in the profit mix between high and low tax jurisdictions. The income tax expense recorded during the three months ended September 30, 2021 was due mainly to the changes in reserves, changes in unrecognized deferred tax assets and changes in the profit mix between high and low tax jurisdictions.

The Group's consolidated effective tax rate for operations was 24.1% and 112.1% for the three months ended September 30, 2022 and September 30, 2021, respectively. The decrease in the Group's effective tax rate during the three months ended September 30, 2022 was mainly the result of changes in unrecognized deferred tax assets, the impairment charges related to the disposition of the Group's operations in Russia and changes in the profit mix between high and low tax jurisdictions.

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

Profit (Loss)

Profit (Loss) for the Period

The following table presents the reconciliation from the Group's profit (loss) for the period, as reported, to profit (loss) for the period, as adjusted, for the three months ended September 30, 2022 and September 30, 2021.

PROFIT (LOSS) FOR THE PERIOD

(Expressed in millions of US Dollars)	Three Months Ended September 30, 2022	2021	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(1)
Profit (loss) for the period, as reported	**65.4**	(2.5)	*nm*	*nm*
Impairment Charges (Reversals)	**(1.2)**	—	n/a	n/a
Restructuring Charges (Reversals)	**(0.7)**	5.6	*nm*	*nm*
Loss on the sale of Speck	**—**	1.3	(100.0)%	(100.0)%
Tax impact	**0.5**	(2.5)	*nm*	*nm*
Profit for the period, as adjusted	**64.0**	2.0	*nm*	*nm*

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

Profit for the three months ended September 30, 2022 was US$65.4 million compared to a loss for the three months ended September 30, 2021 of US$2.5 million, an improvement of US$68.0 million. The improvement in profit for the third quarter of 2022 compared to the same period in the previous year was primarily due to improved net sales along with the positive impacts of actions taken by management to reduce the fixed cost structure of the business.

Profit (Loss) Attributable to the Equity Holders

The following table presents the reconciliation from the Group's profit (loss) attributable to the equity holders, as reported, to profit (loss) attributable to the equity holders, as adjusted, for the three months ended September 30, 2022 and September 30, 2021.

PROFIT (LOSS) ATTRIBUTABLE TO THE EQUITY HOLDERS

(Expressed in millions of US Dollars)	Three Months Ended September 30, 2022	2021	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(1)
Profit (loss) attributable to the equity holders, as reported	**58.2**	(5.2)	*nm*	*nm*
Impairment Charges (Reversals)	**(1.2)**	—	n/a	n/a
Restructuring Charges (Reversals)	**(0.7)**	5.6	*nm*	*nm*
Loss on the sale of Speck	**—**	1.3	(100.0)%	(100.0)%
Tax impact	**0.5**	(2.5)	*nm*	*nm*
Profit (loss) attributable to the equity holders, as adjusted	**56.8**	(0.7)	*nm*	*nm*

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

Profit attributable to the equity holders was US$58.2 million for the three months ended September 30, 2022 compared to a loss attributable to the equity holders of US$5.2 million for the same period in the previous year, an improvement of US$63.4 million. The improvement in profit attributable to the equity holders for the third quarter of 2022 compared to the same period in the previous year was primarily due to improved net sales along with the positive impacts of actions taken by management to reduce the fixed cost structure of the business.

Basic and Diluted Earnings (Loss) per Share

Basic and diluted earnings per share was US$0.040 for the three months ended September 30, 2022 compared to basic and diluted loss per share of US$0.004 for the three months ended September 30, 2021. The year-on-year improvement in basic and diluted earnings per share was primarily due to improved net sales along with the positive impacts of actions taken by management to reduce the fixed cost structure of the business.

The weighted average number of shares used in the basic earnings per share calculation was 1,437,899,879 shares for the three months ended September 30, 2022 compared to 1,435,846,257 shares used in the basic loss per share calculation for the three months ended September 30, 2021. The weighted average number of shares outstanding used in the diluted earnings per share calculation was 1,440,344,143 shares for the three months ended September 30, 2022 compared to 1,435,846,257 shares used in the diluted loss per share calculation for the three months ended September 30, 2021.

Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, improved by US$61.8 million to US$134.1 million for the three months ended September 30, 2022 compared to US$72.2 million for the three months ended September 30, 2021. Adjusted EBITDA margin was 17.0% for the three months ended September 30, 2022 compared to 13.0% for the three months ended September 30, 2021 due primarily to continued sales improvement, along with actions taken by management to reduce the fixed cost structure of the business.

The following table presents the reconciliation from the Group's profit (loss) for the period to Adjusted EBITDA for the three months ended September 30, 2022 and September 30, 2021:

	Three Months Ended September 30,			
(Expressed in millions of US Dollars)	**2022**	2021	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Profit (loss) for the period	**65.4**	(2.5)	*nm*	*nm*
Plus (Minus):				
Income tax expense	**20.8**	23.2	(10.6)%	(3.0)%
Finance costs	**38.5**	31.0	24.1 %	17.9 %
Finance income	**(2.9)**	(1.0)	197.2 %	222.8 %
Depreciation	**8.3**	10.6	(21.5)%	(14.0)%
Total amortization	**34.9**	37.4	(6.6)%	0.2 %
EBITDA	**165.0**	98.7	67.1 %	83.5 %
Plus (Minus):				
Share-based compensation expense	**3.7**	3.8	(0.2)%	0.7 %
Impairment Charges (Reversals)	**(1.2)**	—	n/a	n/a
Restructuring Charges (Reversals)	**(0.7)**	5.6	*nm*	*nm*
Amortization of lease right-of-use assets	**(29.2)**	(29.5)	(0.9)%	6.9 %
Interest expense on lease liabilities	**(4.5)**	(5.2)	(13.3)%	(5.7)%
Other adjustments[1]	**1.0**	(1.1)	*nm*	*nm*
Adjusted EBITDA[2]	**134.1**	72.2	85.6 %	106.3 %
Adjusted EBITDA margin	**17.0 %**	13.0 %		

Notes
(1) Other adjustments primarily comprised 'Other income (expenses)' per the consolidated statements of income (loss).
(2) Adjusted EBITDA, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. Adjusted EBITDA includes the lease interest and amortization expense as a result of the Group's adoption of IFRS 16, *Leases* ("IFRS 16") to account for operational rent expenses.
(3) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the same period in the year under comparison to current period local currency results.
n/a Not applicable.
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 period, these measures provide additional information that is useful in gaining a more complete understanding of its operational performance and of the trends impacting its business. EBITDA, Adjusted EBITDA and Adjusted EBITDA margin are important metrics the Group uses to evaluate its operating performance and cash generation.

EBITDA, Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered comparable to profit (loss) for the period in the 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

Adjusted Net Income, a non-IFRS measure, was US$64.9 million for the three months ended September 30, 2022 compared to Adjusted Net Income of US$8.7 million for the three months ended September 30, 2021. The US$56.2 million improvement in Adjusted Net Income was due primarily to improved net sales and the positive impacts of actions taken by management to reduce the fixed cost structure of the business. Adjusted basic and diluted earnings per share, which are non-IFRS measures, were US$0.045 per share for the three months ended September 30, 2022 compared to an adjusted basic and diluted earnings per share of US$0.006 for the three months ended September 30, 2021. Adjusted basic and diluted earnings per share are calculated by dividing Adjusted Net Income by the weighted average number of shares used in the basic and diluted earnings 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 for the three months ended September 30, 2022 and September 30, 2021:

	Three Months Ended September 30,			
(Expressed in millions of US Dollars)	**2022**	2021	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Profit (loss) attributable to the equity holders	**58.2**	(5.2)	*nm*	*nm*
Plus (Minus):				
Change in fair value of put options included in finance costs	**3.7**	3.4	9.1 %	9.1 %
Amortization of intangible assets	**5.7**	7.9	(28.0)%	(25.0)%
Loss on the sale of Speck	**—**	1.3	(100.0)%	(100.0)%
Impairment Charges (Reversals)	**(1.2)**	—	n/a	n/a
Restructuring Charges (Reversals)	**(0.7)**	5.6	*nm*	*nm*
Tax adjustments[1]	**(0.8)**	(4.4)	(81.0)%	(80.7)%
Adjusted Net Income[2]	**64.9**	8.7	646.5 %	797.1 %

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 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 same period in the year under comparison to current period local currency results.
n/a Not applicable.
nm Not meaningful.

The Company has presented Adjusted Net Income and adjusted basic and diluted earnings 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 and the related adjusted basic and diluted earnings 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 and adjusted basic and diluted earnings 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 and the related adjusted basic and diluted earnings 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.

Cash Flows

Cash flows generated from operating activities amounted to US$117.9 million for the three months ended September 30, 2022 compared to cash flows generated from operating activities of US$157.1 million for the three months ended September 30, 2021. The US$39.2 million decrease in cash flows generated from operating activities year-on-year primarily relates to an increased investment in working capital of US$99.7 million, primarily attributable to an increase in inventories to support net sales growth resulting from increased consumer demand and the recovery in travel, and an increase in income taxes paid of US$9.2 million, partially offset by an improvement in Adjusted Net Income, as compared to the three months ended September 30, 2021.

