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

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

QUARTERLY REPORT FOR THE PERIODS ENDED SEPTEMBER 30, 2023

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, 2023, and for the three and nine month periods then ended, together with comparative figures for the three and nine month periods ended September 30, 2022. 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

In this announcement, certain financial results for the three and nine months ended September 30, 2023, are compared to both the three and nine months ended September 30, 2022, and to 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 comparable periods during which the Company's results were not affected by COVID-19.

When evaluating the results for the three and nine months ended September 30, 2023, certain factors impact comparability to the results for the three and nine months ended September 30, 2022, and/or to the three and nine months ended September 30, 2019, 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. The Group subsequently completed the disposition of its Russian operations on July 1, 2022, which impacts comparability to the nine months ended September 30, 2022, and to both the three and nine months ended September 30, 2019. 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, thereby affecting comparability to both the three and nine months ended September 30, 2019.

For the Three Months Ended September 30, 2023, and September 30, 2022

The following table summarizes the consolidated financial results for the three months ended September 30, 2023, and September 30, 2022.

(Expressed in millions of US Dollars, except per share data)	Three months ended September 30, **2023**	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(1)]
Net sales	**957.7**	790.9	21.1 %	21.2 %
Gross profit	**570.9**	435.2	31.2 %	31.4 %
Gross profit margin	**59.6 %**	55.0 %		
Operating profit	**182.6**	121.8	50.0 %	50.6 %
Profit for the period	**123.2**	65.4	88.3 %	91.2 %
Profit attributable to the equity holders	**115.4**	58.2	98.2 %	101.6 %
Adjusted Net Income[(2)]	**125.7**	64.9	93.9 %	96.9 %
Adjusted EBITDA[(3)]	**194.0**	134.1	44.7 %	46.1 %
Adjusted EBITDA margin[(4)]	**20.3 %**	17.0 %		
Basic earnings per share *(Expressed in US Dollars per share)*	**0.080**	0.040	97.3 %	100.6 %
Diluted earnings per share *(Expressed in US Dollars per share)*	**0.079**	0.040	96.0 %	99.3 %
Adjusted basic earnings per share[(5)] *(Expressed in US Dollars per share)*	**0.087**	0.045	92.9 %	95.9 %
Adjusted diluted earnings per share[(5)] *(Expressed in US Dollars per share)*	**0.086**	0.045	91.6 %	94.6 %

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 corresponding period in the year under comparison to current period local currency results.

(2) 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 attributable to the equity holders, which the Group believes helps to give securities analysts, investors and other interested parties a more complete understanding of the Group's underlying financial performance. See Management Discussion and Analysis - For the Three Months Ended September 30, 2023, and September 30, 2022 - Adjusted Net Income for a reconciliation from the Group's profit attributable to the equity holders to Adjusted Net Income.

(3) Adjusted earnings before interest, taxes, depreciation and amortization of intangible assets ("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, 2023, and September 30, 2022 - Adjusted EBITDA for a reconciliation from the Group's profit for the period to Adjusted EBITDA.

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

(5) 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 per share calculations, respectively.

Financial Highlights

- Momentum from the first half of 2023 continued in the third quarter of 2023, with strong consolidated net sales, gross profit, gross profit margin, Adjusted EBITDA, Adjusted EBITDA margin and Adjusted Net Income for the quarter.
- Net sales were US$957.7 million for the three months ended September 30, 2023, compared to US$790.9 million for the three months ended September 30, 2022, an increase of 21.1% (+21.2% constant currency).
- The Group's consolidated net sales, as reported, increased by 3.9% (+14.2% constant currency) during the three months ended September 30, 2023, compared to the three months ended September 30, 2019. When excluding the Q3 Russia and Speck Net Sales (as defined in Management Discussion and Analysis - For the Three Months Ended September 30, 2023, and September 30, 2022 - Net Sales), consolidated net sales increased by 11.4% (+22.4% constant currency) for the three months ended September 30, 2023, compared to the three months ended September 30, 2019.
- Gross profit margin was 59.6% for the three months ended September 30, 2023, compared to 55.0% for the corresponding period in 2022. The increase in gross profit margin was driven mainly by year-on-year gross profit margin improvements in all regions and because Asia, the region with the highest gross profit margin, increased its share of total net sales. This increase in gross profit margin was also driven by an increased proportion of total net sales attributable to the higher-margin *Tumi* brand, an increased proportion of total net sales attributable to direct-

to-consumer net sales, and overall reduced promotional activity. See Management Discussion and Analysis - For the Three Months Ended September 30, 2023, and September 30, 2022 - Cost of Sales and Gross Profit for further discussion.

- The Group spent US$59.4 million on marketing during the three months ended September 30, 2023, compared to US$44.8 million for the three months ended September 30, 2022, an increase of US$14.6 million, or 32.5%. As a percentage of net sales, marketing expenses increased by 50 basis points to 6.2% for the three months ended September 30, 2023, from 5.7% for the three months ended September 30, 2022. The Group will continue to invest in marketing to capitalize on the ongoing recovery in leisure and business travel and drive further net sales growth.
- The Group reported an operating profit of US$182.6 million for the three months ended September 30, 2023, compared to US$121.8 million for the corresponding period in 2022, an improvement of US$60.9 million, or 50.0%.
- Profit for the three months ended September 30, 2023, was US$123.2 million compared to US$65.4 million for the three months ended September 30, 2022, an improvement of US$57.7 million, or 88.3%.
- Profit attributable to the equity holders was US$115.4 million for the three months ended September 30, 2023, compared to US$58.2 million for the corresponding period in 2022, an improvement of US$57.2 million, or 98.2%.
- Adjusted EBITDA, a non-IFRS measure, improved by US$59.9 million to US$194.0 million for the three months ended September 30, 2023, compared to US$134.1 million for the three months ended September 30, 2022.
- Adjusted EBITDA margin was 20.3% for the three months ended September 30, 2023, compared to 17.0% for the three months ended September 30, 2022. The improvement in Adjusted EBITDA margin was primarily due to continued net sales improvement and the increase in gross profit margin.
- Adjusted Net Income, a non-IFRS measure, nearly doubled to US$125.7 million for the three months ended September 30, 2023, compared to US$64.9 million for the three months ended September 30, 2022.
- As of September 30, 2023, the Group had US$603.4 million in cash and cash equivalents compared to US$635.9 million as of December 31, 2022. The Group delivered Free Cash Flow[(1)] of US$88.8 million for the third quarter of 2023 compared to US$66.2 million for the corresponding period in 2022, an increase of US$22.6 million, or 34.2%.

Note

(1) Free Cash Flow is defined as net cash generated from (used in) operating activities less (i) purchases of property, plant and equipment and software ("total capital expenditures") and (ii) principal payments on lease liabilities (each as set forth on the condensed consolidated statements of cash flows).

For the Nine Months Ended September 30, 2023, and September 30, 2022

The following table summarizes the consolidated financial results for the nine months ended September 30, 2023, and September 30, 2022.

(Expressed in millions of US Dollars, except per share data)	Nine months ended September 30, 2023	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[1]
Net sales	**2,733.9**	2,061.1	32.6 %	35.6 %
Gross profit	**1,614.5**	1,142.6	41.3 %	44.7 %
Gross profit margin	**59.1 %**	55.4 %		
Operating profit	**494.7**	281.7	75.6 %	79.7 %
Profit for the period	**294.5**	133.9	119.9 %	127.2 %
Profit attributable to the equity holders	**267.9**	114.5	134.0 %	142.4 %
Adjusted Net Income[2]	**296.6**	148.2	100.1 %	106.7 %
Adjusted EBITDA[3]	**528.3**	329.7	60.2 %	65.5 %
Adjusted EBITDA margin[4]	**19.3 %**	16.0 %		
Basic earnings per share *(Expressed in US Dollars per share)*	**0.186**	0.080	132.9 %	141.4 %
Diluted earnings per share *(Expressed in US Dollars per share)*	**0.184**	0.080	131.9 %	140.3 %
Adjusted basic earnings per share[5] *(Expressed in US Dollars per share)*	**0.205**	0.103	99.2 %	105.8 %
Adjusted diluted earnings per share[5] *(Expressed in US Dollars per share)*	**0.204**	0.103	98.3 %	104.9 %

Notes

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

(2) 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 attributable to the equity holders, which the Group believes helps to give securities analysts, investors and other interested parties a more complete understanding of the Group's underlying financial performance. See Management Discussion and Analysis - For the Nine Months Ended September 30, 2023, and September 30, 2022 - Adjusted Net Income for a reconciliation from the Group's profit attributable to the equity holders to Adjusted Net Income.

(3) 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, 2023, and September 30, 2022 - Adjusted EBITDA for a reconciliation from the Group's profit for the period to Adjusted EBITDA.

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

(5) 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 per share calculations, respectively.

Financial Highlights

- Net sales were US$2,733.9 million for the nine months ended September 30, 2023, compared to US$2,061.1 million for the nine months ended September 30, 2022, an increase of 32.6% (+35.6% constant currency). When excluding the Russia Net Sales (as defined in Management Discussion and Analysis - For the Nine Months Ended September 30, 2023, and September 30, 2022 - Net Sales), consolidated net sales increased by US$682.6 million, or 33.3% (+36.2% constant currency), for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022.
- The Group's consolidated net sales, as reported, increased by 2.1% (+12.0% constant currency) during the nine months ended September 30, 2023, compared to the nine months ended September 30, 2019. When excluding the Russia and Speck Net Sales (as defined in Management Discussion and Analysis - For the Nine Months Ended September 30, 2023, and September 30, 2022 - Net Sales), consolidated net sales increased by 7.8% (+18.3% constant currency) for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2019.
- Gross profit margin was 59.1% for the nine months ended September 30, 2023, compared to 55.4% for the corresponding period in 2022. The increase in gross profit margin was driven mainly by year-on-year gross profit margin improvements in all regions and because Asia, the region with the highest gross profit margin, increased its share of total net sales. This increase in gross profit margin was also driven by an increased proportion of total net

sales attributable to the higher-margin *Tumi* brand, an increased proportion of total net sales attributable to direct-to-consumer net sales, and overall reduced promotional activity. See Management Discussion and Analysis - For the Nine Months Ended September 30, 2023, and September 30, 2022 - Cost of Sales and Gross Profit for further discussion.

- The Group spent US$173.6 million on marketing during the nine months ended September 30, 2023, compared to US$102.6 million for the nine months ended September 30, 2022, an increase of US$71.1 million, or 69.3%. As a percentage of net sales, marketing expenses increased by 140 basis points to 6.4% for the nine months ended September 30, 2023, from 5.0% for the nine months ended September 30, 2022. The Group will continue to invest in marketing to capitalize on the ongoing recovery in leisure and business travel and drive further net sales growth.
- The Group reported an operating profit of US$494.7 million for the nine months ended September 30, 2023, compared to US$281.7 million for the corresponding period in 2022, an improvement of US$213.0 million, or 75.6%.
- Profit for the nine months ended September 30, 2023, was US$294.5 million compared to US$133.9 million for the nine months ended September 30, 2022, an improvement of US$160.6 million, or 119.9%.
- Profit attributable to the equity holders was US$267.9 million for the nine months ended September 30, 2023, compared to US$114.5 million for the corresponding period in 2022, an improvement of US$153.4 million, or 134.0%.
- Adjusted EBITDA, a non-IFRS measure, improved by US$198.6 million, or 60.2%, to US$528.3 million for the nine months ended September 30, 2023, compared to US$329.7 million for the nine months ended September 30, 2022.
- Adjusted EBITDA margin was 19.3% for the nine months ended September 30, 2023, compared to 16.0% for the nine months ended September 30, 2022. The improvement in Adjusted EBITDA margin was primarily due to continued net sales improvement and the increase in gross profit margin, as well as disciplined expense management.
- Adjusted Net Income, a non-IFRS measure, doubled to US$296.6 million for the nine months ended September 30, 2023, compared to US$148.2 million for the nine months ended September 30, 2022. The US$148.4 million improvement in Adjusted Net Income was primarily due to improved net sales and gross profit, as well as disciplined expense management.
- On June 21, 2023, the Company refinanced its senior credit facilities. The refinancing provided for a new US$800.0 million senior secured term loan A facility, a new US$600.0 million senior secured term loan B facility and a new US$850.0 million revolving credit facility. The Company reduced its outstanding debt by approximately US$65.0 million and extended the maturities of the term loan A facility and revolving credit facility by approximately three years and of the term loan B facility by approximately five years (see Management Discussion and Analysis - For the Nine Months Ended September 30, 2023, and September 30, 2022 - Indebtedness for further discussion).
- As of September 30, 2023, the Group had US$603.4 million in cash and cash equivalents and outstanding financial debt of US$1,842.5 million (excluding deferred financing costs of US$17.8 million), resulting in a net debt position of US$1,239.1 million compared to a net debt position of US$1,383.7 million as of December 31, 2022.
- During the nine months ended September 30, 2023, the Group delivered Free Cash Flow of US$152.2 million compared to US$42.9 million for the corresponding period in 2022, an increase of US$109.2 million, or 254.3%.
- Total liquidity as of September 30, 2023, was US$1,418.8 million compared to US$1,481.3 million as of December 31, 2022.