For the three months ended September 30, 2022, net cash flows used in investing activities were US$17.3 million and were primarily related to US$15.2 million of capital expenditures for property, plant and equipment. The Group selectively added new retail locations, remodeled certain existing retail locations, invested in its European manufacturing plants to expand capacity and support new product innovation, and made investments in machinery and equipment. For the three months ended September 30, 2021, net cash flows provided by investing activities were US$33.5 million and were primarily related to net proceeds from the sale of Speck amounting to US$35.3 million, partially offset by US$1.2 million of capital expenditures for property, plant and equipment. The Group intends to increase spending on capital expenditures for projects deferred during the COVID-19 pandemic and for key strategic initiatives going into 2023.

Net cash flows used in financing activities were US$348.3 million for the three months ended September 30, 2022 and were largely attributable to the repayment of US$314.2 million of outstanding borrowings under the Group's Senior Credit Facilities (as defined in Management Discussion and Analysis - Other Information - Indebtedness), consisting of US$301.3 million in voluntary prepayments and US$12.9 million in required quarterly amortization payments. Net cash flows used in financing activities also included US$34.4 million in payments on lease liabilities. Net cash flows used in financing activities were US$88.6 million for the three months ended September 30, 2021. During the three months ended September 30, 2021 the Group repaid US$48.2 million of outstanding borrowings under its Senior Credit Facilities, consisting of US$40.0 million in prepayments utilizing the proceeds from the sale of Speck and US$8.2 million in required quarterly amortization payments. Net cash flows used in financing activities for the three months ended September 30, 2021 also included US$38.0 million in payments on lease liabilities.

For the Nine Months Ended September 30, 2022 and September 30, 2021

Net Sales

The Group's net sales increased by US$704.4 million, or 51.9% (+61.9% constant currency), during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. The Group continued to experience improved net sales trends as the effects of the COVID-19 pandemic on demand for the Group's products moderated in most countries due to the continued rollout and effectiveness of vaccines leading governments in many countries to further loosen social-distancing, travel and other restrictions, which has led to the continuing recovery in travel. However, the reinstatement of travel restrictions and social distancing measures in China in an effort to combat further outbreaks of COVID-19 slowed the Group's net sales recovery in Asia during the nine months ended September 30, 2022.

When evaluating the results for the nine months ended September 30, 2022, certain factors impact comparability to prior periods, mainly the suspension and subsequent disposition of operations in Russia and the sale of Speck. On March 14, 2022, the Group suspended all commercial activities in Russia due to the armed conflict in Ukraine, and the Group subsequently determined that continued ownership of its operations in Russia was no longer tenable. The Group completed the disposition of its Russian operations on July 1, 2022 pursuant to a definitive agreement entered into on June 30, 2022. On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck, a designer and distributor of slim protective cases for personal electronic devices that were marketed under the *Speck®* brand.

In the discussions that follow, where noted net sales results exclude (i) the net sales of the Group's former Russian operations for the second quarter of 2022 and the second and third quarters of 2021 and 2019 (the "Russia Net Sales"), (ii) the net sales of Speck for January through July 2021 and January through September 2019 (the "Speck Net Sales" and together with the Russia Net Sales, the "Russia and Speck Net Sales"). In addition, where noted the Group's net sales in China for the second and third quarters of 2022, 2021 and 2019 have been further excluded for comparability. During the second and third quarters of 2022, the Chinese government reinstated travel restrictions and social distancing measures in an effort to combat further outbreaks of COVID-19, which has slowed the Group’s net sales recovery in China.

When excluding the Russia and Speck Net Sales, consolidated net sales increased by US$758.3 million, or 58.3% (+68.7% constant currency), for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. Further excluding the Group's net sales in China, consolidated net sales for the nine months ended September 30, 2022 increased by US$794.6 million, or 67.4% (+78.5% constant currency), compared to the same period in the previous year.

The Group's consolidated net sales decreased by 23.0% (-17.5% constant currency) during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2019. When excluding the Russia and Speck Net Sales, consolidated net sales decreased by 19.1% (-13.3% constant currency) for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2019. Further excluding the Group's net sales in China, consolidated net sales for the nine months ended September 30, 2022 decreased by 17.3% (-11.0% constant currency) compared to the nine months ended September 30, 2019.

Net Sales by Region

The following table sets forth a breakdown of net sales by region for the nine months ended September 30, 2022 and September 30, 2021, both in absolute terms and as a percentage of total net sales.

	Nine months ended September 30,				2022 vs 2021	
	2022		2021			
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[5]
Net sales by region[1]:						
North America[2]	**782.1**	**37.9 %**	538.7	39.7 %	45.2 %	45.4 %
Asia	**657.7**	**31.9 %**	481.8	35.5 %	36.5 %	45.6 %
Europe[3]	**494.5**	**24.0 %**	270.7	20.0 %	82.7 %	112.7 %
Latin America	**125.5**	**6.1 %**	64.3	4.7 %	95.2 %	109.7 %
Corporate	**1.2**	**0.1 %**	1.1	0.1 %	11.9 %	11.9 %
Net sales[4]	**2,061.1**	**100.0 %**	1,356.6	100.0 %	51.9 %	61.9 %

Notes
(1) The geographic location of the Group's net sales generally reflects the country/territory from which its products were sold and does not necessarily indicate the country/territory in which its end consumers were actually located.
(2) On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck. When excluding the Speck Net Sales for January through July 2021, net sales in North America increased by US$276.4 million, or 54.7% (+54.9% constant currency), for the nine months ended September 30, 2022 compared to the same period in the previous year.
(3) On March 14, 2022, the Group suspended all commercial activities in Russia due to the armed conflict in Ukraine. The Group completed the disposition of its Russian operations on July 1, 2022. When excluding the Russia Net Sales for the second quarter of 2022 and the second and third quarters of 2021, net sales in Europe increased by US$244.6 million, or 98.7% (+131.6% constant currency), for the nine months ended September 30, 2022 compared to the same period in the previous year.
(4) When excluding the Russia and Speck Net Sales, consolidated net sales increased by US$758.3 million, or 58.3% (+68.7% constant currency), for the nine months ended September 30, 2022 compared to the same period in the previous year.
(5) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the same period in the year under comparison to current period local currency results.

Brands

The following table sets forth a breakdown of net sales by brand for the nine months ended September 30, 2022 and September 30, 2021, both in absolute terms and as a percentage of total net sales.

	Nine months ended September 30,					
	2022		2021		2022 vs 2021	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(3)
Net sales by brand:						
Samsonite	**1,034.8**	**50.2 %**	615.5	45.4 %	68.1 %	80.5 %
Tumi	**448.8**	**21.8 %**	328.6	24.2 %	36.6 %	42.1 %
American Tourister	**380.1**	**18.4 %**	228.8	16.9 %	66.2 %	77.2 %
Gregory	**49.1**	**2.4 %**	49.3	3.6 %	(0.5)%	7.6 %
Speck(1)	**—**	**— %**	33.0	2.4 %	(100.0)%	(100.0)%
Other(2)	**148.3**	**7.2 %**	101.5	7.5 %	46.1 %	58.0 %
Net sales	**2,061.1**	**100.0 %**	1,356.6	100.0 %	51.9 %	61.9 %

Notes
(1) On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck, including the *Speck* brand.
(2) "Other" includes certain other brands owned by the Group, such as *High Sierra*, *Kamiliant*, *ebags*, *Xtrem*, *Lipault*, *Hartmann*, *Saxoline* and *Secret*, as well as third-party brands sold through the Group's Rolling Luggage and Chic Accent retail stores.
(3) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the same period in the year under comparison to current period local currency results.

The Group's core brands all recorded strong year-on-year net sales increases during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. Net sales of the *Samsonite* brand increased by US$419.3 million, or 68.1% (+80.5% constant currency), year-on-year, driven by increases in all the Group's regions. Net sales of the *Tumi* brand increased by US$120.2 million, or 36.6% (+42.1% constant currency), year-on-year. The increase in *Tumi* brand net sales was driven by a US$86.8 million increase in North America, a US$20.3 million increase in Europe, a US$11.8 million increase in Asia, and a US$1.2 million increase in Latin America. Net sales of the *American Tourister* brand increased by US$151.4 million, or 66.2% (+77.2% constant currency), for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, with increases in all of the Group's regions.

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 nine months ended September 30, 2022 and September 30, 2021, both in absolute terms and as a percentage of total net sales.

	Nine months ended September 30,					
	2022		2021		2022 vs 2021	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Net sales by product category:						
Travel	**1,353.0**	**65.6 %**	756.9	55.8 %	78.8 %	89.8 %
Non-travel[1], [2]	**708.1**	**34.4 %**	599.8	44.2 %	18.1 %	26.8 %
Net sales	**2,061.1**	**100.0 %**	1,356.6	100.0 %	51.9 %	61.9 %

Notes

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

(2) On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck. When excluding the applicable Speck Net Sales for January through July 2021, non-travel product category net sales increased by US$141.4 million, or 24.9% (+34.1% constant currency), for the nine months ended September 30, 2022 compared to the same period in the previous year.

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

Net sales in the travel product category during the nine months ended September 30, 2022 increased by US$596.1 million, or 78.8% (+89.8% constant currency), compared to the nine months ended September 30, 2021. The Group continued to experience improved net sales trends in the travel product category as the effects of the COVID-19 pandemic on demand for the Group's travel products moderated in most countries due to the continued rollout and effectiveness of vaccines leading governments in many countries to further loosen social-distancing, travel and other restrictions, which has led to the continuing recovery in travel. Total non-travel category net sales, which includes business, casual, accessories and other products, increased by US$108.3 million, or 18.1% (+26.8% constant currency), for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. When excluding the applicable Speck Net Sales for January through July 2021, non-travel product category net sales increased by US$141.4 million, or 24.9% (+34.1% constant currency), for the nine months ended September 30, 2022 compared to the same period in the previous year.

Net sales of business products increased by US$70.0 million, or 22.5% (+31.1% constant currency), for the nine months ended September 30, 2022 compared to the same period in the previous year. When excluding the applicable Speck Net Sales for January through July 2021, business product net sales increased by US$80.4 million, or 26.7% (+35.6% constant currency), for the nine months ended September 30, 2022 compared to the same period in the previous year. Net sales of casual products during the nine months ended September 30, 2022 increased by US$31.5 million, or 20.3% (+29.5% constant currency), year-on-year. Net sales of accessories products during the nine months ended September 30, 2022 decreased by US$0.2 million, or 0.2%, but increased on a constant currency basis by 6.7% year-on-year. When excluding the applicable Speck Net Sales for January through July 2021, net sales of accessories products increased by US$22.4 million, or 25.2% (+33.9% constant currency), for the nine months ended September 30, 2022 compared to the same period in the previous year.

Distribution Channels

The Group sells its products through two primary distribution channels: wholesale and direct-to-consumer. The following table sets forth a breakdown of net sales by distribution channel for the nine months ended September 30, 2022 and September 30, 2021, both in absolute terms and as a percentage of total net sales.

	Nine months ended September 30,				2022 vs 2021	
	2022		2021			
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(3)
Net sales by distribution channel:						
Wholesale	**1,319.0**	**64.0 %**	857.2	63.2 %	53.9 %	63.6 %
DTC(1)	**740.7**	**35.9 %**	498.4	36.7 %	48.6 %	59.1 %
Other(2)	**1.4**	**0.1 %**	1.1	0.1 %	22.7 %	22.7 %
Net sales	**2,061.1**	**100.0 %**	1,356.6	100.0 %	51.9 %	61.9 %

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

Net sales in the wholesale channel increased by US$461.8 million, or 53.9% (+63.6% constant currency), during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. Net sales to e-retailers, which are included in the Group's wholesale channel, increased by US$43.7 million, or 33.6% (+40.9% constant currency), during the nine months ended September 30, 2022 compared to the same period in the previous year.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, increased by US$242.4 million, or 48.6% (+59.1% constant currency), to US$740.7 million (representing 35.9% of net sales) for the nine months ended September 30, 2022 from US$498.4 million (representing 36.7% of net sales) for the nine months ended September 30, 2021.

Net sales in the DTC retail channel increased by US$201.6 million, or 58.5% (+70.4% constant currency), during the nine months ended September 30, 2022 compared to the same period in the previous year primarily due to an increase in consumer demand and the reopening of certain company-operated retail stores, some of which had been temporarily closed during the same period in the previous year due to the COVID-19 pandemic. During the nine months ended September 30, 2022, the Group permanently closed 66 company-operated retail stores (of which 37 were located in Russia). This was partially offset by the addition of 26 new stores. This resulted in a net reduction of 40 company-operated retail stores during the nine months ended September 30, 2022 compared to a net reduction of 80 company-operated retail stores during the nine months ended September 30, 2021. The total number of company-operated retail stores was 965 as of September 30, 2022 compared to 1,016 company-operated retail stores as of September 30, 2021 and 1,285 company-operated retail stores as of September 30, 2019. As a result of the temporary closure during the first nine months of 2021 of many of the Group's company-operated retail stores due to the COVID-19 pandemic, the Company believes its year-to-date 2022 comparable store sales metrics may not be representative of the underlying trends of its business. The Company has not included these metrics in its discussion and analysis of net sales.

Total DTC e-commerce net sales increased by US$40.7 million, or 26.5% (+33.8% constant currency), to US$194.3 million (representing 9.4% of net sales) for the nine months ended September 30, 2022 from US$153.6 million (representing 11.3% of net sales) for the nine months ended September 30, 2021.

During the nine months ended September 30, 2022, US$368.3 million of the Group’s net sales were through e-commerce channels (comprising US$194.3 million of net sales from the Group’s DTC e-commerce website, which are included within the DTC channel, and US$174.0 million of net sales to e-retailers, which are included within the wholesale channel). This represented a year-on-year increase of US$84.4 million, or 29.8% (+37.0% constant currency), compared to the nine months ended September 30, 2021, when e-commerce comprised US$283.8 million of the Group’s net sales. During the nine months ended September 30, 2022, the Group's net sales through e-commerce channels represented 17.9% of total net sales compared to 20.9% of total net sales for the nine months ended September 30, 2021. The year-on-year decrease in net sales through e-commerce channels as a percentage of total net sales is primarily due to governments relaxing social-distancing restrictions and markets around the world reopening, which has led many customers to shop in person again rather than online.

Regions

North America

The Group's net sales in North America increased by US$243.4 million, or 45.2% (+45.4% constant currency), for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 due to relaxed social-distancing restrictions, markets reopening and travel continuing to rebound in both the United States and Canada. On July 30, 2021, a wholly-owned subsidiary of the Company sold Speck. Excluding the Speck Net Sales for January through July 2021, net sales in North America increased by US$276.4 million, or 54.7% (+54.9% constant currency), for the nine months ended September 30, 2022 compared to the same period in the previous year.

The Group's net sales declined by 21.2% (-21.4% constant currency) in North America during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2019. When excluding the Speck Net Sales for January through September 2019, net sales in North America decreased by 13.0% (-13.1% constant currency) for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2019.

For the nine months ended September 30, 2022, net sales of the *Samsonite* brand in North America increased by US$168.8 million, or 77.7% (+78.0% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand increased by US$86.8 million, or 46.8% (+47.1% constant currency), primarily due to the strong recovery in the Group's company-operated full price retail stores and DTC e-commerce sales. Net sales of the *American Tourister* brand increased by US$20.1 million, or 34.9% (+35.1% constant currency), compared to the nine months ended September 30, 2021. Net sales of the *Gregory* brand increased by US$0.9 million, or 4.9% (+4.9% constant currency), compared to the same period in the previous year.

For the nine months ended September 30, 2022, net sales in the United States increased by US$220.3 million, or 42.3%, year-on-year. When excluding the Speck Net Sales for January through July 2021, net sales in the United States increased by US$253.3 million, or 51.9%, for the nine months ended September 30, 2022 compared to the same period in the previous year. For the nine months ended September 30, 2022, net sales in Canada increased by US$23.1 million, or 132.8% (+140.0% constant currency), year-on-year as restrictions on social distancing eased and markets reopened.

Net sales in the United States during the nine months ended September 30, 2022 decreased by 13.0% when compared to the nine months ended September 30, 2019 and excluding the Speck Net Sales for January through September 2019. Net sales in Canada decreased by 11.8% (-14.5% constant currency) during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2019.

Asia

While the reinstatement of travel restrictions and social distancing measures slowed the net sales recovery in China during the second and third quarters of 2022, the net sales performance in other countries within Asia continued to improve. The Group's net sales in Asia increased by US$175.9 million, or 36.5% (+45.6% constant currency), for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. When excluding the Group's net sales in China for the second and third quarters of 2022 and 2021, the Group's net sales in Asia for the nine months ended September 30, 2022 increased by US$212.3 million, or 58.8% (+69.8% constant currency), when compared to the same period in the previous year.

The Group's net sales declined by 32.7% (-28.8% constant currency) in Asia during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2019. When excluding the Group's net sales in China for the second and third quarters of 2022 and 2019, the Group's net sales in Asia for the nine months ended September 30, 2022 decreased by 30.0% (-25.1% constant currency) when compared to the nine months ended September 30, 2019.

For the nine months ended September 30, 2022, net sales of the *Samsonite* brand increased by US$70.3 million, or 35.3% (+44.0% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand increased by US$11.8 million, or 10.6% (+18.5% constant currency), year-on-year. Net sales of the *American Tourister* brand increased by US$71.6 million, or 61.3% (+70.6% constant currency), compared to the nine months ended September 30, 2021.