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

Forward-looking Statements

This document contains forward-looking statements. Forward-looking statements reflect the Company's current views with respect to future events and performance. These statements may discuss, among other things, the Company's net sales, gross profit margin, operating profit, Adjusted Net Income, 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.

If one or more of these risks or uncertainties materialize, or if management's underlying beliefs and assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. Among the factors that could cause actual results to differ materially are: the effect of worldwide economic conditions; the effect of political or social unrest and armed conflict; the effects of inflation; a general economic downturn or generally reduced consumer spending; 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 tenth of a 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 of intangible assets.

Condensed Consolidated Statements of Income (Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
(Expressed in millions of US Dollars, except per share data)	**2023**	2022	**2023**	2022
Net sales	**957.7**	790.9	**2,733.9**	2,061.1
Cost of sales	**(386.8)**	(355.7)	**(1,119.4)**	(918.5)
Gross profit	**570.9**	435.2	**1,614.5**	1,142.6
Distribution expenses	**(263.6)**	(209.7)	**(752.9)**	(585.5)
Marketing expenses	**(59.4)**	(44.8)	**(173.6)**	(102.6)
General and administrative expenses	**(64.6)**	(59.8)	**(191.7)**	(164.5)
Impairment reversals (charges)	**—**	1.2	**—**	(10.7)
Restructuring reversals (charges)	**—**	0.7	**0.3**	(0.7)
Other (expense) income	**(0.6)**	(1.0)	**(1.8)**	3.1
Operating profit	**182.6**	121.8	**494.7**	281.7
Finance income	**4.8**	2.9	**10.3**	5.5
Finance costs	**(41.8)**	(38.5)	**(128.3)**	(103.3)
Net finance costs	**(37.0)**	(35.6)	**(118.0)**	(97.8)
Profit before income tax	**145.6**	86.2	**376.7**	183.9
Income tax expense	**(22.5)**	(20.8)	**(82.2)**	(50.0)
Profit for the period	**123.2**	65.4	**294.5**	133.9
Profit attributable to the equity holders	**115.4**	58.2	**267.9**	114.5
Profit attributable to non-controlling interests	**7.8**	7.2	**26.7**	19.4
Profit for the period	**123.2**	65.4	**294.5**	133.9
Earnings per share:				
Basic earnings per share	**0.080**	0.040	**0.186**	0.080
Diluted earnings per share	**0.079**	0.040	**0.184**	0.080

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
(Expressed in millions of US Dollars)	**2023**	2022	**2023**	2022
Profit for the period	**123.2**	65.4	**294.5**	133.9
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	**(1.9)**	8.5	**(5.7)**	28.7
Settlement of cross currency swap agreement, net of tax	**—**	(2.4)	**—**	(0.1)
Foreign currency translation gains (losses) for foreign operations	**(13.5)**	(3.3)	**(16.6)**	2.9
Other comprehensive income (loss)	**(15.4)**	2.8	**(22.2)**	31.5
Total comprehensive income for the period	**107.8**	68.2	**272.3**	165.4
Total comprehensive income attributable to the equity holders	**101.9**	62.8	**247.7**	150.4
Total comprehensive income attributable to non-controlling interests	**5.9**	5.4	**24.6**	15.0
Total comprehensive income for the period	**107.8**	68.2	**272.3**	165.4

Condensed Consolidated Statements of Financial Position (Unaudited)

(Expressed in millions of US Dollars)	**September 30, 2023**	December 31, 2022
Non-current Assets		
Property, plant and equipment	**173.3**	161.5
Lease right-of-use assets	**389.8**	314.1
Goodwill	**821.9**	824.2
Other intangible assets	**1,451.2**	1,458.8
Deferred tax assets	**157.2**	173.6
Derivative financial instruments	**21.0**	30.5
Other assets and receivables	**64.4**	63.8
Total non-current assets	**3,078.7**	3,026.5
Current Assets		
Inventories	**734.8**	687.6
Trade and other receivables	**343.7**	290.9
Prepaid expenses and other assets	**92.0**	80.2
Cash and cash equivalents	**603.4**	635.9
Total current assets	**1,773.9**	1,694.6
Total assets	**4,852.6**	4,721.1
Equity and Liabilities		
Equity:		
Share capital	**14.5**	14.4
Reserves	**1,281.2**	1,017.4
Total equity attributable to the equity holders	**1,295.6**	1,031.8
Non-controlling interests	**62.2**	47.8
Total equity	**1,357.8**	1,079.6
Non-current Liabilities		
Loans and borrowings	**1,749.7**	1,893.3
Lease liabilities	**317.9**	256.7
Employee benefits	**26.7**	26.6
Non-controlling interest put options	**113.4**	85.0
Deferred tax liabilities	**154.3**	161.7
Other liabilities	**5.0**	5.0
Total non-current liabilities	**2,366.9**	2,428.3
Current Liabilities		
Loans and borrowings	**49.0**	67.0
Current portion of long-term loans and borrowings	**26.0**	51.6
Current portion of lease liabilities	**126.9**	118.9
Employee benefits	**119.3**	120.1
Trade and other payables	**734.1**	778.5
Current tax liabilities	**72.5**	77.1
Total current liabilities	**1,127.9**	1,213.2
Total liabilities	**3,494.7**	3,641.5
Total equity and liabilities	**4,852.6**	4,721.1
Net current assets	**646.0**	481.4
Total assets less current liabilities	**3,724.7**	3,507.9

Condensed Consolidated Statements of Changes in Equity (Unaudited)

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Three months ended September 30, 2023									
Balance, July 1, 2023	**1,443,304,662**	**14.4**	**1,084.3**	**(62.0)**	**114.6**	**36.1**	**1,187.4**	**59.9**	**1,247.3**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**115.4**	**115.4**	**7.8**	**123.2**
Other comprehensive income (loss):									
Changes in fair value of hedges, net of tax	**—**	**—**	**—**	**—**	**(1.9)**	**—**	**(1.9)**	**(0.0)**	**(1.9)**
Foreign currency translation losses for foreign operations	**—**	**—**	**—**	**(11.6)**	**—**	**—**	**(11.6)**	**(1.9)**	**(13.5)**
Total comprehensive income (loss) for the period	**—**	**—**	**—**	**(11.6)**	**(1.9)**	**115.4**	**101.9**	**5.9**	**107.8**
Transactions with owners recorded directly in equity:									
Change in fair value of put options included in equity	**—**	**—**	**—**	**—**	**—**	**(6.7)**	**(6.7)**	**—**	**(6.7)**
Share-based compensation expense	**—**	**—**	**—**	**—**	**4.0**	**—**	**4.0**	**—**	**4.0**
Exercise of share options	**3,502,219**	**0.0**	**11.9**	**—**	**(3.1)**	**—**	**8.9**	**—**	**8.9**
Dividends paid to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(3.5)**	**(3.5)**
Balance, September 30, 2023	**1,446,806,881**	**14.5**	**1,096.2**	**(73.7)**	**113.8**	**144.9**	**1,295.6**	**62.2**	**1,357.8**

Condensed Consolidated Statements of Changes in Equity (Unaudited) (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, 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

Condensed Consolidated Statements of Changes in Equity (Unaudited)

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings / (accumulated deficit)	Total equity attributable to the equity holders	Non-controlling interests	Total equity
Nine months ended September 30, 2023									
Balance, January 1, 2023	**1,438,900,432**	**14.4**	**1,071.4**	**(59.2)**	**115.0**	**(109.8)**	**1,031.8**	**47.8**	**1,079.6**
Profit for the period	—	—	—	—	—	**267.9**	**267.9**	**26.7**	**294.5**
Other comprehensive income (loss):									
Changes in fair value of hedges, net of tax	—	—	—	—	**(5.7)**	—	**(5.7)**	**0.1**	**(5.7)**
Foreign currency translation losses for foreign operations	—	—	—	**(14.5)**	—	—	**(14.5)**	**(2.1)**	**(16.6)**
Total comprehensive income (loss) for the period	—	—	—	**(14.5)**	**(5.7)**	**267.9**	**247.7**	**24.6**	**272.3**
Transactions with owners recorded directly in equity:									
Change in fair value of put options included in equity	—	—	—	—	—	**(13.3)**	**(13.3)**	—	**(13.3)**
Share-based compensation expense	—	—	—	—	**11.0**	—	**11.0**	—	**11.0**
Exercise of share options	**7,906,449**	**0.1**	**24.8**	—	**(6.5)**	—	**18.4**	—	**18.4**
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	**(10.2)**	**(10.2)**
Balance, September 30, 2023	**1,446,806,881**	**14.5**	**1,096.2**	**(73.7)**	**113.8**	**144.9**	**1,295.6**	**62.2**	**1,357.8**

Condensed Consolidated Statements of Changes in Equity (Unaudited) (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 the 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

Condensed Consolidated Statements of Cash Flows (Unaudited)

(Expressed in millions of US Dollars)	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cash flows from operating activities:				
Profit for the period	**123.2**	65.4	**294.5**	133.9
Adjustments to reconcile profit for the period to net cash generated from operating activities:				
Depreciation	**9.3**	8.3	**27.4**	26.5
Amortization of intangible assets	**4.7**	5.7	**14.0**	17.4
Amortization of lease right-of-use assets	**34.2**	29.2	**98.7**	88.6
Impairment (reversals) charges	**—**	(1.2)	**—**	10.7
Change in fair value of put options included in finance costs	**6.9**	3.7	**15.1**	9.8
Non-cash share-based compensation	**4.0**	3.7	**11.0**	10.0
Interest expense on borrowings and lease liabilities	**33.4**	29.8	**99.9**	84.2
Non-cash charge to derecognize deferred financing costs	**—**	—	**4.4**	—
Income tax expense	**22.5**	20.8	**82.2**	50.0
	238.1	165.4	**647.1**	431.1
Changes in operating assets and liabilities:				
Trade and other receivables	**(35.3)**	(41.9)	**(60.9)**	(96.8)
Inventories	**(7.5)**	(106.4)	**(59.8)**	(241.8)
Other current assets	**(1.4)**	(4.6)	**(0.6)**	(15.4)
Trade and other payables	**14.1**	134.8	**(37.7)**	212.6
Other assets and liabilities	**(0.3)**	7.1	**(4.7)**	(2.2)
Cash generated from operating activities	**207.7**	154.4	**483.4**	287.5
Interest paid on borrowings and lease liabilities	**(31.2)**	(25.4)	**(93.6)**	(76.3)
Income tax paid	**(29.0)**	(11.1)	**(85.7)**	(30.8)
Net cash generated from operating activities	**147.5**	117.9	**304.1**	180.4
Cash flows from investing activities:				
Purchases of property, plant and equipment and software	**(23.4)**	(17.3)	**(49.1)**	(33.0)
Net cash used in investing activities	**(23.4)**	(17.3)	**(49.1)**	(33.0)
Cash flows from financing activities:				
Proceeds from issuance of New Senior Credit Facilities	**—**	—	**1,500.0**	—
Settlement of Prior Senior Credit Facilities	**—**	—	**(1,565.1)**	—
Payments on Prior Senior Credit Facilities prior to settlement	**—**	(314.2)	**(12.9)**	(535.0)
Payments on New Senior Credit Facilities	**(76.5)**	—	**(76.5)**	—
(Payments on) proceeds from other loans and borrowings	**(3.8)**	2.7	**(14.9)**	9.2
Principal payments on lease liabilities	**(35.3)**	(34.4)	**(102.8)**	(104.4)
Payment of deferred financing costs	**—**	—	**(17.1)**	—
Proceeds from the exercise of share options	**8.9**	0.8	**18.4**	0.9
Dividend payments to non-controlling interests	**(3.5)**	(3.2)	**(10.2)**	(6.5)
Net cash used in financing activities	**(110.2)**	(348.3)	**(281.2)**	(635.8)
Net increase (decrease) in cash and cash equivalents	**13.9**	(247.7)	**(26.2)**	(488.4)
Cash and cash equivalents, at beginning of period	**599.0**	1,064.6	**635.9**	1,324.8
Effect of exchange rate changes	**(9.5)**	(15.9)	**(6.3)**	(35.4)
Cash and cash equivalents, at end of period	**603.4**	801.0	**603.4**	801.0

Management Discussion and Analysis

For the Three Months Ended September 30, 2023, and September 30, 2022

Net Sales

The Group's net sales increased by US$166.8 million, or 21.1% (+21.2% constant currency), during the three months ended September 30, 2023, compared to the three months ended September 30, 2022. The Group's net sales improvement was driven mainly by a robust recovery in leisure and business travel and the resulting increased demand for the Group's products.

When evaluating the results for the three months ended September 30, 2023, certain factors impact comparability to the results for the three months ended September 30, 2019, 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 completed the disposition of its Russian operations on July 1, 2022, which impacts comparability to the three months ended September 30, 2019. 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, thereby affecting comparability to the three months ended September 30, 2019.

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 quarter of 2019 (the "Q3 Russia Net Sales"), (ii) the net sales of Speck for 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").

The Group's consolidated net sales, as reported, increased by 3.9% (+14.2% constant currency) during the three months ended September 30, 2023, compared to the three months ended September 30, 2019. When excluding the Q3 Russia and Speck Net Sales, consolidated net sales increased by 11.4% (+22.4% constant currency) for the three months ended September 30, 2023, compared to the three months ended September 30, 2019.

Net Sales by Region

The following table sets forth a breakdown of net sales by region for the three months ended September 30, 2023, and September 30, 2022, both in absolute terms and as a percentage of total net sales.

	Three months ended September 30,					
	2023		2022		2023 vs. 2022	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(2)]
Net sales by region[(1)]:						
Asia	**373.0**	**39.0 %**	264.4	33.4 %	41.1 %	44.9 %
North America	**321.0**	**33.5 %**	292.3	37.0 %	9.8 %	10.0 %
Europe	**214.2**	**22.4 %**	193.2	24.4 %	10.8 %	6.7 %
Latin America	**49.2**	**5.1 %**	40.6	5.1 %	21.2 %	16.5 %
Corporate	**0.3**	**0.0 %**	0.4	0.1 %	(27.7)%	(27.7)%
Net sales	**957.7**	**100.0 %**	790.9	100.0 %	21.1 %	21.2 %

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 customers were actually located.
(2) Results stated on a constant currency basis, a non-International Financial Reporting Standards ("IFRS") measure, are calculated by applying the average exchange rate of the corresponding 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, 2023, and September 30, 2022, both in absolute terms and as a percentage of total net sales.

	Three months ended September 30,					
	2023		2022		2023 vs. 2022	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(2)
Net sales by brand:						
Samsonite	**498.2**	**52.0 %**	414.8	52.5 %	20.1 %	20.1 %
Tumi	**213.7**	**22.3 %**	165.3	20.9 %	29.3 %	29.8 %
American Tourister	**173.8**	**18.2 %**	145.6	18.4 %	19.4 %	19.8 %
Other(1)	**71.9**	**7.5 %**	65.1	8.2 %	10.3 %	9.3 %
Net sales	**957.7**	**100.0 %**	790.9	100.0 %	21.1 %	21.2 %

Notes
(1) "Other" includes certain other brands owned by the Group, such as *Gregory*, *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.
(2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the corresponding 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, 2023, compared to the three months ended September 30, 2022. Net sales of the *Samsonite* brand increased by US$83.4 million, or 20.1% (+20.1% constant currency), year-on-year. Net sales of the *Tumi* brand increased by US$48.4 million, or 29.3% (+29.8% constant currency), year-on-year. Net sales of the *American Tourister* brand increased by US$28.2 million, or 19.4% (+19.8% constant currency), for the three months ended September 30, 2023, compared to the three months ended September 30, 2022.

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, 2023, and September 30, 2022, both in absolute terms and as a percentage of total net sales.

	Three months ended September 30,					
	2023		2022		2023 vs. 2022	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(2)
Net sales by product category:						
Travel	**644.5**	**67.3 %**	538.6	68.1 %	19.7 %	19.7 %
Non-travel(1)	**313.1**	**32.7 %**	252.3	31.9 %	24.1 %	24.3 %
Net sales	**957.7**	**100.0 %**	790.9	100.0 %	21.1 %	21.2 %

Notes
(1) The non-travel product category comprises business, casual, accessories and other products.
(2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the corresponding 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, 2023, increased by US$105.9 million, or 19.7% (+19.7% constant currency), compared to the three months ended September 30, 2022. The Group's net sales in the travel product category continued to improve with a robust recovery in leisure and business travel and increased demand for the Group's products. Total non-travel product category net sales, which comprises business, casual, accessories and other products, increased by US$60.8 million, or 24.1% (+24.3% constant currency), for the three months ended September 30, 2023, compared to the three months ended September 30, 2022, primarily driven by strong net sales growth in the Asia region and for *Tumi*-branded products.

Net sales of business products increased by US$34.0 million, or 24.6% (+25.6% constant currency), for the three months ended September 30, 2023, compared to the corresponding period in 2022. Net sales of casual products for the three months ended September 30, 2023, increased by US$15.4 million, or 25.0% (+24.6% constant currency), year-on-year. Net sales of accessories products for the three months ended September 30, 2023, increased by US$7.3 million, or 17.8% (+15.9% constant currency), year-on-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 three months ended September 30, 2023, and September 30, 2022, both in absolute terms and as a percentage of total net sales.

	Three months ended September 30,					
	2023		2022		2023 vs. 2022	
	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	**596.7**	**62.3 %**	506.6	64.0 %	17.8 %	18.0 %
DTC(1)	**360.6**	**37.7 %**	283.8	35.9 %	27.1 %	26.9 %
Other(2)	**0.3**	**0.0 %**	0.4	0.1 %	(26.9)%	(26.9)%
Net sales	**957.7**	**100.0 %**	790.9	100.0 %	21.1 %	21.2 %

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 corresponding period in the year under comparison to current period local currency results.

Net sales in the wholesale channel increased by US$90.1 million, or 17.8% (+18.0% constant currency), during the three months ended September 30, 2023, compared to the three months ended September 30, 2022. Net sales to e-retailers, which are included in the Group's wholesale channel, increased by US$4.5 million, or 6.8% (+6.9% constant currency), during the three months ended September 30, 2023, compared to the corresponding period in 2022.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, increased by US$76.8 million, or 27.1% (+26.9% constant currency), to US$360.6 million (representing 37.7% of net sales) for the three months ended September 30, 2023, from US$283.8 million (representing 35.9% of net sales) for the three months ended September 30, 2022.

Net sales in the DTC retail channel increased by US$58.0 million, or 27.5% (+27.3% constant currency), during the three months ended September 30, 2023 compared to the corresponding period in 2022. During the three months ended September 30, 2023, the Group added 25 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 20 company-operated retail stores during the three months ended September 30, 2023, compared to a net addition of 2 company-operated retail stores during the three months ended September 30, 2022. The total number of company-operated retail stores was 1,021 as of September 30, 2023, compared to 965 as of September 30, 2022, and 1,285 as of September 30, 2019. On a same store, constant currency basis, retail net sales grew by 21.6% for the three months ended September 30, 2023, compared to the three months ended September 30, 2022. This was due to constant currency same store net sales increases of 42.3%, 18.5%, 15.0% and 12.1% in Asia, North America, Latin America and Europe, respectively. The Group’s same store analysis includes existing company operated retail stores which had been open for at least 12 months before the end of the relevant financial period.

Total DTC e-commerce net sales increased by US$18.8 million, or 25.7% (+25.8% constant currency), to US$92.1 million (representing 9.6% of net sales) for the three months ended September 30, 2023, from US$73.3 million (representing 9.3% of net sales) for the three months ended September 30, 2022.

During the three months ended September 30, 2023, US$162.8 million of the Group’s net sales were through e-commerce channels (comprising US$92.1 million of net sales from the Group’s DTC e-commerce websites, which are included within the DTC channel, and US$70.8 million of net sales to e-retailers, which are included within the wholesale channel). This represented a year-on-year increase of US$23.3 million, or 16.7% (+16.8% constant currency), compared to the three months ended September 30, 2022, when e-commerce comprised US$139.5 million of the Group’s net sales. During the three months ended September 30, 2023, the Group's net sales through e-commerce channels represented 17.0% of total net sales compared to 17.6% of total net sales for the three months ended September 30, 2022, as more consumers returned to shopping in person and certain e-retailer customers managing their inventory levels.

Regions

Asia

Countries/Territories

<u>Three Months Ended September 30, 2023, vs. Three Months Ended September 30, 2022</u>

The Group's net sales in Asia increased by US$108.6 million, or 41.1% (+44.9% constant currency), for the three months ended September 30, 2023, compared to the three months ended September 30, 2022, with all major markets experiencing meaningful year-on-year net sales increases.

Net sales in China increased by US$34.6 million, or 63.3% (+72.6% constant currency), for the three months ended September 30, 2023, compared to the corresponding period in 2022. Net sales in Japan increased by US$19.4 million, or 60.3% (+69.2% constant currency), year-on-year. Net sales in South Korea increased by US$13.1 million, or 44.5% (+42.2% constant currency), year-on-year. Total net sales reported for Hong Kong (which includes net sales made in the domestic Hong Kong market, Macau and to distributors in certain other Asian markets) increased by US$11.4 million, or 69.7% (+69.4% constant currency), for the three months ended September 30, 2023, compared to the corresponding period in 2022. Net sales reported for Singapore (which includes net sales made domestically as well as net sales to distributors in certain other Asian markets) increased by US$7.4 million, or 56.6% (+52.3% constant currency), compared to the corresponding period in 2022. Net sales in India increased by US$3.0 million, or 4.7% (+8.4% constant currency), for the three months ended September 30, 2023, compared to the corresponding period in 2022. Net sales in Australia increased by US$2.7 million, or 16.5% (+20.8% constant currency), compared to the corresponding period in 2022.

<u>Three Months Ended September 30, 2023, vs. Three Months Ended September 30, 2019</u>

The Group's net sales in Asia increased by 12.0% (+24.4% constant currency) during the three months ended September 30, 2023, compared to the three months ended September 30, 2019.

Compared to the third quarter of 2019, most markets in Asia continued to see strong net sales increases on a constant currency basis in the third quarter of 2023, with increases in Singapore of 99.7% (+96.3% constant currency), Indonesia of 74.1% (+87.2% constant currency), Thailand of 49.2% (+70.4% constant currency), India of 40.0% (+65.0% constant currency), Australia of 14.3% (+18.4% constant currency), China of 10.4% (+13.9% constant currency), Japan (-18.1%, +10.1% constant currency) and South Korea (-5.8%; +3.7% constant currency). The net sales performance in Hong Kong (-14.3%, -14.3% constant currency) is expected to improve as Chinese tourist arrivals continue to recover.

Brands

For the three months ended September 30, 2023, net sales of the *Samsonite* brand in Asia increased by US$59.8 million, or 53.4% (+58.1% constant currency), compared to the corresponding period in 2022. Net sales of the *Tumi* brand increased by US$18.8 million, or 40.1% (+43.3% constant currency), year-on-year. Net sales of the *American Tourister* brand increased by US$28.0 million, or 36.6% (+39.6% constant currency), compared to the three months ended September 30, 2022.

North America

Countries

<u>Three Months Ended September 30, 2023, vs. Three Months Ended September 30, 2022</u>

The Group's net sales in North America increased by US$28.7 million, or 9.8% (+10.0% constant currency), for the three months ended September 30, 2023, compared to the three months ended September 30, 2022, driven by strong summer travel demand.

For the three months ended September 30, 2023, net sales in the United States increased by US$26.0 million, or 9.5%, compared to the corresponding period in 2022. Net sales in Canada increased by US$2.7 million, or 15.3% (+17.8% constant currency), year-on-year.

<u>Three Months Ended September 30, 2023, vs. Three Months Ended September 30, 2019</u>

When excluding the Q3 Speck Net Sales, net sales in North America increased by 9.0% (+9.1% constant currency) for the three months ended September 30, 2023, compared to the three months ended September 30, 2019. Further adjusting for the discontinuation of third-party brand sales on the ebags e-commerce platform in 2020, net sales in North America increased by 15.2% (+15.3% constant currency) compared to the corresponding period in 2019. When compared to the three months ended September 30, 2019, the Group's net sales, as reported, declined by 5.2% (-5.2% constant currency) in North America during the three months ended September 30, 2023, due to Speck and ebags as explained.

When excluding the Q3 Speck Net Sales, net sales in the United States increased by 8.0% for the three months ended September 30, 2023, compared to the three months ended September 30, 2019. Further adjusting for the discontinuation of third-party brand sales on the ebags e-commerce platform in 2020, net sales in the United States increased by 14.6% compared to the corresponding period in 2019. When compared to the three months ended September 30, 2019, the Group's net sales, as reported, declined by 6.8% in the United States during the three months ended September 30, 2023, due to Speck and ebags as explained. Net sales in Canada increased by 25.8% (+27.1% constant currency) during the three months ended September 30, 2023, compared to the three months ended September 30, 2019.

Brands
For the three months ended September 30, 2023, net sales of the *Samsonite* brand in North America decreased by US$2.9 million, or 1.9% (-1.7% constant currency), compared to the corresponding period in 2022 due to a shift in timing of shipments to certain wholesale customers and certain wholesale customers managing their inventory levels. Net sales of the *Tumi* brand in North America increased by US$26.5 million, or 27.9% (+28.0% constant currency), driven by strong performance in the Group's company-operated retail stores and DTC e-commerce sales. Net sales of the *American Tourister* brand in North America increased by US$1.6 million, or 6.0% (+6.3% constant currency).

Europe
Countries

Three Months Ended September 30, 2023, vs. Three Months Ended September 30, 2022
The Group's net sales in Europe increased by US$20.9 million, or 10.8% (+6.7% constant currency), for the three months ended September 30, 2023, compared to the three months ended September 30, 2022.

Net sales in Germany increased by US$7.9 million, or 33.3% (+24.5% constant currency), for the three months ended September 30, 2023, compared to the three months ended September 30, 2022. Net sales in Spain increased by US$3.6 million, or 23.6% (+15.4% constant currency), year-on-year. Net sales in Italy increased by US$2.4 million, or 11.8% (+4.5% constant currency), compared to the corresponding period in 2022. Net sales in France increased by US$1.2 million, or 6.7%, but decreased by 0.2% on a constant currency basis compared to the three months ended September 30, 2022. Net sales in the United Kingdom (net sales reported for the United Kingdom include net sales made in Ireland) increased by US$0.1 million, or 0.3%, but decreased by 6.2% on a constant currency basis, year-on-year due to an exceptionally strong third quarter of 2022.