Net sales in India increased by US$75.6 million, or 88.2% (+98.6% constant currency), for the nine months ended September 30, 2022 compared to the same period in the previous year, primarily due to the removal by the Indian government of all travel restrictions and further loosening of other social distancing measures. Net sales in Australia increased by US$25.7 million, or 200.4% (+221.5% constant currency), compared to the same period in the previous year as the Australian government ended lockdown restrictions and opened the country's borders. Net sales in South Korea increased by US$22.2 million, or 40.8% (+57.9% constant currency), year-on-year. Net sales in Japan increased by US$16.7 million, or 24.3% (+46.3% constant currency), year-on-year. Total net sales reported for Hong Kong (which comprises net sales made in the domestic Hong Kong market, Macau and to distributors in certain other Asian markets) increased by US$3.5 million, or 8.5% (+8.9% constant currency), year-on-year. These year-on-year net sales increases were partially offset by a decrease in net sales in China of US$41.6 million, or 24.2% (-22.3% constant currency), year-on-year, due to renewed lockdowns and continued restrictions on travel, especially during the second and third quarters of 2022. When excluding net sales in China for the second and third quarters of 2022 and 2021, net sales in Asia increased by US$212.3 million, or 58.8% (+69.8% constant currency), year-on-year.

India reported a net sales increase of 24.3% (+38.0% constant currency) during the nine months ended September 30, 2022 compared to the same period in 2019, while the rest of the Group's main markets in Asia continued to report net sales decreases when comparing the nine months ended September 30, 2022 with the nine months ended September 30, 2019, including: China (-42.2%; -44.4% constant currency), Japan (-48.8%; -39.7% constant currency), South Korea (-46.5%; -41.6% constant currency) and Hong Kong (-61.1%; -61.1% constant currency).

Europe

The Group's net sales in Europe increased by US$223.7 million, or 82.7% (+112.7% constant currency), for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. On March 14, 2022, the Group suspended all commercial activities in Russia due to the armed conflict in Ukraine, and the Group subsequently determined that continued ownership of its operations in Russia was no longer tenable. The Group completed the disposition of its Russian operations on July 1, 2022 pursuant to a definitive agreement entered into on June 30, 2022. When excluding the Russia Net Sales for the second quarter of 2022 and the second and third quarters of 2021, the Group's net sales in Europe for the nine months ended September 30, 2022 increased by US$244.6 million, or 98.7% (+131.6% constant currency), when compared to the same period in the previous year.

The Group's net sales declined by 15.1% (-2.7% constant currency) in Europe during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2019. When excluding the Russia Net Sales for the second quarter of 2022 and the second and third quarters of 2019, the Group's net sales in Europe for the nine months ended September 30, 2022 decreased by 9.5% but increased by 3.6% on a constant currency basis when compared to the nine months ended September 30, 2019.

For the nine months ended September 30, 2022, net sales of the *Samsonite* brand increased by US$148.5 million, or 84.6% (+116.0% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand increased by US$20.3 million, or 71.2% (+102.6% constant currency), year-on-year. Net sales of the *American Tourister* brand increased by US$49.2 million, or 108.6% (+138.4% constant currency), compared to the nine months ended September 30, 2021.

Net sales in the United Kingdom increased by US$36.5 million, or 229.2% (+266.3% constant currency), for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. Net sales in Germany increased by US$25.9 million, or 73.0% (+95.1% constant currency), for the nine months ended September 30, 2022 compared to the same period in the previous year. Net sales in France increased by US$21.5 million, or 86.2% (+109.9% constant currency), compared to the same period in the previous year. Italy's net sales increased by US$20.3 million, or 72.7% (+94.8% constant currency), compared to the nine months ended September 30, 2021. Spain's net sales increased by US$20.1 million, or 97.3% (+122.0% constant currency), year-on-year.

All of the Group's key markets in Europe recorded net sales decreases during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2019 including: Germany (-28.5%; -24.3% constant currency), United Kingdom (-8.9%; -7.4% constant currency), France (-19.1%; -14.4% constant currency), Italy (-21.0%; -16.3% constant currency) and Spain (-8.9%; -3.8% constant currency).

Latin America

The Group's net sales in Latin America increased by US$61.2 million, or 95.2% (+109.7% constant currency), for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. The Group's net sales in Latin America increased by 2.2% (+33.4% constant currency) during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2019.

For the nine months ended September 30, 2022, net sales of the *Samsonite* brand in Latin America increased by US$31.7 million, or 136.4% (+148.8% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand in Latin America increased by US$1.2 million, or 40.0% (+39.0% constant currency), compared to the same period in the previous year. Net sales of the *American Tourister* brand increased by US$10.4 million, or 115.8% (+123.7% constant currency), compared to the nine months ended September 30, 2021. Net sales of the *Saxoline* brand increased by US$3.7 million, or 43.5% (+64.7% constant currency), year-on-year. Net sales of the *Xtrem* brand increased by US$13.0 million, or 106.3% (+127.5% constant currency), compared to the same period in the previous year.

Net sales in Mexico increased by US$18.1 million, or 102.9% (+102.8% constant currency), year-on-year. Net sales in Chile increased by US$14.4 million, or 52.7% (+75.1% constant currency), during the nine months ended September 30, 2022 compared to the same period in the previous year. Net sales in Brazil increased by US$11.1 million, or 156.0% (+147.2% constant currency), year-on-year.

Two of the Group's key markets in Latin America recorded net sales decreases during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2019 including: Mexico (-14.1%; -10.5% constant currency) and Chile (-5.3% but increased by 16.8% on a constant currency basis). Brazil's net sales increased by 34.4% (+75.5% constant currency) during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2019.

Cost of Sales and Gross Profit

Cost of sales increased by US$276.7 million, or 43.1%, to US$918.5 million (representing 44.6% of net sales) for the nine months ended September 30, 2022 from US$641.8 million (representing 47.3% of net sales) for the nine months ended September 30, 2021. Although cost of sales was negatively impacted by an increase in global freight and raw material costs, the Group leveraged its long-standing relationships with suppliers to mitigate the effects of cost increases where possible, and the Group implemented price increases in most markets to offset the resulting margin pressure.

Gross profit increased by US$427.7 million, or 59.8%, to US$1,142.6 million for the nine months ended September 30, 2022 from US$714.8 million for the nine months ended September 30, 2021 due to increased sales year-on-year. Gross profit margin was 55.4% for the nine months ended September 30, 2022 compared to 52.7% for the same period in the previous year. The increase in gross profit margin was attributable to (i) increased net sales, (ii) price increases on the Group's products in order to mitigate increased product, freight and duty costs and (iii) lower promotional discounts. The improvement in gross profit margin during the nine months ended September 30, 2022 was tempered by the non-renewal of GSP in December 2020, which has resulted in increased duty costs on goods imported to the United States from countries that were beneficiaries of GSP. The devaluation of many currencies to the US Dollar also had a negative impact on gross profit margin.

Distribution Expenses

Distribution expenses increased by US$80.1 million, or 15.8%, to US$585.5 million (representing 28.4% of net sales) for the nine months ended September 30, 2022 from US$505.4 million (representing 37.3% of net sales) for the nine months ended September 30, 2021. Distribution expenses for the nine months ended September 30, 2022 decreased by 35.2% compared to the nine months ended September 30, 2019, and as a percentage of net sales decreased by 540 basis points from 33.8% for the nine months ended September 30, 2019. Distribution expenses as a percentage of net sales decreased primarily due to the increase in net sales and the actions taken by management to reduce the fixed cost structure of the business.

Marketing Expenses

The Group spent US$102.6 million on marketing during the nine months ended September 30, 2022 compared to US$50.2 million for the nine months ended September 30, 2021, an increase of US$52.4 million, or 104.4%. As a percentage of net sales, marketing expenses increased by 130 basis points to 5.0% for the nine months ended September 30, 2022 from 3.7% for the nine months ended September 30, 2021. Marketing expenses for the nine months ended September 30, 2022 decreased by 30.9% compared to the nine months ended September 30, 2019, and as a percentage of net sales decreased by 50 basis points from 5.5% for the nine months ended September 30, 2019. The Group has selectively increased its advertising in markets where demand in travel is recovering more quickly. The Group plans to increase its investment in marketing during the remainder of 2022 to drive net sales growth and capitalize on the continued recovery in travel.

General and Administrative Expenses

General and administrative expenses increased by US$8.7 million, or 5.6%, to US$164.5 million (representing 8.0% of net sales) for the nine months ended September 30, 2022 from US$155.9 million (representing 11.5% of net sales) for the nine months ended September 30, 2021. The decrease in general and administrative expenses as a percentage of net sales reflects the increase in net sales year-on-year. General and administrative expenses for the nine months ended September 30, 2022 decreased by 3.0% compared to the nine months ended September 30, 2019. General and administrative expenses as a percentage of net sales increased to 8.0% for the nine months ended September 30, 2022 from 6.3% for the nine months ended September 30, 2019 due primarily to the lower net sales base during the first nine months of 2022.

Impairment Charges

The following table sets forth a breakdown of the non-cash impairment charges (reversals) (the "2022 Impairment Charges") for the nine months ended September 30, 2022 and the non-cash impairment charges (the "2021 Impairment Charges") for the nine months ended September 30, 2021.