Three Months Ended September 30, 2023, vs. Three Months Ended September 30, 2019
When compared to the three months ended September 30, 2019, the Group's reported net sales in Europe increased by 1.6% (+20.2% constant currency) during the three months ended September 30, 2023. When excluding the Q3 Russia Net Sales, the Group's net sales in Europe increased by 10.7% (+31.0% constant currency) during the three months ended September 30, 2023, compared to the three months ended September 30, 2019.

Most of the Group’s key markets in Europe recorded net sales increases on a constant currency basis when comparing the three months ended September 30, 2023, to the three months ended September 30, 2019, including: Spain (+20.2%, +22.5% constant currency), Germany (+6.0%, +8.0% constant currency), Italy (+5.0%, +7.1% constant currency) and France (-1.2%, +0.8% constant currency). These constant currency net sales increases were partially offset by a constant currency net sales decrease in the United Kingdom (-4.9%, -7.8% constant currency) when comparing the three months ended September 30, 2023, to the three months ended September 30, 2019, primarily due to lower direct-to-consumer retail sales resulting from fewer company-operated retail stores open as of September 30, 2023.

Brands
For the three months ended September 30, 2023, net sales of the *Samsonite* brand in Europe increased by US$22.9 million, or 18.3% (+14.0% constant currency), compared to the corresponding period in 2022. Net sales of the *Tumi* brand in Europe increased by US$1.5 million, or 7.1% (+4.7% constant currency), year-on-year. Net sales of the *American Tourister* brand in Europe decreased by US$3.3 million, or 8.9% (-13.3% constant currency), compared to the three months ended September 30, 2022, primarily due to the timing of wholesale orders and certain customers managing their inventory levels compared to an exceptionally strong third quarter of 2022.

Latin America
Countries

Three Months Ended September 30, 2023, vs. Three Months Ended September 30, 2022
The Group’s net sales in Latin America increased by US$8.6 million, or 21.2% (+16.5% constant currency), for the three months ended September 30, 2023, compared to the three months ended September 30, 2022.

Net sales in Mexico increased by US$6.7 million, or 49.7% (+25.9% constant currency), year-on-year. Net sales in Chile increased by US$1.2 million, or 12.0% (+3.5% constant currency), during the three months ended September 30, 2023, compared to the corresponding period in 2022. Net sales in Brazil decreased by US$0.1 million, or 1.2% (-8.2% constant currency), year-on-year due to the non-recurrence of certain sales made during the third quarter of 2022.

Three Months Ended September 30, 2023, vs. Three Months Ended September 30, 2019

The Group's net sales in Latin America increased by 28.9% (+65.6% constant currency) during the three months ended September 30, 2023, compared to the three months ended September 30, 2019.

When compared to the three months ended September 30, 2019, all of the Group's key markets in Latin America recorded net sales increases for the three months ended September 30, 2023, including: Brazil (+50.1%, +83.4% constant currency), Chile (+0.1%, +19.6% constant currency) and Mexico (+35.9%, +18.4% constant currency).

Brands

For the three months ended September 30, 2023, net sales of the *Samsonite* brand in Latin America increased by US$3.6 million, or 17.9% (+17.1% constant currency), compared to the corresponding period in 2022. Net sales of the *Tumi* brand in Latin America increased by US$1.6 million, or 95.4% (+72.9% constant currency), year-on-year. Net sales of the *American Tourister* brand in Latin America increased by US$1.9 million, or 28.7% (+26.6% constant currency), year-on-year. Net sales of the *Xtrem* brand increased by US$1.6 million, or 28.8% (+15.4% constant currency), compared to the corresponding period in 2022.

Cost of Sales and Gross Profit

Cost of sales increased by US$31.1 million, or 8.7%, to US$386.8 million (representing 40.4% of net sales) for the three months ended September 30, 2023, from US$355.7 million (representing 45.0% of net sales) for the three months ended September 30, 2022.

Gross profit increased by US$135.7 million, or 31.2%, to US$570.9 million for the three months ended September 30, 2023, from US$435.2 million for the three months ended September 30, 2022, due to increased net sales year-on-year and higher gross profit margin. The gross profit margin was 59.6% for the three months ended September 30, 2023, compared to 55.0% for the corresponding period in 2022. The 460 basis point increase in gross profit margin was driven mainly by year-on-year gross profit margin improvements in all regions and because Asia, the region with the highest gross profit margin, increased its share of total net sales. This increase in gross profit margin was also driven by an increased proportion of total net sales attributable to the higher-margin *Tumi* brand, an increased proportion of total net sales attributable to direct-to-consumer net sales, and overall reduced promotional activity.

Distribution Expenses

Distribution expenses increased by US$53.8 million, or 25.7%, to US$263.6 million (representing 27.5% of net sales) for the three months ended September 30, 2023, from US$209.7 million (representing 26.5% of net sales) for the three months ended September 30, 2022. Distribution expenses as a percentage of net sales increased primarily due to increased costs associated with company-operated retail stores and inflationary pressures.

Marketing Expenses

The Group spent US$59.4 million on marketing during the three months ended September 30, 2023, compared to US$44.8 million for the three months ended September 30, 2022, an increase of US$14.6 million, or 32.5%. As a percentage of net sales, marketing expenses increased by 50 basis points to 6.2% for the three months ended September 30, 2023, from 5.7% for the three months ended September 30, 2022. The Group will continue to invest in marketing to capitalize on the ongoing recovery in leisure and business travel and drive further net sales growth.

General and Administrative Expenses

General and administrative expenses increased by US$4.9 million, or 8.1%, to US$64.6 million (representing 6.7% of net sales) for the three months ended September 30, 2023, from US$59.8 million (representing 7.6% of net sales) for the three months ended September 30, 2022. The decrease in general and administrative expenses as a percentage of net sales reflects the increase in net sales year-on-year combined with disciplined expense management.

Impairment Reversals

There were no impairment charges or reversals for the three months ended September 30, 2023. The following table sets forth a breakdown of the non-cash impairment reversals for the three months ended September 30, 2022 (the "Q3 2022 Impairment Reversals").

(Expressed in millions of US Dollars)		Three Months Ended September 30,	
Impairment charges (reversals) recognized on:	Functional Area	**2023**	2022
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.

During the three months ended September 30, 2023, the Group determined there were no triggering events that indicated that its indefinite-lived intangible assets or other assets with finite lives were impaired or required review for potential reversal of previous impairments.

Q3 2022 Impairment 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.

Restructuring Reversals

There were no restructuring charges or reversals for the three months ended September 30, 2023. The following table sets forth a breakdown of the restructuring reversals for the three months ended September 30, 2022 (the "Q3 2022 Restructuring Reversals").

(Expressed in millions of US Dollars)	Three Months Ended September 30,	
Functional Area	**2023**	2022
Restructuring charges (reversals) attributable to distribution function	**—**	(0.7)
Total restructuring charges (reversals)	**—**	(0.7)

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.

Operating Profit

The Group reported an operating profit of US$182.6 million for the three months ended September 30, 2023, compared to US$121.8 million for the corresponding period in 2022, an improvement of US$60.9 million, or 50.0%.

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, 2023, and September 30, 2022.

OPERATING PROFIT

	Three Months Ended September 30,			
(Expressed in millions of US Dollars)	**2023**	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(1)]
Operating profit, as reported	**182.6**	121.8	50.0 %	50.6 %
Impairment Reversals	**—**	(1.2)	(100.0)%	(100.0)%
Restructuring Reversals	**—**	(0.7)	(100.0)%	(100.0)%
Operating profit, as adjusted	**182.6**	119.8	52.4 %	53.0 %

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

Net Finance Costs

Net finance costs increased by US$1.4 million, or 4.0%, to US$37.0 million for the three months ended September 30, 2023, from US$35.6 million for the three months ended September 30, 2022. This increase was primarily attributable to an increase in the non-cash charge associated with redeemable non-controlling interest put options of US$3.1 million year-on-year due to improved financial performance of the Group's subsidiaries with non-controlling interests that are subject to put options, an increase in other finance costs of US$4.6 million and an increase in interest expenses on leases of US$2.7 million. These increases were partially offset by a decrease in foreign exchange losses of US$8.1 million and an increase in interest income of US$1.9 million.

The following table sets forth a breakdown of total finance costs for the three months ended September 30, 2023, and September 30, 2022.

	Three Months Ended September 30,	
(Expressed in millions of US Dollars)	**2023**	2022
Recognized in profit or loss:		
Interest income	**4.8**	2.9
Total finance income	**4.8**	2.9
Interest expense on loans and borrowings	**(25.3)**	(24.1)
Amortization of deferred financing costs	**(0.8)**	(1.1)
Interest expense on lease liabilities	**(7.2)**	(4.5)
Change in fair value of put options	**(6.9)**	(3.7)
Net foreign exchange gain (loss)	**(0.3)**	(8.4)
Other finance costs	**(1.3)**	3.3
Total finance costs	**(41.8)**	(38.5)
Net finance costs recognized in profit or loss	**(37.0)**	(35.6)

Profit before Income Tax

The Group recorded a profit before income tax of US$145.6 million for the three months ended September 30, 2023, compared to US$86.2 million for the corresponding period in 2022, an improvement of US$59.5 million, or 69.0%.

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, 2023, and September 30, 2022.

PROFIT BEFORE INCOME TAX

	Three Months Ended September 30,			
(Expressed in millions of US Dollars)	**2023**	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(1)]
Profit before income tax, as reported	**145.6**	86.2	69.0 %	71.6 %
Impairment Reversals	**—**	(1.2)	(100.0)%	(100.0)%
Restructuring Reversals	**—**	(0.7)	(100.0)%	(100.0)%
Profit before income tax, as adjusted	**145.6**	84.3	72.9 %	75.5 %

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

Income Tax Expense

The Group recorded income tax expense of US$22.5 million for the three months ended September 30, 2023, compared to income tax expense of US$20.8 million for the three months ended September 30, 2022. The income tax expense recorded during the three months ended September 30, 2023, was due mainly to the US$145.6 million reported profit before income tax, combined with the profit mix between high and low tax jurisdictions. 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 Group's consolidated effective tax rate for operations was 15.4% and 24.1% for the three months ended September 30, 2023, and September 30, 2022, respectively. The decrease in the Group's effective tax rate during the three months ended September 30, 2023, was mainly the result of (i) an increase in deferred tax assets related to outstanding share options due to the increase in the Company's share price and (ii) changes in the profit mix between high and low tax jurisdictions. Excluding the effect of the increase in the Company's share price, the consolidated effective tax rate for operations would have been 25.7% for the three months ended September 30, 2023, and 22.4% for the three months ended September 30, 2022. 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 before income tax for the period adjusted for certain discrete items for the period.

Profit

Profit for the Period

Profit for the three months ended September 30, 2023, was US$123.2 million compared to US$65.4 million for the three months ended September 30, 2022, an improvement of US$57.7 million, or 88.3%.

The following table presents the reconciliation from the Group's profit for the period, as reported, to profit for the period, as adjusted, for the three months ended September 30, 2023, and September 30, 2022.

PROFIT FOR THE PERIOD

(Expressed in millions of US Dollars)	Three Months Ended September 30, 2023	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(1)]
Profit for the period, as reported	**123.2**	65.4	88.3 %	91.2 %
Impairment Reversals	**—**	(1.2)	(100.0)%	(100.0)%
Restructuring Reversals	**—**	(0.7)	(100.0)%	(100.0)%
Tax impact	**—**	0.5	(100.0)%	(100.0)%
Profit for the period, as adjusted	**123.2**	64.0	92.4 %	95.4 %

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

Profit Attributable to the Equity Holders

Profit attributable to the equity holders was US$115.4 million for the three months ended September 30, 2023, compared to US$58.2 million for the corresponding period in 2022, an improvement of US$57.2 million, or 98.2%.

The following table presents the reconciliation from the Group's profit attributable to the equity holders, as reported, to profit attributable to the equity holders, as adjusted, for the three months ended September 30, 2023, and September 30, 2022.

PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS

(Expressed in millions of US Dollars)	Three Months Ended September 30, 2023	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(1)]
Profit attributable to the equity holders, as reported	**115.4**	58.2	98.2 %	101.6 %
Impairment Reversals	**—**	(1.2)	(100.0)%	(100.0)%
Restructuring Reversals	**—**	(0.7)	(100.0)%	(100.0)%
Tax impact	**—**	0.5	(100.0)%	(100.0)%
Profit attributable to the equity holders, as adjusted	**115.4**	56.8	103.2 %	106.6 %

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

Basic and Diluted Earnings per Share

Basic earnings per share were US$0.080 for the three months ended September 30, 2023, compared to US$0.040 for the three months ended September 30, 2022. The weighted average number of shares used in the basic earnings per share calculation was 1,444,854,150 shares for the three months ended September 30, 2023, compared to 1,437,899,879 shares for the three months ended September 30, 2022.