		Nine months ended September 30,	
(Expressed in millions of US Dollars)		**2022**	2021
Impairment charges recognized on:	Functional Area	**2022 Impairment Charges**	2021 Impairment Charges
Goodwill		**—**	14.4
Tradenames and other intangible assets		**—**	10.3
Lease right-of-use assets	Distribution	**2.8**	5.5
Property, plant and equipment	Distribution	**0.1**	—
Other[(1)]	Distribution	**7.8**	—
Total impairment charges		**10.7**	30.2

Note
(1) Other impairment charges for the nine months ended September 30, 2022 were attributable to the disposition of the Group's Russian operations that was completed on July 1, 2022.

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

2022 Impairment Charges

On March 14, 2022, the Group suspended all commercial activities in Russia due to the armed conflict in Ukraine, and the Group subsequently determined that continued ownership of its operations in Russia was no longer tenable. The Group completed the disposition of its Russian operations on July 1, 2022 pursuant to a definitive agreement entered into on June 30, 2022.

During the nine months ended September 30, 2022, the Group recognized non-cash impairment charges related to the disposition of its Russian operations totaling US$11.9 million, partially offset by an impairment reversal of US$1.2 million on a previously impaired right-of-use asset.

2021 Impairment Charges

Based on an evaluation of loss-making stores during the nine months ended September 30, 2021, and also due to reduced traffic and under-performance caused by the COVID-19 pandemic, the Group determined that the carrying amounts of certain retail stores, which represent individual CGUs, exceeded their corresponding recoverable amounts. During the nine months ended September 30, 2021, the Group recognized non-cash impairment charges totaling US$5.5 million on lease right-of-use assets.

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

Restructuring Charges

The following table sets forth a breakdown of the restructuring charges (reversals) (the "2022 Restructuring Charges") for the nine months ended September 30, 2022 and the restructuring charges (the "2021 Restructuring Charges") for the nine months ended September 30, 2021.

	Nine months ended September 30,	
(Expressed in millions of US Dollars)	**2022**	2021
Functional Area	**2022 Restructuring Charges**	2021 Restructuring Charges
Cost of sales	**—**	0.3
Restructuring charges included in cost of sales	**—**	0.3
Restructuring charges attributable to distribution function	**0.2**	1.9
Restructuring charges attributable to general and administrative function	**0.5**	9.4
Restructuring charges (exclusive of amounts included in cost of sales)	**0.7**	11.3
Total restructuring charges	**0.7**	11.6

The Group recognized 2022 Restructuring Charges of US$0.7 million during the nine months ended September 30, 2022. As described above, the Group suspended all commercial activities in Russia due to the armed conflict in Ukraine on March 14, 2022. In conjunction with the disposition of its Russian operations, the Group recognized charges of US$1.4 million during the nine months ended September 30, 2022. This amount was partially offset by a restructuring charge reversal of US$0.7 million during the third quarter.

During 2020 and the first half of 2021 the Group aggressively reduced its operating expenses to mitigate the impact of lower sales on profit and cash flow as well as to right-size the business for the future in response to the COVID-19 pandemic. In conjunction with the cost-saving actions and other restructuring initiatives, the Group recognized 2021 Restructuring Charges of US$11.6 million during the nine months ended September 30, 2021. The 2021 Restructuring Charges consisted primarily of severance associated with permanent headcount reductions, store closure costs, severance costs related to the sale of Speck on July 30, 2021, and certain other costs (described below).

In June 2021 the Company established a brand development and sourcing hub in Singapore as part of a global restructuring initiative to enhance the alignment of the Company's product development, brand management and supply chain operations. The establishment of this hub enables the Company to design and develop products closer to market for several key brands, including *Samsonite* and *American Tourister*, as well as to manage its extensive sourcing activities. In June 2021, the Group also completed the Intra-Group IP Realignment. During the nine months ended September 30, 2021, the Group recognized charges associated with the establishment of the brand development and sourcing hub in Singapore.

Other Income

The Group recorded other income of US$3.1 million and US$2.5 million for the nine months ended September 30, 2022 and September 30, 2021, respectively. Other income for the nine months ended September 30, 2022 included gains from the disposal of assets and gains on lease exits/remeasurements along with certain other miscellaneous income and expense items. Other income for the nine months ended September 30, 2021 included gains from the disposal of assets and gains on lease exits/remeasurements upon exiting certain retail store locations, partially offset by a loss on the sale of Speck of US$1.3 million and miscellaneous other expenses incurred during the period.

Operating Profit (Loss)

The following table presents the reconciliation from the Group's operating profit (loss), as reported, to operating profit, as adjusted, for the nine months ended September 30, 2022 and September 30, 2021.

OPERATING PROFIT (LOSS)

	Nine months ended September 30,			
(Expressed in millions of US Dollars)	**2022**	2021	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(1)
Operating profit (loss), as reported	**281.7**	(35.7)	*nm*	*nm*
Impairment Charges	**10.7**	30.2	(64.5)%	(70.6)%
Restructuring Charges	**0.7**	11.6	(93.7)%	(95.7)%
Loss on the sale of Speck	**—**	1.3	(100.0)%	(100.0)%
Operating profit, as adjusted	**293.2**	7.5	3,821.8 %	4,120.4 %

Notes
(1) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the same period in the year under comparison to current period local currency results.
nm Not meaningful.

The Group reported an operating profit of US$281.7 million for the nine months ended September 30, 2022 compared to an operating loss of US$35.7 million for the same period in the previous year, an improvement of US$317.4 million. The Group had an operating profit of US$293.2 million for the nine months ended September 30, 2022 when excluding the non-cash 2022 Impairment Charges and 2022 Restructuring Charges. In comparison, the Group had an operating profit of US$7.5 million for the same period in the previous year when excluding the non-cash 2021 Impairment Charges, 2021 Restructuring Charges and the loss on the sale of Speck. The improvement in operating profit for the first nine months of 2022 compared to the same period in the previous year was primarily due to improved net sales and gross profit along with the positive impacts of actions taken by management to reduce the fixed cost structure of the business.

Net Finance Costs

Net finance costs decreased by US$34.7 million, or 26.2%, to US$97.8 million for the nine months ended September 30, 2022 from US$132.5 million for the nine months ended September 30, 2021. This decrease was primarily attributable to the non-recurrence of the US$30.1 million loss on extinguishment of debt in the first half of 2021 upon the closing of the borrowing under the 2021 Incremental Term Loan B Facility (as defined in Management Discussion and Analysis - Other Information - Indebtedness). In addition, interest expense on loans and borrowings decreased by US$10.9 million following debt repayments during 2021 and the first nine months of 2022 (including prepayments of US$370.0 million of outstanding borrowings under the Senior Credit Facilities during 2021 and US$501.3 million of prepayments during the first nine months of 2022 (see Management Discussion and Analysis - Other Information - Indebtedness)), partially offset by an increase in redeemable non-controlling interest put option expenses of US$7.4 million year-on-year due to improved financial performance of the Group's subsidiaries with non-controlling interests that are subject to put options.

The following table sets forth a breakdown of total finance costs for the nine months ended September 30, 2022 and September 30, 2021.

	Nine months ended September 30,	
(Expressed in millions of US Dollars)	**2022**	2021
Recognized in profit or loss:		
Interest income	**5.5**	2.7
Total finance income	**5.5**	2.7
Interest expense on loans and borrowings	**(66.4)**	(77.3)
Loss on extinguishment of loans and borrowings[(1)]	**—**	(30.1)
Amortization of deferred financing costs associated with the Senior Credit Facilities	**(3.7)**	(5.5)
Interest expense on lease liabilities	**(14.1)**	(16.5)
Change in fair value of put options	**(9.8)**	(2.4)
Net foreign exchange loss	**(11.6)**	(1.7)
Other finance costs	**2.3**	(1.7)
Total finance costs	**(103.3)**	(135.2)
Net finance costs recognized in profit or loss	**(97.8)**	(132.5)

Note
(1) The Company recorded a US$30.1 million loss on extinguishment upon the closing of the borrowing under the 2021 Incremental Term Loan B Facility for the six months ended June 30, 2021. The loss included the write-off of US$24.1 million of unamortized deferred financing costs which were part of the net carrying value of the extinguished facility, and an approximately US$6.0 million call premium paid to the lenders upon extinguishment of such facility.

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 nine months ended September 30, 2022 and September 30, 2021.

PROFIT (LOSS) BEFORE INCOME TAX

	Nine months ended September 30,			
(Expressed in millions of US Dollars)	**2022**	2021	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(2)]
Profit (loss) before income tax, as reported	**183.9**	(168.2)	*nm*	*nm*
Impairment Charges	**10.7**	30.2	(64.5)%	(70.6)%
Restructuring Charges	**0.7**	11.6	(93.7)%	(95.7)%
Loss on the sale of Speck	**—**	1.3	(100.0)%	(100.0)%
Charges associated with debt borrowings and amendments[(1)]	**—**	31.9	(100.0)%	(100.0)%
Profit (loss) before income tax, as adjusted	**195.4**	(93.2)	*nm*	*nm*

Notes
(1) The charges associated with certain amendments to the Credit Agreement during the nine months ended September 30, 2021 were primarily attributable to a US$30.1 million loss on extinguishment of loans and borrowings.
(2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the same period in the year under comparison to current period local currency results.
nm Not meaningful.

The Group recorded a profit before income tax of US$183.9 million for the nine months ended September 30, 2022 compared to a loss before income tax of US$168.2 million for the same period in the previous year, and improvement of US$352.0 million. The Group recorded a profit before income tax of US$195.4 million for the nine months ended September 30, 2022 when excluding the non-cash 2022 Impairment Charges and 2022 Restructuring Charges, compared to a loss before income tax of US$93.2 million for the same period in the previous year when excluding the non-cash 2021 Impairment Charges, 2021 Restructuring Charges, the loss on the sale of Speck and charges associated with debt borrowings and amendments. The improvement in profit (loss) before income tax for the first nine months of 2022 compared to the same period in the previous year was primarily due to improved net sales and gross profit along with the positive impacts of actions taken by management to reduce the fixed cost structure of the business.

Income Tax (Expense) Benefit

The Group recorded income tax expense of US$50.0 million for the nine months ended September 30, 2022 compared to an income tax benefit of US$23.4 million for the nine months ended September 30, 2021. The income tax expense recorded during the nine months ended September 30, 2022 was due mainly to the US$183.9 million reported profit before income tax, changes in unrecognized deferred tax assets, and changes in the profit mix between high and low tax jurisdictions. The income tax benefit recorded during the nine months ended September 30, 2021 was due mainly to the US$168.2 million reported loss before income tax caused by the impacts of the COVID-19 pandemic, restructuring activities, changes in reserves, changes in unrecognized deferred tax assets and changes in the profit mix between high and low tax jurisdictions.

The Group's consolidated effective tax rate for operations was 27.2% and 13.9% for the nine months ended September 30, 2022 and September 30, 2021, respectively. The increase in the Group's effective tax rate during the nine months ended September 30, 2022 was mainly the result of changes in unrecognized deferred tax assets, the impairment charges related to the disposition of the Group's operations in Russia and changes in the profit mix between high and low tax jurisdictions. Excluding taxes related to changes in unrecognized deferred tax assets and the impairment charges related to the disposition of the Group's operations in Russia for the nine months ended September 30, 2022, the consolidated effective tax rate for operations would have been 28.2% for the nine months ended September 30, 2022. Excluding taxes related to changes in unrecognized deferred tax assets and restructuring activities during the nine months ended September 30, 2021, the consolidated effective tax rate for operations would have been 21.7%.

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

Profit (Loss)

Profit (Loss) for the Period

The following table presents the reconciliation from the Group's profit (loss) for the period, as reported, to profit (loss) for the period, as adjusted, for the nine months ended September 30, 2022 and September 30, 2021.

PROFIT (LOSS) FOR THE PERIOD

	Nine months ended September 30,			
(Expressed in millions of US Dollars)	**2022**	2021	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(2)
Profit (loss) for the period, as reported	**133.9**	(144.8)	*nm*	*nm*
Impairment Charges	**10.7**	30.2	(64.5)%	(70.6)%
Restructuring Charges	**0.7**	11.6	(93.7)%	(95.7)%
Tax benefit associated with legal entity reorganization	**—**	(26.0)	(100.0)%	(100.0)%
Loss on the sale of Speck	**—**	1.3	(100.0)%	(100.0)%
Charges associated with debt borrowings and amendments(1)	**—**	31.9	(100.0)%	(100.0)%
Tax impact	**(0.6)**	(17.1)	(96.4)%	(97.1)%
Profit (loss) for the period, as adjusted	**144.7**	(112.9)	*nm*	*nm*

Notes

(1) The charges associated with certain amendments to the Credit Agreement during the nine months ended September 30, 2021 were primarily attributable to a US$30.1 million loss on extinguishment of loans and borrowings.

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

nm Not meaningful.

Profit for the nine months ended September 30, 2022 was US$133.9 million compared to a loss for the nine months ended September 30, 2021 of US$144.8 million, an improvement of US$278.6 million. The Group had profit for the nine months ended September 30, 2022 of US$144.7 million when excluding the non-cash 2022 Impairment Charges and 2022 Restructuring Charges, both of which are net of the related tax impact. In comparison, the Group incurred a loss for the nine months ended September 30, 2021 of US$112.9 million when excluding the non-cash 2021 Impairment Charges, 2021 Restructuring Charges, the loss on the sale of Speck and charges associated with certain amendments to the Credit Agreement during the nine months ended September 30, 2021, all of which are net of the related tax impact, and the US$26.0 million tax benefit associated with Intra-Group IP Realignment. The improvement in profit for the period for the first nine months of 2022 compared to the same period in the previous year was primarily due to improved net sales and gross profit along with the positive impacts of actions taken by management to reduce the fixed cost structure of the business.

Profit (Loss) Attributable to the Equity Holders

The following table presents the reconciliation from the Group's profit (loss) attributable to the equity holders, as reported, to profit (loss) attributable to the equity holders, as adjusted, for the nine months ended September 30, 2022 and September 30, 2021.

PROFIT (LOSS) ATTRIBUTABLE TO THE EQUITY HOLDERS

(Expressed in millions of US Dollars)	Nine months ended September 30, 2022	2021	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(2)]
Profit (loss) attributable to the equity holders, as reported	**114.5**	(147.7)	*nm*	*nm*
Impairment Charges	**10.7**	30.2	(64.5)%	(70.6)%
Restructuring Charges	**0.7**	11.6	(93.7)%	(95.7)%
Tax benefit associated with legal entity reorganization	**—**	(26.0)	(100.0)%	(100.0)%
Loss on the sale of Speck	**—**	1.3	(100.0)%	(100.0)%
Charges associated with debt borrowings and amendments[(1)]	**—**	31.9	(100.0)%	(100.0)%
Tax impact	**(0.6)**	(17.1)	(96.4)%	(97.1)%
Profit (loss) attributable to the equity holders, as adjusted	**125.3**	(115.8)	*nm*	*nm*

Notes
(1) The charges associated with certain amendments to the Credit Agreement during the nine months ended September 30, 2021 were primarily attributable to a US$30.1 million loss on extinguishment of loans and borrowings.
(2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the same period in the year under comparison to current period local currency results.
nm Not meaningful.

Profit attributable to the equity holders was US$114.5 million for the nine months ended September 30, 2022 compared to a loss attributable to the equity holders of US$147.7 million for the same period in the previous year, an improvement of US$262.1 million. For the nine months ended September 30, 2022, the Group had profit attributable to the equity holders of US$125.3 million when excluding the non-cash 2022 Impairment Charges and 2022 Restructuring Charges, both of which are net of the related tax impact. In comparison, the Group recorded a loss attributable to the equity holders for the nine months ended September 30, 2021 of US$115.8 million when excluding the non-cash 2021 Impairment Charges, 2021 Restructuring Charges, the loss on the sale of Speck and charges associated with certain amendments to the Credit Agreement during the nine months ended September 30, 2021, all of which are net of the related tax impact, and the US$26.0 million tax benefit associated with Intra-Group IP Realignment. The improvement in profit attributable to the equity holders for the first nine months of 2022 compared to the same period in the previous year was primarily due to improved net sales and gross profit along with the positive impacts of actions taken by management to reduce the fixed cost structure of the business.

Basic and Diluted Earnings (Loss) per Share

Basic and diluted earnings per share was US$0.080 for the nine months ended September 30, 2022 compared to basic and diluted loss per share of US$0.103 for the nine months ended September 30, 2021. The weighted average number of shares used in the basic earnings per share calculation was 1,437,289,677 shares for the nine months ended September 30, 2022 compared to 1,435,254,423 shares used in the basic loss per share calculation for the nine months ended September 30, 2021. The weighted average number of shares outstanding used in the diluted earnings per share calculation was 1,439,110,521 shares for the nine months ended September 30, 2022 compared to 1,435,254,423 shares used in the diluted loss per share calculation for the nine months ended September 30, 2021.

Basic and diluted earnings per share, as adjusted, was US$0.087 for the nine months ended September 30, 2022 when excluding the non-cash 2022 Impairment Charges and 2022 Restructuring Charges, both of which are net of the related tax impact. In comparison, basic and diluted loss per share, as adjusted, was US$0.081 for the nine months ended September 30, 2021 when excluding the non-cash 2021 Impairment Charges, 2021 Restructuring Charges, the loss on the sale of Speck and charges associated with certain amendments to the Credit Agreement during the nine months ended September 30, 2021, all of which are net of the related tax impact, and the US$26.0 million tax benefit associated with Intra-Group IP Realignment. The year-on-year improvement in basic and diluted earnings per share, as adjusted, was primarily due to improved net sales and gross profit, along with the positive impacts of actions taken by management to reduce the fixed cost structure of the business.

Adjusted EBITDA

Adjusted EBITDA, a non-IFRS measure, improved by US$274.5 million to US$329.7 million for the nine months ended September 30, 2022 compared to US$55.3 million for the nine months ended September 30, 2021. Adjusted EBITDA margin was 16.0% for the nine months ended September 30, 2022 compared to 4.1% for the nine months ended September 30, 2021 due primarily to continued sales improvement and strong gross margins, along with actions taken by management to reduce the fixed cost structure of the business.