Diluted earnings per share were US$0.079 for the three months ended September 30, 2023, compared to US$0.040 for the three months ended September 30, 2022. The weighted average number of shares outstanding used in the diluted earnings per share calculation was 1,457,129,766 shares for the three months ended September 30, 2023, compared to 1,440,344,143 shares for the three months ended September 30, 2022.

Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, improved by US$59.9 million to US$194.0 million for the three months ended September 30, 2023, compared to US$134.1 million for the three months ended September 30, 2022. Adjusted EBITDA margin was 20.3% for the three months ended September 30, 2023, compared to 17.0% for the three months ended September 30, 2022. The improvement in Adjusted EBITDA margin was primarily due to continued net sales improvement and the increase in gross profit margin.

The following table presents the reconciliation from the Group's profit for the period to Adjusted EBITDA for the three months ended September 30, 2023, and September 30, 2022.

	Three Months Ended September 30,			
(Expressed in millions of US Dollars)	**2023**	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Profit for the period	**123.2**	65.4	88.3 %	91.2 %
Plus (Minus):				
Income tax expense	**22.5**	20.8	8.2 %	9.9 %
Finance costs	**41.8**	38.5	8.6 %	11.9 %
Finance income	**(4.8)**	(2.9)	64.2 %	161.4 %
Depreciation	**9.3**	8.3	11.8 %	10.3 %
Total amortization	**38.9**	34.9	11.3 %	10.3 %
EBITDA	**230.8**	165.0	39.9 %	40.0 %
Plus (Minus):				
Share-based compensation expense	**4.0**	3.7	7.2 %	5.3 %
Impairment Reversals	**—**	(1.2)	(100.0)%	(100.0)%
Restructuring Reversals	**—**	(0.7)	(100.0)%	(100.0)%
Amortization of lease right-of-use assets	**(34.2)**	(29.2)	16.9 %	15.9 %
Interest expense on lease liabilities	**(7.2)**	(4.5)	59.0 %	58.1 %
Other adjustments[1]	**0.6**	1.0	(40.6)%	85.1 %
Adjusted EBITDA[2]	**194.0**	134.1	44.7 %	46.1 %
Adjusted EBITDA margin	**20.3 %**	17.0 %		

Notes
(1) Other adjustments primarily comprised 'Other income (expenses)' per the condensed consolidated statements of income.
(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 corresponding period in the year under comparison to current period local currency results.

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 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 for the period in the Company's condensed consolidated statements of income. 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, increased by US$60.9 million, or 93.9%, to US$125.7 million for the three months ended September 30, 2023, compared to US$64.9 million for the three months ended September 30, 2022. The US$60.9 million improvement in Adjusted Net Income was primarily due to improved net sales and gross profit, as well as disciplined expense management.

The following table presents the reconciliation from the Group's profit attributable to the equity holders to Adjusted Net Income for the three months ended September 30, 2023, and September 30, 2022.

(Expressed in millions of US Dollars)	Three Months Ended September 30, **2023**	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Profit attributable to the equity holders	**115.4**	58.2	98.2 %	101.6 %
Plus (Minus):				
Change in fair value of put options included in finance costs	**6.9**	3.7	83.3 %	83.3 %
Amortization of intangible assets	**4.7**	5.7	(18.0)%	(18.8)%
Impairment Reversals	**—**	(1.2)	(100.0)%	(100.0)%
Restructuring Reversals	**—**	(0.7)	(100.0)%	(100.0)%
Tax adjustments[1]	**(1.2)**	(0.8)	38.0 %	32.6 %
Adjusted Net Income[2]	**125.7**	64.9	93.9 %	96.9 %

Notes
(1) Tax adjustments represent the tax effect of the reconciling line items as included in the condensed consolidated statements of income 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 corresponding period in the year under comparison to current period local currency results.

Adjusted basic earnings per share, which is a non-IFRS measure, was US$0.087 per share for the three months ended September 30, 2023, compared to US$0.045 for the three months ended September 30, 2022. Adjusted diluted earnings per share, which is a non-IFRS measure, was US$0.086 per share for the three months ended September 30, 2023, compared to US$0.045 for the three months ended September 30, 2022. 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 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 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 attributable to the equity holders or basic and diluted earnings per share presented in the Company's condensed consolidated statements of income. 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 improved by 25.2% to US$147.5 million for the three months ended September 30, 2023, compared to US$117.9 million for the three months ended September 30, 2022. The US$29.7 million increase in cash flows generated from operating activities year-on-year primarily relates to the increase in Adjusted Net Income as compared to the three months ended September 30, 2022, partially offset by an increase in interest and income taxes paid.

For the three months ended September 30, 2023, net cash flows used in investing activities were US$23.4 million and were related to total capital expenditures of US$23.4 million, (comprised of US$20.9 million for the purchase of property, plant and equipment and US$2.5 million for software purchases). The Group selectively added new retail locations, remodeled certain existing retail locations and made investments in machinery and equipment to support new product innovation. For the three months ended September 30, 2022, net cash flows used in investing activities were US$17.3 million and were related to total capital expenditures of US$17.3 million, (comprised of US$15.2 million for property, plant and equipment and US$2.1 million for software purchases). The Group intends to continue to spend on property, plant and equipment and software to upgrade and expand its retail store fleet as well as to invest in core strategic functions to support continued sales growth.

Net cash flows used in financing activities were US$110.2 million for the three months ended September 30, 2023, and were largely attributable to the repayment of US$76.5 million of outstanding borrowings under the Group's New Senior Credit Facilities (as defined in Management Discussion and Analysis - For the Nine Months Ended September 30, 2023, and September 30, 2022 - Indebtedness), consisting of US$70.0 million in voluntary payments and US$6.5 million in required quarterly amortization payments. Net cash flows used in financing activities also included US$35.3 million in principal payments on lease liabilities. The cash flows used in financing activities during the three months ended September 30, 2023, were partially offset by proceeds from share option exercises of US$8.9 million.

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 Prior Senior Credit Facilities (as defined in Management Discussion and Analysis - For the Nine Months Ended September 30, 2023, and September 30, 2022 - 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.

As of September 30, 2023, the Group had US$603.4 million in cash and cash equivalents compared to US$635.9 million as of December 31, 2022. The Group delivered Free Cash Flow[(1)] of US$88.8 million for the third quarter of 2023 compared to US$66.2 million for the corresponding period in 2022, an increase of US$22.6 million, or 34.2%.

Note

(1) Free Cash Flow is defined as net cash generated from (used in) operating activities less (i) purchases of property, plant and equipment and software ("total capital expenditures") and (ii) principal payments on lease liabilities (each as set forth on the condensed consolidated statements of cash flows).

For the Nine Months Ended September 30, 2023, and September 30, 2022

Net Sales

The Group's net sales increased by US$672.8 million, or 32.6% (+35.6% constant currency), during the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. The Group's net sales improvement was driven mainly by a robust recovery in leisure and business travel and the resulting increased demand for the Group's products.

When evaluating the results for the nine months ended September 30, 2023, certain factors impact comparability to the results for the nine months ended September 30, 2022, and/or for the nine months ended September 30, 2019, 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 completed the disposition of its Russian operations on July 1, 2022, which impacts comparability to both the nine months ended September 30, 2022, and the nine months ended September 30, 2019. 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, thereby affecting comparability to the nine months ended September 30, 2019.

In the discussions that follow, where noted, net sales results exclude (i) the net sales of the Group's former Russian operations for the applicable periods in 2022 and 2019 (the "Russia Net Sales") and (ii) the net sales of Speck for the applicable periods in 2019 (the "Speck Net Sales" and together with the Russia Net Sales, the "Russia and Speck Net Sales").

When excluding the Russia Net Sales, consolidated net sales increased by US$682.6 million, or 33.3% (+36.2% constant currency), for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022.

The Group's consolidated net sales, as reported, increased by 2.1% (+12.0% constant currency) during the nine months ended September 30, 2023, compared to the nine months ended September 30, 2019. When excluding the Russia and Speck Net Sales, consolidated net sales increased by 7.8% (+18.3% constant currency) for the nine months ended September 30, 2023, 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, 2023, and September 30, 2022, both in absolute terms and as a percentage of total net sales.

	Nine months ended September 30,				2023 vs. 2022	
	2023		2022			
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[4]
Net sales by region[1]:						
Asia	**1,066.9**	**39.1 %**	657.7	31.9 %	62.2 %	69.9 %
North America	**932.3**	**34.1 %**	782.1	37.9 %	19.2 %	19.6 %
Europe[2]	**579.9**	**21.2 %**	494.5	24.0 %	17.3 %	18.5 %
Latin America	**153.8**	**5.6 %**	125.5	6.1 %	22.5 %	23.3 %
Corporate	**0.9**	**0.0 %**	1.2	0.1 %	(26.1)%	(26.1)%
Net sales[3]	**2,733.9**	**100.0 %**	2,061.1	100.0 %	32.6 %	35.6 %

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 customers were actually located.

(2) On March 14, 2022, the Group suspended all commercial activities in Russia due to the armed conflict in Ukraine, and the Group subsequently completed the disposition of its Russian operations on July 1, 2022. When excluding the Russia Net Sales, net sales in Europe increased by US$95.2 million, or 19.6% (+20.9% constant currency), for the nine months ended September 30, 2023, compared to the corresponding period in 2022.

(3) When excluding the Russia Net Sales, consolidated net sales increased by US$682.6 million, or 33.3% (+36.2% constant currency), for the nine months ended September 30, 2023, compared to the corresponding period in 2022.

(4) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the corresponding 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, 2023, and September 30, 2022, both in absolute terms and as a percentage of total net sales.

	Nine months ended September 30,					
	2023		2022		2023 vs. 2022	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by brand:						
Samsonite	**1,378.5**	**50.4 %**	1,034.8	50.2 %	33.2 %	36.3 %
Tumi	**634.8**	**23.2 %**	448.8	21.8 %	41.5 %	43.6 %
American Tourister	**494.6**	**18.1 %**	380.1	18.4 %	30.1 %	33.8 %
Other[1]	**225.9**	**8.3 %**	197.4	9.6 %	14.5 %	16.9 %
Net sales	**2,733.9**	**100.0 %**	2,061.1	100.0 %	32.6 %	35.6 %

Notes

(1) "Other" includes certain other brands owned by the Group, such as *Gregory*, *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.

(2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the corresponding 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, 2023, compared to the nine months ended September 30, 2022. Net sales of the *Samsonite* brand increased by US$343.7 million, or 33.2% (+36.3% constant currency), year-on-year. Net sales of the *Tumi* brand increased by US$186.0 million, or 41.5% (+43.6% constant currency), year-on-year. Net sales of the *American Tourister* brand increased by US$114.5 million, or 30.1% (+33.8% constant currency), for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022.

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, 2023, and September 30, 2022, both in absolute terms and as a percentage of total net sales.

	Nine months ended September 30,					
	2023		2022		2023 vs. 2022	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by product category:						
Travel	**1,818.4**	**66.5 %**	1,353.0	65.6 %	34.4 %	37.3 %
Non-travel[1]	**915.5**	**33.5 %**	708.1	34.4 %	29.3 %	32.3 %
Net sales	**2,733.9**	**100.0 %**	2,061.1	100.0 %	32.6 %	35.6 %

Notes

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

(2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the corresponding 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, 2023, increased by US$465.5 million, or 34.4% (+37.3% constant currency), compared to the nine months ended September 30, 2022. The Group's net sales in the travel product category continued to improve with a robust recovery in leisure and business travel and increased demand for the Group's products. Total non-travel product category net sales, which comprises business, casual, accessories and other products, increased by US$207.4 million, or 29.3% (+32.3% constant currency), for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022.

Net sales of business products increased by US$124.6 million, or 32.7% (+36.2% constant currency), for the nine months ended September 30, 2023, compared to the corresponding period in 2022. Net sales of casual products increased by US$50.4 million, or 27.0% (+30.2% constant currency), year-on-year. Net sales of accessories products increased by US$24.2 million, or 21.8% (+22.5% constant currency), year-on-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, 2023, and September 30, 2022, both in absolute terms and as a percentage of total net sales.

	Nine months ended September 30,				2023 vs. 2022	
	2023		2022			
	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	**1,703.2**	**62.3 %**	1,319.0	64.0 %	29.1 %	32.2 %
DTC(1)	**1,029.6**	**37.7 %**	740.7	35.9 %	39.0 %	41.8 %
Other(2)	**1.1**	**0.0 %**	1.4	0.1 %	(21.1)%	(21.1)%
Net sales	**2,733.9**	**100.0 %**	2,061.1	100.0 %	32.6 %	35.6 %

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 corresponding period in the year under comparison to current period local currency results.

Net sales in the wholesale channel increased by US$384.3 million, or 29.1% (+32.2% constant currency), during the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. Net sales to e-retailers, which are included in the Group's wholesale channel, increased by US$29.5 million, or 16.9% (+19.2% constant currency), during the nine months ended September 30, 2023, compared to the corresponding period in 2022.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, increased by US$288.8 million, or 39.0% (+41.8% constant currency), to US$1,029.6 million (representing 37.7% of net sales) for the nine months ended September 30, 2023, from US$740.7 million (representing 35.9% of net sales) for the nine months ended September 30, 2022.

Net sales in the DTC retail channel increased by US$211.1 million, or 38.6% (+41.3% constant currency), during the nine months ended September 30, 2023 compared to the corresponding period in 2022. During the nine months ended September 30, 2023, the Group added 57 company-operated retail stores. This was partially offset by the permanent closure of 21 company-operated retail stores. This resulted in a net addition of 36 company-operated retail stores during the nine months ended September 30, 2023, compared to a net reduction of 40 company-operated retail stores during the nine months ended September 30, 2022, (including 37 company-operated retail stores that were located in Russia). The total number of company-operated retail stores was 1,021 as of September 30, 2023, compared to 965 as of September 30, 2022, and 1,285 as of September 30, 2019. On a same store, constant currency basis, retail net sales grew by 36.1% for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. This was due to constant currency same store net sales increases of 69.3%, 31.5%, 26.7% and 18.6% in Asia, Europe, North America and Latin America, respectively. The Group's same store analysis includes existing company operated retail stores which had been open for at least 12 months before the end of the relevant financial period.

Total DTC e-commerce net sales increased by US$77.8 million, or 40.0% (+43.1% constant currency), to US$272.1 million (representing 10.0% of net sales) for the nine months ended September 30, 2023, from US$194.3 million (representing 9.4% of net sales) for the nine months ended September 30, 2022.

During the nine months ended September 30, 2023, US$475.5 million of the Group's net sales were through e-commerce channels (comprising US$272.1 million of net sales from the Group's DTC e-commerce websites, which are included within the DTC channel, and US$203.4 million of net sales to e-retailers, which are included within the wholesale channel). This represented a year-on-year increase of US$107.2 million, or 29.1% (+31.8% constant currency), compared to the nine months ended September 30, 2022, when e-commerce comprised US$368.3 million of the Group's net sales. During the nine months ended September 30, 2023, the Group's net sales through e-commerce channels represented 17.4% of total net sales compared to 17.9% of total net sales for the nine months ended September 30, 2022, as more consumers returned to shopping in person.

Regions

Asia

Countries/Territories

Nine Months Ended September 30, 2023, vs. Nine Months Ended September 30, 2022

The Group's net sales in Asia increased by US$409.2 million, or 62.2% (+69.9% constant currency), for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022, with all major markets experiencing meaningful year-on-year net sales increases.

Net sales in China increased by US$99.8 million, or 76.5% (+88.3% constant currency), for the nine months ended September 30, 2023, compared to the corresponding period in 2022, due to the lifting of travel restrictions and the relaxing of social distancing measures. Net sales in Japan increased by US$57.4 million, or 67.2% (+81.7% constant currency), year-on-year. Net sales in South Korea increased by US$44.9 million, or 58.5% (+63.8% constant currency), year-on-year. Total net sales reported for Hong Kong (which includes net sales made in the domestic Hong Kong market, Macau and to distributors in certain other Asian markets) increased by US$43.2 million, or 98.0% (+98.0% constant currency), for the nine months ended September 30, 2023, compared to the corresponding period in 2022. Net sales reported for Singapore (which includes net sales made domestically as well as net sales to distributors in certain other Asian markets) increased by US$35.4 million, or 139.7% (+135.1% constant currency), compared to the corresponding period in 2022. Net sales in India increased by US$30.7 million, or 19.0% (+26.7% constant currency), for the nine months ended September 30, 2023, compared to the corresponding period in 2022. Net sales in Australia increased by US$16.5 million, or 42.8% (+51.4% constant currency), compared to the corresponding period in 2022.

Nine Months Ended September 30, 2023, vs. Nine Months Ended September 30, 2019

The Group's net sales in Asia improved by 9.2% (+20.1% constant currency) during the nine months ended September 30, 2023, compared to the nine months ended September 30, 2019.

Compared to the nine months ended September 30, 2019, most markets in Asia continued to see strong constant currency net sales increases during the nine months ended September 30, 2023, with increases in Singapore of 104.6% (+101.9% constant currency), Indonesia of 67.6% (+78.5% constant currency), India of 47.9% (+74.1% constant currency), Thailand of 51.6% (+67.4% constant currency), the Middle East of 18.8% (+18.8% constant currency), Australia of 10.8% (+16.1% constant currency), Japan (-14.4%, +9.0% constant currency) and China of 2.0% (+4.9% constant currency). The net sales performances in South Korea (-15.1%, -4.5% constant currency) and Hong Kong (-22.6%, -22.6% constant currency) are expected to further improve as Chinese tourist arrivals continue to recover.

Brands

For the nine months ended September 30, 2023, net sales of the *Samsonite* brand in Asia increased by US$203.7 million, or 75.5% (+84.0% constant currency), compared to the corresponding period in 2022. Net sales of the *Tumi* brand in Asia increased by US$78.4 million, or 63.5% (+70.2% constant currency), year-on-year. Net sales of the *American Tourister* brand in Asia increased by US$111.3 million, or 59.1% (+66.5% constant currency), compared to the nine months ended September 30, 2022.

North America

Countries

Nine Months Ended September 30, 2023, vs. Nine Months Ended September 30, 2022

The Group's net sales in North America increased by US$150.2 million, or 19.2% (+19.6% constant currency), for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022, driven by strong net sales growth for the *Tumi* brand.

For the nine months ended September 30, 2023, net sales in the United States increased by US$135.1 million, or 18.2%, compared to the corresponding period in 2022. Net sales in Canada increased by US$15.2 million, or 37.3% (+44.0% constant currency), year-on-year.

Nine Months Ended September 30, 2023, vs. Nine Months Ended September 30, 2019

When excluding the Speck Net Sales, net sales in North America increased by 3.7% (+3.8% constant currency) for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2019. Further adjusting for the discontinuation of third-party brand sales on the ebags e-commerce platform in 2020, net sales in North America increased by 9.7% (+9.8% constant currency) compared to the corresponding period in 2019. When compared to the nine months ended September 30, 2019, the Group's net sales, as reported, declined by 6.1% (-6.0% constant currency) in North America during the nine months ended September 30, 2023, due to Speck and ebags as explained.

When excluding the Speck Net Sales, net sales in the United States increased by 2.8% for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2019. Further adjusting for the discontinuation of third-party brand sales on the ebags e-commerce platform in 2020, net sales in the United States increased by 9.0% compared to the corresponding period in 2019. When compared to the nine months ended September 30, 2019, the Group's net sales, as reported, declined by 7.4% in the United States during the nine months ended September 30, 2023, due to Speck and ebags as explained. Net sales in Canada increased by 21.1% (+22.6% constant currency) during the nine months ended September 30, 2023, compared to the nine months ended September 30, 2019.

Brands

For the nine months ended September 30, 2023, net sales of the *Samsonite* brand in North America increased by US$61.9 million, or 16.0% (+16.4% constant currency), compared to the corresponding period in 2022. Net sales of the *Tumi* brand in North America increased by US$85.1 million, or 31.3% (+31.6% constant currency), driven by strong performance in the Group's company-operated retail stores and DTC e-commerce sales. Net sales of the *American Tourister* brand in North America decreased by US$1.2 million, or 1.5% (-1.3% constant currency), due to a shift in timing of shipments to certain wholesale customers.

Europe

Countries

Nine Months Ended September 30, 2023, vs. Nine Months Ended September 30, 2022

The Group's net sales in Europe increased by US$85.4 million, or 17.3% (+18.5% constant currency), for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. On March 14, 2022, the Group suspended all commercial activities in Russia due to the armed conflict in Ukraine, and the Group subsequently completed the disposition of its Russian operations on July 1, 2022. When excluding the Russia Net Sales, the Group's net sales in Europe increased by US$95.2 million, or 19.6% (+20.9% constant currency), year-on-year.

Net sales in Germany increased by US$19.5 million, or 31.7% (+29.5% constant currency), for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. Net sales in Italy increased by US$14.3 million, or 29.6% (+27.8% constant currency), compared to the corresponding period in 2022. Net sales in France increased by US$10.3 million, or 22.0% (+20.3% constant currency), compared to the nine months ended September 30, 2022. Net sales in Spain increased by US$9.6 million, or 23.5% (+21.4% constant currency), year-on-year. Net sales in the United Kingdom (net sales reported for the United Kingdom include net sales made in Ireland) increased by US$2.6 million, or 4.9% (+5.5% constant currency), year-on-year.

Nine Months Ended September 30, 2023, vs. Nine Months Ended September 30, 2019

When compared to the nine months ended September 30, 2019, the Group's reported net sales in Europe declined by 0.4% but increased by 17.8% on a constant currency basis during the nine months ended September 30, 2023. When excluding the Russia Net Sales, the Group's net sales in Europe increased by 8.4% (+28.2% constant currency) during the nine months ended September 30, 2023, compared to the nine months ended September 30, 2019.

Most of the Group’s key markets in Europe recorded net sales increases on a constant currency basis when comparing the nine months ended September 30, 2023, to the nine months ended September 30, 2019, including: Spain (+12.4%, +16.5% constant currency), Italy (+2.4%, +6.3% constant currency) and France (-1.3%, +2.4% constant currency). These constant currency net sales increases were partially offset by constant currency net sales decreases in Germany (-5.8%, -2.4% constant currency) and the United Kingdom (-4.4%, -2.7% constant currency) when comparing the nine months ended September 30, 2023, to the nine months ended September 30, 2019, as international travel continues to rebound.

Brands

For the nine months ended September 30, 2023, net sales of the *Samsonite* brand in Europe increased by US$67.4 million, or 20.8% (+22.4% constant currency), compared to the corresponding period in 2022. Net sales of the *Tumi* brand in Europe increased by US$18.7 million, or 38.3% (+40.9% constant currency), year-on-year. Net sales of the *American Tourister* brand in Europe decreased by US$0.6 million, or 0.6% (-0.8% constant currency), compared to the nine months ended September 30, 2022.

Latin America

Countries

Nine Months Ended September 30, 2023, vs. Nine Months Ended September 30, 2022

The Group’s net sales in Latin America increased by US$28.3 million, or 22.5% (+23.3% constant currency), for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022.

Net sales in Mexico increased by US$17.1 million, or 48.0% (+29.6% constant currency), year-on-year. Net sales in

Chile increased by US$6.0 million, or 14.4% (+11.6% constant currency), during the nine months ended September 30, 2023, compared to the corresponding period in 2022. Net sales in Brazil increased by US$1.5 million, or 8.5% (+6.0% constant currency), year-on-year.

Nine Months Ended September 30, 2023, vs. Nine Months Ended September 30, 2019
The Group's net sales in Latin America increased by 25.2% (+68.0% constant currency) during the nine months ended September 30, 2023, compared to the nine months ended September 30, 2019.

When compared to the nine months ended September 30, 2019, all of the Group’s key markets in Latin America recorded net sales increases for the nine months ended September 30, 2023, including: Brazil (+45.8%, +87.0% constant currency), Chile (+8.4%, +30.3% constant currency) and Mexico (+27.2%, +16.0% constant currency).

Brands
For the nine months ended September 30, 2023, net sales of the *Samsonite* brand in Latin America increased by US$10.8 million, or 19.7% (+23.7% constant currency), compared to the corresponding period in 2022. Net sales of the *Tumi* brand in Latin America increased by US$3.9 million, or 90.7% (+75.0% constant currency), year-on-year. Net sales of the *American Tourister* brand in Latin America increased by US$4.9 million, or 25.2% (+26.9% constant currency), year-on-year. Net sales of the *Saxoline* brand increased by US$2.7 million, or 22.0% (+19.3% constant currency), year-on-year. Net sales of the *Xtrem* brand increased by US$5.7 million, or 22.6% (+22.2% constant currency), compared to the corresponding period in 2022.

Cost of Sales and Gross Profit
Cost of sales increased by US$200.9 million, or 21.9%, to US$1,119.4 million (representing 40.9% of net sales) for the nine months ended September 30, 2023, from US$918.5 million (representing 44.6% of net sales) for the nine months ended September 30, 2022.

Gross profit increased by US$471.9 million, or 41.3%, to US$1,614.5 million for the nine months ended September 30, 2023, from US$1,142.6 million for the nine months ended September 30, 2022, due to increased net sales year-on-year and higher gross profit margin. The gross profit margin was 59.1% for the nine months ended September 30, 2023, compared to 55.4% for the corresponding period in 2022. The 370 basis point increase in gross profit margin was driven mainly by year-on-year gross profit margin improvements in all regions and because Asia, the region with the highest gross profit margin, increased its share of total net sales. This increase in gross profit margin was also driven by an increased proportion of total net sales attributable to the higher-margin *Tumi* brand, an increased proportion of total net sales attributable to direct-to-consumer net sales, and overall reduced promotional activity.

Distribution Expenses
Distribution expenses increased by US$167.5 million, or 28.6%, to US$752.9 million (representing 27.5% of net sales) for the nine months ended September 30, 2023, from US$585.5 million (representing 28.4% of net sales) for the nine months ended September 30, 2022. Distribution expenses as a percentage of net sales decreased primarily due to the increase in net sales as well as disciplined expense management.