The following table presents the reconciliation from the Group's profit (loss) for the period to Adjusted EBITDA for the nine months ended September 30, 2022 and September 30, 2021:

	Nine months ended September 30,			
(Expressed in millions of US Dollars)	**2022**	2021	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(3)]
Profit (loss) for the period	**133.9**	(144.8)	*nm*	*nm*
Plus (minus):				
Income tax expense (benefit)	**50.0**	(23.4)	*nm*	*nm*
Finance costs	**103.3**	135.2	(23.6)%	(24.5)%
Finance income	**(5.5)**	(2.7)	100.6 %	114.2 %
Depreciation	**26.5**	35.8	(26.1)%	(21.2)%
Total amortization	**106.0**	115.0	(7.8)%	(3.0)%
EBITDA	**414.1**	115.1	259.7 %	287.3 %
Plus (minus):				
Share-based compensation expense	**10.0**	8.0	24.1 %	25.5 %
Impairment Charges	**10.7**	30.2	(64.5)%	(70.6)%
Restructuring Charges	**0.7**	11.6	(93.7)%	(95.7)%
Amortization of lease right-of-use assets	**(88.6)**	(90.7)	(2.3)%	3.2 %
Interest expense on lease liabilities	**(14.1)**	(16.5)	(14.6)%	(9.3)%
Other adjustments[(1)]	**(3.1)**	(2.5)	25.4 %	(128.0)%
Adjusted EBITDA[(2)]	**329.7**	55.3	496.6 %	546.7 %
Adjusted EBITDA margin	**16.0 %**	4.1 %		

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 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 same period in the year under comparison to current period local currency results.
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 period, these measures provide additional information that is useful in gaining a more complete understanding of its operational performance and of the trends impacting its business. EBITDA, Adjusted EBITDA and Adjusted EBITDA margin are important metrics the Group uses to evaluate its operating performance and cash generation.

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

Adjusted Net Income (Loss)

Adjusted Net Income, a non-IFRS measure, was US$148.2 million for the nine months ended September 30, 2022 compared to an Adjusted Net Loss of US$95.0 million for the nine months ended September 30, 2021. The US$243.2 million improvement in Adjusted Net Income was due primarily to improved net sales and gross profit along with the positive impacts of actions taken by management to reduce the fixed cost structure of the business. Adjusted basic and diluted earnings per share, which are non-IFRS measures, were US$0.103 per share for the nine months ended September 30, 2022 compared to an adjusted basic and diluted loss per share of US$0.066 for the nine months ended September 30, 2021. Adjusted basic and diluted earnings (loss) per share are calculated by dividing Adjusted Net Income (Loss) by the weighted average number of shares used in the basic and diluted earnings (loss) per share calculations, respectively.

The following table presents the reconciliation from the Group's profit (loss) attributable to the equity holders to Adjusted Net Income (Loss) for the nine months ended September 30, 2022 and September 30, 2021:

	Nine months ended September 30,			
(Expressed in millions of US Dollars)	**2022**	2021	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(4)
Profit (loss) attributable to the equity holders	**114.5**	(147.7)	*nm*	*nm*
Plus (minus):				
Change in fair value of put options included in finance costs	**9.8**	2.4	300.9 %	300.9 %
Amortization of intangible assets	**17.4**	24.3	(28.5)%	(26.3)%
Charges associated with debt borrowings and amendments(1)	**—**	31.9	(100.0)%	(100.0)%
Impairment Charges	**10.7**	30.2	(64.5)%	(70.6)%
Restructuring Charges	**0.7**	11.6	(93.7)%	(95.7)%
Loss on the sale of Speck	**—**	1.3	(100.0)%	(100.0)%
Tax benefit associated with legal entity reorganization	**—**	(26.0)	(100.0)%	(100.0)%
Tax adjustments(2)	**(4.9)**	(23.0)	(78.8)%	(78.7)%
Adjusted Net Income (Loss)(3)	**148.2**	(95.0)	*nm*	*nm*

Notes
(1) The charges associated with certain amendments to the Credit Agreement during the nine months ended September 30, 2021 were primarily attributable to a US$30.1 million loss on extinguishment of loans and borrowings.
(2) Tax adjustments represent the tax effect of the reconciling line items as included in the consolidated statements of income (loss) based on the applicable tax rate in the jurisdiction where such costs were incurred.
(3) Represents Adjusted Net Income (Loss) attributable to the equity holders of the Company.
(4) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the same period in the year under comparison to current period local currency results.
nm Not meaningful.

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

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

Cash Flows

Cash flows generated from operating activities amounted to US$180.4 million for the nine months ended September 30, 2022 compared to cash flows generated from operating activities of US$155.3 million for the nine months ended September 30, 2021, reflecting improved net sales and gross profit. The increase in cash flows generated from operating activities year-on-year primarily reflects an improvement in Adjusted Net Income and a US$12.5 million reduction in interest paid on borrowings and lease liabilities, partially offset by a US$68.0 million decrease in changes in working capital, primarily attributable to an increase in inventories to support net sales growth resulting from increased consumer demand and the recovery in travel, as compared to the nine months ended September 30, 2021. As of September 30, 2022, inventories were US$556.7 million compared to US$332.6 million as of September 30, 2021, an increase of US$224.0 million, as the Company continues to increase its investment in inventories to support net sales growth resulting from increased consumer demand due to the recovery in travel.

For the nine months ended September 30, 2022, net cash flows used in investing activities were US$33.0 million and were primarily related to US$27.8 million of capital expenditures for property, plant and equipment. The Group selectively added new retail locations, remodeled certain existing retail locations, invested in its European manufacturing plants to expand capacity and support new product innovation, and made investments in machinery and equipment. For the nine months ended September 30, 2021, net cash flows provided by investing activities were US$27.5 million and were primarily related to net proceeds from the sale of Speck amounting to US$35.3 million, partially offset by US$5.8 million of capital expenditures for property, plant and equipment. The Group intends to increase spending on capital expenditures for projects deferred during the COVID-19 pandemic and for key strategic initiatives going into 2023.

Net cash flows used in financing activities were US$635.8 million for the nine months ended September 30, 2022 and were largely attributable to the repayment of US$535.0 million of outstanding borrowings under the Group's Senior Credit Facilities, consisting of US$501.3 million in voluntary prepayments and US$33.7 million in required quarterly amortization payments. Net cash flows used in financing activities also included US$104.4 million in payments on lease liabilities. Net cash flows used in financing activities were US$513.9 million for the nine months ended September 30, 2021. The Group repaid US$388.0 million of outstanding borrowings under its Senior Credit Facilities, consisting of US$365.0 million in prepayments and US$23.0 million in required quarterly amortization payments. Net cash flows used in financing activities for the nine months ended September 30, 2021 also included US$120.1 million in payments on lease liabilities.

The Group had US$801.0 million in cash and cash equivalents as of September 30, 2022 compared to US$1,324.8 million as of December 31, 2021. Cash and cash equivalents are generally denominated in the functional currency of the respective Group entity.

Other Information

Indebtedness

The following table sets forth the carrying amount of the Group's loans and borrowings as of September 30, 2022 and December 31, 2021:

(Expressed in millions of US Dollars)	**September 30, 2022**	December 31, 2021
Term Loan A Facility	**590.0**	640.0
Term Loan B Facility	**536.6**	541.6
2021 Incremental Term Loan B Facility	**464.3**	493.0
Revolving Credit Facility	**202.5**	668.7
Total Senior Credit Facilities	**1,793.4**	2,343.3
Senior Notes[(1)]	**343.0**	398.0
Other borrowings and obligations	**62.4**	60.8
Total loans and borrowings	**2,198.8**	2,802.0
Less deferred financing costs	**(8.9)**	(12.6)
Total loans and borrowings less deferred financing costs	**2,190.0**	2,789.4

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.

During the nine months ended September 30, 2022, the Group repaid US$535.0 million of outstanding borrowings under the Group's Senior Credit Facilities (as defined below), consisting of US$501.3 million in voluntary prepayments and US$33.7 million in required quarterly amortization payments. The prepayments of US$501.3 million were comprised of a US$451.3 million prepayment of borrowings under the Revolving Credit Facility (as defined below), a US$25.0 million prepayment of borrowings under the Term Loan A Facility (as defined below) and a US$25.0 million prepayment of borrowings under the 2021 Incremental Term Loan B Facility (as defined below). During the nine months ended September 30, 2021, the Group repaid US$388.0 million of outstanding borrowings under its Senior Credit Facilities, consisting of US$365.0 million in prepayments and US$23.0 million in required quarterly amortization payments.

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

Senior Credit Facilities Agreement

On April 25, 2018 (the "Closing Date"), the Company and certain of its direct and indirect wholly-owned subsidiaries entered into an amended and restated credit and guaranty agreement (as amended from time to time since the Closing Date, the “Credit Agreement”) with certain lenders and financial institutions. The Credit Agreement provides for (1) a US$800.0 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”), (3) a US$495.5 million term loan B facility (the “2021 Incremental Term Loan B Facility” and, together with the Term Loan A Facility and the Term Loan B Facility, the “Term Loan Credit Facilities”) and (4) a US$850.0 million revolving credit facility (the “Revolving Credit Facility”). The credit facilities provided under the Credit Agreement are referred to herein as the “Senior Credit Facilities."