Marketing Expenses
The Group spent US$173.6 million on marketing during the nine months ended September 30, 2023, compared to US$102.6 million for the nine months ended September 30, 2022, an increase of US$71.1 million, or 69.3%. As a percentage of net sales, marketing expenses increased by 140 basis points to 6.4% for the nine months ended September 30, 2023, from 5.0% for the nine months ended September 30, 2022. The Group will continue to invest in marketing to capitalize on the ongoing recovery in leisure and business travel and drive further net sales growth.

General and Administrative Expenses
General and administrative expenses increased by US$27.2 million, or 16.5%, to US$191.7 million (representing 7.0% of net sales) for the nine months ended September 30, 2023, from US$164.5 million (representing 8.0% of net sales) for the nine months ended September 30, 2022. The decrease in general and administrative expenses as a percentage of net sales reflects the increase in net sales year-on-year.

Impairment Charges
There were no impairment charges or reversals for the nine months ended September 30, 2023. The following table sets forth a breakdown of the non-cash impairment charges for the nine months ended September 30, 2022 (the "2022 Impairment Charges").

(Expressed in millions of US Dollars)		**Nine months ended September 30,**	
Impairment charges recognized on:	Functional Area	**2023**	2022
Lease right-of-use assets	Distribution	**—**	2.8
Property, plant and equipment	Distribution	**—**	0.1
Other[(1)]	Distribution	**—**	7.8
Total impairment charges		**—**	10.7

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.

During the nine months ended September 30, 2023, the Group determined there were no triggering events that indicated that its indefinite-lived intangible assets or other assets with finite lives were impaired or required review for potential reversal of previous impairments.

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 completed the disposition of its Russian operations on July 1, 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.

Restructuring Charges (Reversals)

The following table sets forth a breakdown of restructuring reversals for the nine months ended September 30, 2023 (the "2023 Restructuring Reversals"), and restructuring charges for the nine months ended September 30, 2022 (the "2022 Restructuring Charges").

	Nine months ended September 30,	
(Expressed in millions of US Dollars)	**2023**	2022
Functional Area	**2023 Restructuring Reversals**	2022 Restructuring Charges
Restructuring (reversals) charges attributable to distribution function	**(0.3)**	0.2
Restructuring charges attributable to general and administrative function	**—**	0.5
Total restructuring (reversals) charges	**(0.3)**	0.7

During the nine months ended September 30, 2023, the Group determined that a portion of its restructuring accrual was no longer needed and US$0.3 million was reversed.

The Group recognized 2022 Restructuring Charges of US$0.7 million during the nine months ended September 30, 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 of 2022.

Operating Profit

The Group reported an operating profit of US$494.7 million for the nine months ended September 30, 2023, compared to US$281.7 million for the corresponding period in 2022, an improvement of US$213.0 million, or 75.6%.

The following table presents the reconciliation from the Group's operating profit, as reported, to operating profit, as adjusted, for the nine months ended September 30, 2023, and September 30, 2022.

OPERATING PROFIT

(Expressed in millions of US Dollars)	**Nine months ended September 30, 2023**	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(1)]
Operating profit, as reported	**494.7**	281.7	75.6 %	79.7 %
Impairment Charges	**—**	10.7	(100.0)%	(100.0)%
Restructuring (Reversals) Charges	**(0.3)**	0.7	*nm*	*nm*
Operating profit, as adjusted	**494.4**	293.2	68.7 %	72.6 %

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

Net Finance Costs

Net finance costs increased by US$20.2 million, or 20.6%, to US$118.0 million for the nine months ended September 30, 2023, from US$97.8 million for the nine months ended September 30, 2022. This increase was primarily attributable to a US$10.7 million increase in interest expense on loans and borrowings driven by higher interest rates year-on-year, an increase in interest expense on leases of US$6.1 million, an increase in the non-cash charge associated with redeemable non-controlling interest put options of US$5.3 million year-on-year due to improved financial performance of the Group's subsidiaries with non-controlling interests that are subject to put options and a non-cash charge of US$4.4 million to derecognize the deferred financing costs associated with the Refinancing (as defined in Management Discussion and Analysis - For the Nine Months Ended September 30, 2023, and September 30, 2022 - Indebtedness). The Group refinanced its senior credit facilities in June 2023. See Management Discussion and Analysis - For the Nine Months Ended September 30, 2023, and September 30, 2022 - Indebtedness.

The following table sets forth a breakdown of total finance costs for the nine months ended September 30, 2023, and September 30, 2022.

(Expressed in millions of US Dollars)	**Nine months ended September 30, 2023**	2022
Recognized in profit or loss:		
Interest income	**10.3**	5.5
Total finance income	**10.3**	5.5
Interest expense on loans and borrowings	**(77.1)**	(66.4)
Derecognition of deferred financing costs associated with the Refinancing	**(4.4)**	—
Amortization of deferred financing costs	**(2.6)**	(3.7)
Interest expense on lease liabilities	**(20.2)**	(14.1)
Change in fair value of put options	**(15.1)**	(9.8)
Net foreign exchange loss	**(6.0)**	(11.6)
Other finance costs	**(2.9)**	2.3
Total finance costs	**(128.3)**	(103.3)
Net finance costs recognized in profit or loss	**(118.0)**	(97.8)

Profit before Income Tax

The Group recorded a profit before income tax of US$376.7 million for the nine months ended September 30, 2023, compared to US$183.9 million for the corresponding period in 2022, an improvement of US$192.8 million, or 104.9%.

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 nine months ended September 30, 2023, and September 30, 2022.

PROFIT BEFORE INCOME TAX

(Expressed in millions of US Dollars)	**Nine months ended September 30,** **2023**	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[1]
Profit before income tax, as reported	**376.7**	183.9	104.9 %	111.1 %
Impairment Charges	**—**	10.7	(100.0)%	(100.0)%
Restructuring (Reversals) Charges	**(0.3)**	0.7	*nm*	*nm*
Derecognition of deferred financing costs associated with the Refinancing	**4.4**	—	n/a	n/a
Profit before income tax, as adjusted	**380.9**	195.4	95.0 %	100.9 %

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

Income Tax Expense

The Group recorded income tax expense of US$82.2 million for the nine months ended September 30, 2023, compared to income tax expense of US$50.0 million for the nine months ended September 30, 2022. The income tax expense recorded during the nine months ended September 30, 2023, was due mainly to the US$376.7 million reported profit before income tax, combined with the profit mix between high and low tax jurisdictions. 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 the profit mix between high and low tax jurisdictions.

The Group's consolidated effective tax rate for operations was 21.8% and 27.2% for the nine months ended September 30, 2023, and September 30, 2022, respectively. The decrease in the Group's effective tax rate during the nine months ended September 30, 2023, was mainly the result of (i) an increase in deferred tax assets related to outstanding share options due to the increase in the Company's share price and (ii) changes in the profit mix between high and low tax jurisdictions. Excluding the effect of the increase in the Company's share price, the consolidated effective tax rate for operations would have been 25.3% for the nine months ended September 30, 2023, and 26.0% for the nine months ended September 30, 2022. 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 before income tax for the period adjusted for certain discrete items for the period.

Profit

Profit for the Period

Profit for the nine months ended September 30, 2023, was US$294.5 million compared to US$133.9 million for the nine months ended September 30, 2022, an improvement of US$160.6 million, or 119.9%.

The following table presents the reconciliation from the Group's profit for the period, as reported, to profit for the period, as adjusted, for the nine months ended September 30, 2023, and September 30, 2022.

PROFIT FOR THE PERIOD

(Expressed in millions of US Dollars)	**Nine months ended September 30,** **2023**	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(1)]
Profit for the period, as reported	**294.5**	133.9	119.9 %	127.2 %
Impairment Charges	**—**	10.7	(100.0)%	(100.0)%
Restructuring (Reversals) Charges	**(0.3)**	0.7	*nm*	*nm*
Derecognition of deferred financing costs associated with the Refinancing	**4.4**	—	n/a	n/a
Tax impact	**(1.0)**	(0.6)	61.9 %	61.9 %
Profit for the period, as adjusted	**297.6**	144.7	105.6 %	112.3 %

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

Profit attributable to the equity holders was US$267.9 million for the nine months ended September 30, 2023, compared to US$114.5 million for the corresponding period in 2022, an improvement of US$153.4 million, or 134.0%.

The following table presents the reconciliation from the Group's profit attributable to the equity holders, as reported, to profit attributable to the equity holders, as adjusted, for the nine months ended September 30, 2023, and September 30, 2022.

PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS

(Expressed in millions of US Dollars)	**Nine months ended September 30,** **2023**	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(1)]
Profit attributable to the equity holders, as reported	**267.9**	114.5	134.0 %	142.4 %
Impairment Charges	**—**	10.7	(100.0)%	(100.0)%
Restructuring (Reversals) Charges	**(0.3)**	0.7	*nm*	*nm*
Derecognition of deferred financing costs associated with the Refinancing	**4.4**	—	n/a	n/a
Tax impact	**(1.0)**	(0.6)	61.9 %	61.9 %
Profit attributable to the equity holders, as adjusted	**271.0**	125.3	116.2 %	124.0 %

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

Basic and Diluted Earnings per Share

Basic earnings per share were US$0.186 for the nine months ended September 30, 2023, compared to US$0.080 for the nine months ended September 30, 2022. The weighted average number of shares used in the basic earnings per share calculation was 1,443,614,494 shares for the nine months ended September 30, 2023, compared to 1,437,289,677 shares for the nine months ended September 30, 2022. Diluted earnings per share were US$0.184 for the nine months ended September 30, 2023, compared to US$0.080 for the nine months ended September 30, 2022. The weighted average number of shares outstanding used in the diluted earnings per share calculation was

1,451,878,460 shares for the nine months ended September 30, 2023, compared to 1,439,110,521 shares for the nine months ended September 30, 2022.

Adjusted EBITDA

Adjusted EBITDA, a non-IFRS measure, improved by US$198.6 million to US$528.3 million for the nine months ended September 30, 2023, compared to US$329.7 million for the nine months ended September 30, 2022. Adjusted EBITDA margin was 19.3% for the nine months ended September 30, 2023, compared to 16.0% for the nine months ended September 30, 2022. The improvement in Adjusted EBITDA margin was primarily due to continued net sales improvement and the increase in gross profit margin, as well as disciplined expense management.

The following table presents the reconciliation from the Group's profit for the period to Adjusted EBITDA for the nine months ended September 30, 2023, and September 30, 2022.

	Nine months ended September 30,			
(Expressed in millions of US Dollars)	**2023**	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[4]
Profit for the period	**294.5**	133.9	119.9 %	127.2 %
Plus (minus):				
Income tax expense	**82.2**	50.0	64.5 %	68.2 %
Finance costs	**128.3**	103.3	24.2 %	27.3 %
Finance income	**(10.3)**	(5.5)	87.4 %	148.8 %
Depreciation	**27.4**	26.5	3.4 %	4.9 %
Total amortization	**112.6**	106.0	6.3 %	7.5 %
EBITDA	**634.7**	414.1	53.3 %	56.4 %
Plus (minus):				
Share-based compensation expense	**11.0**	10.0	9.8 %	9.5 %
Impairment Charges	**—**	10.7	(100.0)%	(100.0)%
Restructuring (Reversals) Charges	**(0.3)**	0.7	*nm*	*nm*
Amortization of lease right-of-use assets	**(98.7)**	(88.6)	11.3 %	12.7 %
Interest expense on lease liabilities	**(20.2)**	(14.1)	43.4 %	45.5 %
Other adjustments[1]	**1.8**	(3.1)	*nm*	*nm*
Adjusted EBITDA[2]	**528.3**	329.7	60.2 %	65.5 %
Adjusted EBITDA margin[3]	**19.3 %**	16.0 %		

Notes
(1) Other adjustments primarily comprised 'Other income (expenses)' per the condensed consolidated statements of income.
(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) Adjusted EBITDA margin, a non-IFRS measure, is calculated by dividing Adjusted EBITDA by net sales.
(4) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the corresponding 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 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 for the period in the Company's condensed consolidated statements of income. 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, increased by US$148.4 million, or 100.1%, to US$296.6 million for the nine months ended September 30, 2023, compared to US$148.2 million for the nine months ended September 30, 2022. The US$148.4 million improvement in Adjusted Net Income was primarily due to improved net sales and gross profit, as well as disciplined expense management.

The following table presents the reconciliation from the Group's profit attributable to the equity holders to Adjusted Net Income for the nine months ended September 30, 2023, and September 30, 2022.

	Nine months ended September 30,			
(Expressed in millions of US Dollars)	**2023**	2022	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Profit attributable to the equity holders	**267.9**	114.5	134.0 %	142.4 %
Plus (minus):				
Change in fair value of put options included in finance costs	**15.1**	9.8	54.0 %	54.0 %
Amortization of intangible assets	**14.0**	17.4	(19.5)%	(19.1)%
Derecognition of deferred financing costs associated with the Refinancing	**4.4**	—	n/a	n/a
Impairment Charges	**—**	10.7	(100.0)%	(100.0)%
Restructuring (Reversals) Charges	**(0.3)**	0.7	*nm*	*nm*
Tax adjustments[1]	**(4.5)**	(4.9)	(8.5)%	(8.1)%
Adjusted Net Income[2]	**296.6**	148.2	100.1 %	106.7 %

Notes
(1) Tax adjustments represent the tax effect of the reconciling line items as included in the condensed consolidated statements of income 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 corresponding period in the year under comparison to current period local currency results.
n/a Not applicable.
nm Not meaningful.