On March 20, 2020, the Company borrowed US$810.3 million (US Dollar equivalent at the applicable exchange rate on the borrowing date) under the Revolving Credit Facility to ensure access to the Group’s liquidity given the uncertainties and challenges caused by the COVID-19 pandemic. During the nine months ended September 30, 2022, the Group repaid US$451.3 million principal amount of its outstanding borrowings under the Revolving Credit Facility. As of September 30, 2022, US$642.9 million was available to be borrowed under the Revolving Credit Facility as a result of US$202.5 million of outstanding borrowings and the utilization of US$4.6 million of the facility for outstanding letters of credit extended to certain creditors. As of December 31, 2021, US$176.7 million was available to be borrowed under the Revolving Credit Facility as a result of US$668.7 million of outstanding borrowings and the utilization of US$4.6 million of the facility for outstanding letters of credit extended to certain creditors.

<u>Interest Rate and Fees</u>

Interest accrues and is payable on the borrowings under the Credit Agreement:

(a) in respect of the Term Loan A Facility and the Revolving Credit Facility, at an interest rate equal to the applicable benchmark rate (the London Interbank Offered Rate ("LIBOR") for borrowings denominated in US Dollars and the Euro Interbank Offered Rate ("EURIBOR") for borrowings under the Revolving Credit Facility denominated in Euros) plus a margin between 1.125% and 1.875% per annum (or a base rate plus a margin between 0.125% and 0.875% per annum), with the applicable margin derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company’s corporate ratings, and

(b) in respect of the Term Loan B Facility, at an interest rate equal to LIBOR plus a margin of 1.75% per annum with a LIBOR floor of 0.00% (or a base rate plus a margin of 0.75% per annum), and

(c) in respect of the 2021 Incremental Term Loan B Facility, at an interest rate equal to LIBOR plus a margin of 3.00% per annum with a LIBOR floor of 0.75% (or a base rate plus a margin of 2.00% per annum).

In addition to paying interest on the outstanding principal amount of borrowings under the Senior Credit Facilities, the borrowers pay customary agency fees and a commitment fee equal to 0.20% per annum in respect of the unutilized commitments under the 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.

<u>Amortization and Final Maturity</u>

The Term Loan A Facility requires scheduled quarterly payments with an annual amortization of 5.0% of the original principal amount of the loans under the Term Loan A Facility with respect to amortization payments due during 2022 and 2023, with a step-up to annual amortization of 7.5% of the original principal amount of the loans under the Term Loan A Facility with respect to amortization payments due during 2024.

The Term Loan B Facility requires scheduled quarterly payments equal to 0.25% of the original principal amount of the loans under the Term Loan B Facility, with the balance due and payable on April 25, 2025.

The 2021 Incremental Term Loan B Facility requires scheduled quarterly payments equal to 0.25% of the original principal amount of the loans thereunder beginning with the fiscal quarter ended September 30, 2021, with the balance due and payable on April 25, 2025.

There is no scheduled amortization of the principal amounts of the loans outstanding under the Revolving Credit Facility.

If, on the date that is 91 days prior to the maturity date of the Term Loan B Facility or the 2021 Incremental Term Loan B Facility, more than US$50.0 million of the Term Loan B Facility or the 2021 Incremental Term Loan B Facility has not been repaid or refinanced pursuant to the terms provided for in the Credit Agreement, then the Term Loan A Facility and the Revolving Credit Facility will mature on the date that is 90 days prior to the maturity date of the Term Loan B Facility or the 2021 Incremental Term Loan B Facility, as applicable.

Guarantees and Security

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

Certain Covenants and Events of Default

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

In addition, the Credit Agreement requires the Company and its subsidiaries to meet certain quarterly financial covenants. For test periods ending in 2022 and thereafter, the Company and its subsidiaries are required to maintain (i) a pro forma total net leverage ratio of not greater than 4.50:1.00; 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 was in compliance with the Financial Covenants for the test period ended on September 30, 2022. 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).

Minimum Liquidity Covenant

The 2021 Incremental Term Loan B Facility requires the Company to comply with a minimum liquidity covenant of US$100.0 million until repayment in full of the 2021 Incremental Term Loan B Facility.

The Company was in compliance with the minimum liquidity covenant as of September 30, 2022 and it remains in compliance with such covenant as of the date hereof.

Other Information

Deferred financing costs incurred in conjunction with the borrowings and amendments have been deferred and are being offset against loans and borrowings. The deferred financing costs are being amortized using the effective interest method over the life of the Senior Credit Facilities. The amortization of deferred financing costs, which is included in interest expense, amounted to US$3.7 million and US$5.5 million for the nine months ended September 30, 2022 and September 30, 2021, respectively.

During the nine months ended September 30, 2021, the Company recorded a loss on extinguishment of US$30.1 million upon the closing of the borrowing under the 2021 Incremental Term Loan B Facility. The loss included US$24.1 million of unamortized deferred financing costs which were part of the net carrying value of the extinguished facility which was derecognized.

Interest Rate Swaps

The Group maintains interest rate swaps to hedge a portion of its interest rate exposure under the floating-rate Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. On September 4, 2019, the Group entered into interest rate swap agreements that became effective on September 6, 2019 and will terminate on August 31, 2024. The notional amounts of the interest rate swap agreements decrease over time. As a result of the Group's interest rate swaps, LIBOR has been fixed at approximately 1.208% with respect to an amount equal to approximately 31% of the principal amount of the Senior Credit Facilities at September 30, 2022, 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 September 30, 2022, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$31.3 million which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income (loss). As of December 31, 2021, the interest rate swaps were marked-to-market, resulting in a net liability position to the Group in the amount of US$3.4 million which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income (loss).

€350.0 Million 3.500% Senior Notes Due 2026

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

Maturity, Interest and Redemption

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

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

Year	Redemption Price
2022	100.875 %
2023 and thereafter	100.000 %

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

Guarantee and Security

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

Certain Covenants and Events of Default

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

Other Loans and Borrowings

Certain consolidated subsidiaries of the Company maintain credit lines and other loans with various third-party lenders in the regions in which they operate. Other loans and borrowings are generally variable rate instruments denominated in the functional currency of the borrowing Group entity. These credit lines provide short-term financing and working capital for the day-to-day business operations of certain Group entities, including overdraft, bank guarantees, and trade finance facilities. The majority of such credit lines are uncommitted facilities. The total aggregate amount of other loans and borrowings was US$62.4 million and US$60.7 million as of September 30, 2022 and December 31, 2021, respectively.

The following represents the contractual maturity dates of the Group's loans and borrowings as of September 30, 2022 and December 31, 2021:

(Expressed in millions of US Dollars)	**September 30, 2022**	December 31, 2021
On demand or within one year	**114.0**	107.3
After one year but within two years	**61.6**	53.3
After two years but within five years	**2,023.2**	2,641.4
	2,198.8	2,802.0

Cross-currency Swaps

The Group previously maintained a cross-currency swap used to hedge currency risk associated with currency fluctuations between the Euro and US Dollar. In April 2019, the Group entered into a cross-currency swap which was designated as a net investment hedge. The hedge consisted of a US$50.0 million notional loan amount between the Euro and US Dollar. In August 2022, the Group terminated such swap. At the time of termination, the cross-currency swap had a fair market value of US$4.2 million. The gain was recorded as a hedging gain in finance costs in the consolidated statements of income (loss).

As of December 31, 2021, the cross-currency swap was marked-to-market, resulting in a net asset position to the Group in the amount of US$0.1 million, which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income (loss).

Purchases of Property, Plant and Equipment

Purchases of property, plant and equipment amounted to US$27.8 million for the nine months ended September 30, 2022. The Group selectively added new retail locations, remodeled certain existing retail locations, invested in its European manufacturing plants to expand capacity and support new product innovation, and made investments in machinery and equipment. Purchases of property, plant and equipment were US$5.8 million for the nine months ended September 30, 2021. The Group intends to increase spending on capital expenditures for projects deferred during the COVID-19 pandemic and for key strategic initiatives going into 2023.

General

This financial and business review as of and for the nine months ended September 30, 2022 is being published to provide shareholders, potential investors, lenders, bondholders and other interested parties with an update of the performance of the Group.

The Company’s shareholders, potential investors, lenders, bondholders and other interested parties should note that all figures contained in this announcement are based on the Group’s management accounts which have not been audited or reviewed by the Company's auditors. The accounting policies applied in the preparation of the Group’s management accounts are consistent with those used in the preparation of the Company’s audited financial statements for the year ended December 31, 2021.

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

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

Hong Kong, November 11, 2022

As of the date of this announcement, the Executive Director is Kyle Francis Gendreau, the Non-Executive Director is Timothy Charles Parker and the Independent Non-Executive Directors are Claire Marie Bennett, Angela Iris Brav, Paul Kenneth Etchells, Jerome Squire Griffith, Tom Korbas and Ying Yeh.