Adjusted basic and diluted earnings per share, which are non-IFRS measures, were US$0.205 and US$0.204 per share, respectively, for the nine months ended September 30, 2023, compared to US$0.103 and US$0.103 per share, respectively, for the nine months ended September 30, 2022. 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 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 more complete 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 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 attributable to the equity holders or basic and diluted earnings per share presented in the Company's condensed consolidated statements of income. 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 improved by 68.6% to US$304.1 million for the nine months ended September 30, 2023, compared to US$180.4 million for the nine months ended September 30, 2022. The US$123.7 million increase in cash flows generated from operating activities year-on-year primarily relates to the increase in Adjusted Net Income as compared to the nine months ended September 30, 2022, partially offset by an increase in interest and income taxes paid and investments in working capital.

For the nine months ended September 30, 2023, net cash flows used in investing activities were US$49.1 million and were related to total capital expenditures of US$49.1 million, (comprised of US$41.8 million for the purchase of property, plant and equipment and US$7.3 million for software purchases). The Group selectively added new retail locations, remodeled certain existing retail locations and made investments in machinery and equipment to support new product innovation. For the nine months ended September 30, 2022, net cash flows used in investing activities were US$33.0 million and were related to total capital expenditures of US$33.0 million, (comprised of US$27.8 million for property, plant and equipment and US$5.2 million for software purchases). The Group intends to continue to spend on property, plant and equipment and software to upgrade and expand its retail store fleet as well as to invest in core strategic functions to support continued sales growth.

Net cash flows used in financing activities were US$281.2 million for the nine months ended September 30, 2023, and were largely attributable to cash outflows associated with the Refinancing (as defined in Management Discussion and Analysis - For the Nine Months Ended September 30, 2023, and September 30, 2022 - Indebtedness) and repayment of US$76.5 million of outstanding borrowings under the Group's New Senior Credit Facilities, consisting of US$70.0 million in voluntary payments and US$6.5 million in required quarterly amortization payments. In conjunction with the Refinancing, the Group paid US$17.1 million in deferred financing costs that will be recognized over the term of the borrowings. Net cash flows used in financing activities also included US$102.8 million in principal payments on lease liabilities. The cash flows used in financing activities during the nine months ended September 30, 2023, were partially offset by proceeds from share option exercises of US$18.4 million.

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 Prior Senior Credit Facilities (as defined in Management Discussion and Analysis - For the Nine Months Ended September 30, 2023, and September 30, 2022 - Indebtedness), 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 principal payments on lease liabilities.

During the nine months ended September 30, 2023, the Group delivered Free Cash Flow of US$152.2 million compared to US$42.9 million for the corresponding period in 2022, an increase of US$109.2 million, or 254.3%. As of September 30, 2023, the Group had US$603.4 million in cash and cash equivalents, compared to US$635.9 million as of December 31, 2022. Cash and cash equivalents are generally denominated in the functional currency of the applicable Group entity.

Indebtedness

The following table sets forth the carrying amount of the Group’s loans and borrowings as of September 30, 2023, and December 31, 2022.

(Expressed in millions of US Dollars)	**September 30, 2023**	December 31, 2022
New Term Loan A Facility	**795.0**	—
New Term Loan B Facility	**598.5**	—
New Revolving Credit Facility	**30.0**	—
New Senior Credit Facilities	**1,423.5**	—
Prior Term Loan A Facility	**—**	580.0
Prior Term Loan B Facility	**—**	534.9
2021 Incremental Term Loan B Facility	**—**	463.1
Prior Senior Credit Facilities	**—**	1,578.0
Total Senior Credit Facilities	**1,423.5**	1,578.0
Senior Notes(1)	**370.0**	374.6
Other borrowings and obligations	**49.0**	67.0
Total loans and borrowings	**1,842.5**	2,019.6
Less deferred financing costs	**(17.8)**	(7.8)
Total loans and borrowings less deferred financing costs	**1,824.7**	2,011.8

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

Amended and Restated Senior Credit Facilities Agreement

On June 21, 2023 (the "Closing Date"), the Company and certain of its direct and indirect wholly owned subsidiaries entered into the Second Amended and Restated Credit Agreement (the “New Credit Agreement”). The New Credit Agreement amended and restated in its entirety the Amended and Restated Credit Agreement dated April 25, 2018 (as amended from time to time prior to the Closing Date (the “Prior Credit Agreement”)), and provides for (1) a new US$800.0 million senior secured term loan A facility (the “New Term Loan A Facility”), (2) a new US$600.0 million senior secured term loan B facility (the “New Term Loan B Facility” and, together with the New Term Loan A Facility, the "New Term Loan Credit Facilities") and (3) a new US$850.0 million revolving credit facility (the “New Revolving Credit Facility”). The credit facilities provided under the New Credit Agreement are referred to herein as the “New Senior Credit Facilities."

The Prior Credit Agreement provided for (1) a US$800.0 million senior secured term loan A facility (the “Prior Term Loan A Facility”), (2) a US$665.0 million senior secured term loan B facility (the “Prior 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 Prior Term Loan A Facility and the Prior Term Loan B Facility, the “Prior Term Loan Credit Facilities”) and (4) a US$850.0 million revolving credit facility (the “Prior Revolving Credit Facility”). The credit facilities provided under the Prior Credit Agreement are referred to herein as the “Prior Senior Credit Facilities."

On the Closing Date, the Group borrowed US$100.0 million under the New Revolving Credit Facility and used the proceeds of such borrowing, plus the proceeds from the New Term Loan A Facility and the New Term Loan B Facility, along with cash on hand, to repay the entire principal amount of its outstanding borrowings under the Prior Credit Agreement, plus transaction expenses (the transactions entered into on the Closing Date pursuant to and in connection with the New Credit Agreement are collectively referred to herein as the “Refinancing”).

As of September 30, 2023, US$30.0 million remained outstanding on the New Revolving Credit Facility. US$70.0 million principal amount of borrowings under the New Revolving Credit Facility were repaid during the third quarter of 2023.

Interest Rate and Fees

Interest on the borrowings under the New Term Loan A Facility, the New Revolving Credit Facility and the New Term Loan B Facility began to accrue on the Closing Date.

In respect of the New Term Loan A Facility and the New Revolving Credit Facility, the interest rate payable from the Closing Date until the delivery of the financial statements for the first full fiscal quarter commencing on or after the Closing Date is based on the Secured Overnight Financing Rate (“SOFR”), with a SOFR floor of 0%, plus a 10 basis-point credit spread adjustment, plus 1.375% per annum (or a base rate plus 0.375% per annum), and thereafter shall be 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.

In respect of the New Term Loan B Facility, the interest rate payable with effect from the Closing Date is based on SOFR, with a SOFR floor of 0.50%, plus 2.750% per annum (or a base rate plus 1.750% per annum).

In addition to paying interest on the outstanding principal amount of borrowings under the New Senior Credit Facilities, the borrowers pay customary agency fees and a commitment fee equal to 0.2% per annum in respect of the unutilized commitments under the New Revolving Facility from the Closing Date until the delivery of the financial statements for the first full fiscal quarter commencing on or after the Closing Date and thereafter shall be 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.

Amortization and Final Maturity

The New Term Loan A Facility requires scheduled quarterly payments commencing on the last day of the first full fiscal quarter ended after the Closing Date, with an annual amortization of 2.5% of the original principal amount of the loans under the New Term Loan A Facility during each of the first and second years, with a step-up to 5.0% annual amortization during each of the third and fourth years and 7.5% annual amortization during the fifth year, with the balance due and payable on the maturity date for the New Term Loan A Facility. There is no scheduled amortization of any principal amounts outstanding under the New Revolving Credit Facility. The balance then outstanding under the New Term Loan A Facility and the New Revolving Credit Facility will be due and payable on June 21, 2028.

If (i) on the date that is 91 days prior to the maturity date of the Senior Notes (as defined below), more than €150.0 million in aggregate principal amount of the Senior Notes has not been repaid and/or refinanced with indebtedness having a maturity date at least 90 days later than the then-stated maturity date of the New Term Loan A Facility and the New Revolving Credit Facility and the total net leverage ratio of the Company and its restricted subsidiaries on such date is greater than 3.00:1.00 or (ii) on the date that is 90 days prior to the maturity date of the Senior Notes, more than US$150 million in aggregate principal amount of the loans outstanding under the New Term Loan B Facility have matured pursuant to the Term Loan B Maturity Springer (as defined below), then the maturity date with respect to the New Term Loan A Facility and the New Revolving Credit Facility will spring to a date that is 90 days prior to the maturity date of the Senior Notes.

The New Term Loan B Facility requires scheduled quarterly payments commencing on the last day of the first full fiscal quarter ended after the Closing Date, each equal to 0.25% of the original principal amount of the loans under the New Term Loan B Facility, with the balance due and payable on June 21, 2030.

If (i) on the date that is 91 days prior to the maturity date of Senior Notes, more than €150.0 million in aggregate principal amount of the Senior Notes has not been repaid and/or refinanced with indebtedness having a maturity date at least 90 days later than the then-stated maturity date of the New Term Loan B Facility and after giving effect to a refinancing of the Senior Notes, the Company and its restricted subsidiaries have liquidity of less than US$350 million during the period from the 91st day prior to the maturity date applicable to the Senior Notes until the maturity date applicable to the Senior Notes, the maturity date with respect to the New Term Loan B Facility will spring to the date that is 90 days prior to the maturity date of the Senior Notes (such circumstances resulting in the such earlier maturity date being the "Term Loan B Maturity Springer").

Guarantees and Security

The obligations of the borrowers under the New 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 New 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 New 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 New Credit Agreement requires the Company and its subsidiaries to meet certain quarterly financial covenants. For test periods commencing with the first full fiscal quarter ended after the Closing Date 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 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 New Term Loan A Facility and the lenders under the New Revolving Credit Facility. The Company was in compliance with the Financial Covenants for the test period ended on September 30, 2023. The New Credit Agreement also contains certain customary representations and warranties, affirmative covenants and provisions relating to events of default (including upon a change of control).

Other Information

The Group incurred US$17.1 million of new deferred financing costs in conjunction with the Refinancing. Deferred financing costs incurred in conjunction with 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 Total Senior Credit Facilities and Senior Notes. Total deferred financing costs included within total loans and borrowings amounted to US$17.8 million and US$7.8 million as of September 30, 2023, and December 31, 2022, respectively.

The amortization of deferred financing costs, which is included in interest expense, amounted to US$2.6 million and US$3.7 million for the nine months ended September 30, 2023, and September 30, 2022, respectively.

During the nine months ended September 30, 2023, the Group recorded a non-cash charge in interest expense in the amount of US$4.4 million related to unamortized deferred financing costs which were part of the net carrying value of the Prior Senior Credit Facilities which was settled.

Interest Rate Swaps
The Group maintains interest rate swaps to hedge a portion of its interest rate exposure under the floating-rate New 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.

On June 21, 2023, the Group amended the interest rate swap agreements by replacing references to the London Interbank Offered Rate ("LIBOR") with references to SOFR. As a result, the Group's interest rate swaps have effectively fixed SOFR at approximately 1.1305% with respect to an amount equal to approximately 39% of the principal amount of the New Senior Credit Facilities as of September 30, 2023, 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, 2023, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$21.0 million which was recorded as an asset with the effective portion of the gain deferred to other comprehensive income.

Prior to the amendments to the interest rate swap agreements on June 21, 2023, the Group's interest rate swaps had LIBOR fixed at approximately 1.208% with respect to an amount equal to approximately 35% of the principal amount of the Prior Senior Credit Facilities. As of December 31, 2022, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$30.5 million which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income.

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

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

The Issuer may redeem all, or from time to time a part, of the Senior Notes at a redemption price equal to 100.000% of the principal amount of the Senior Notes redeemed 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).

Upon 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 New 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$49.0 million and US$67.0 million as of September 30, 2023, and December 31, 2022, respectively.

The following represents the contractual maturity dates of the Group's loans and borrowings as of September 30, 2023, and December 31, 2022.

(Expressed in millions of US Dollars)	**September 30, 2023**	December 31, 2022
On demand or within one year	**75.0**	118.6
After one year but within two years	**31.0**	66.6
After two years but within five years	**1,168.0**	1,834.4
More than five years	**568.5**	—
	1,842.5	2,019.6

Purchases of Property, Plant and Equipment

Purchases of property, plant and equipment amounted to US$41.8 million for the nine months ended September 30, 2023. The Group selectively added new retail locations, remodeled certain existing retail locations and made investments in machinery and equipment to support new product innovation. Purchases of property, plant and equipment were US$27.8 million for the nine months ended September 30, 2022, and were primarily related to new retail locations, remodeling certain existing retail locations, investments in its European manufacturing plants to expand capacity and support new product innovation, and investments in machinery and equipment. The Group intends to continue to spend on property, plant and equipment to upgrade and expand its retail store fleet as well as to invest in core strategic functions to support continued sales growth.

General

This financial and business review as of and for the three and nine months ended September 30, 2023, 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, 2022.

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 13, 2023

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.