

# Samsonite A/S

Ny Østergade 2  
1101 København K  
Denmark

CVR no. 15 29 11 33

## Annual report 2019

The annual report was presented and approved at the  
Company's annual general meeting on

25 August 2020

Peter Michael Hopp  
chairman

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**Samsonite A/S**  
Annual report 2019  
CVR no. 15 29 11 33

## **Statement by the Board of Directors and the Executive Board**

The Board of Directors and the Executive Board have today discussed and approved the annual report of Samsonite A/S for the financial year 1 January – 31 December 2019.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 25 August 2020

Executive Board:

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Patrick Julien Leon Baele

Board of Directors:

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Fabio Rugarli  
Chairman

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Patrick Julien Leon Baele

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Reza Taleghani

## **Independent auditor's report**

### **To the shareholder of Samsonite A/S**

#### **Opinion**

We have audited the financial statements of Samsonite A/S for the financial year 1 January – 31 December 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

## Independent auditor's report

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

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

Copenhagen, 25 August 2020

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

Martin Eiler  
State Authorised  
Public Accountant  
mne32271

**Samsonite A/S**  
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## Company details

Samsonite A/S  
Ny Østergade 2  
1101 København K  
Denmark

Telephone: 32504555  
Fax: 32504558

CVR no.: 15 29 11 33  
Registered office: Copenhagen  
Financial year: 1 January – 31 December

## Board of Directors

Fabio Rugarli, Chairman  
Patrick Julien Leon Baele  
Reza Taleghani

## Executive Board

Patrick Julien Leon Baele

## Auditor

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfaergevej 28  
DK-2100 Copenhagen  
Denmark

## Annual general meeting

The annual general meeting will be held on 25 August 2020.

## Financial statements 1 January – 31 December

### Income statement

DKK	Note	2019	2018
<b>Revenue</b>		46.780.660	54.031.430
Production costs		<u>-29.271.232</u>	<u>-36.362.911</u>
<b>Gross profit</b>		17.509.428	17.668.519
Distribution costs		-12.784.001	-13.117.099
Administrative expenses		<u>-3.253.406</u>	<u>-2.743.509</u>
<b>Operating profit</b>		1.472.021	1.807.911
Financial income		8.221	639
Financial expenses	4	<u>-56.339</u>	<u>-71.010</u>
<b>Profit before tax</b>		1.423.903	1.737.540
Tax on profit for the year	3	<u>-320.327</u>	<u>-385.868</u>
<b>Profit for the year</b>		<u>1.103.576</u>	<u>1.351.672</u>
<b>Proposed profit appropriation</b>			
Retained earnings		<u>1.103.576</u>	<u>1.351.672</u>
		<u>1.103.576</u>	<u>1.351.672</u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	31/12 2019	31/12 2018
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>	5		
Acquired rights		0	851.667
Goodwill		488.021	582.476
		<u>488.021</u>	<u>1.434.143</u>
<b>Property, plant and equipment</b>	6		
Plant and machinery		16.060	87.037
Fixtures and fittings, tools and equipment		73.355	106.373
Leasehold improvements		316.773	1.092.263
		<u>406.188</u>	<u>1.285.673</u>
<b>Total fixed assets</b>		<u>894.209</u>	<u>2.719.816</u>
<b>Current assets</b>			
<b>Inventories</b>			
Finished goods and goods for resale		1.091.061	1.547.223
<b>Receivables</b>			
Trade receivables		2.923.109	3.871.550
Other receivables		542.474	542.164
Deferred tax asset		128.512	0
Corporation tax		128.737	210.897
Prepayments		692.537	688.037
		<u>4.415.369</u>	<u>5.312.648</u>
<b>Cash at bank and in hand</b>		<u>6.805.680</u>	<u>7.864.133</u>
<b>Total current assets</b>		<u>12.312.110</u>	<u>14.724.004</u>
<b>TOTAL ASSETS</b>		<u><u>13.206.319</u></u>	<u><u>17.443.820</u></u>



## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	31/12 2019	31/12 2018
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		500.000	500.000
Retained earnings		<u>3.581.008</u>	<u>2.477.432</u>
<b>Total equity</b>		<u>4.081.008</u>	<u>2.977.432</u>
<b>Provisions</b>			
Provisions for deferred tax		<u>0</u>	<u>22.424</u>
<b>Total provisions</b>		<u>0</u>	<u>22.424</u>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Trade payables		1.560.087	1.877.418
Payables to group entities		6.158.462	9.829.644
Other payables		<u>1.406.762</u>	<u>2.736.902</u>
		<u>9.125.311</u>	<u>14.443.964</u>
<b>Total liabilities other than provisions</b>		<u>9.125.311</u>	<u>14.443.964</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>13.206.319</u>	<u>17.443.820</u>
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## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2019	500.000	2.477.432	2.977.432
Transferred over the profit appropriation	0	1.103.576	1.103.576
<b>Equity at 31 December 2019</b>	<b>500.000</b>	<b>3.581.008</b>	<b>4.081.008</b>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Samsonite A/S for 2019 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Recognition and measurement

Income is recognised in the Income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concern matters existing at the balance sheet date.

#### Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose is recognised in the income statement as financial income or expenses.

### Income statement

#### Revenue

Revenue from sale of goods for resale is recognised in the income statement when delivery and transfer of risk to the buyer have taken place. Revenue is recognised excluding VAT and taxes and less discounts granted in relation to the sale.

#### Production costs

Production costs comprise costs, including depreciation and amortisation incurred to generate revenue for

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Production costs comprise costs, including depreciation and amortisation incurred to generate revenue for the year. Commercial entities recognise their cost of sales, whereas production entities recognise production costs incurred to generate revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases and depreciation of production plant.

#### Distribution costs

Distribution costs comprise costs incurred to distribute goods sold during the year and to conduct sales campaigns, etc., including costs relating to sales staff, advertising and exhibitions as well as depreciation.

#### Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Group, including expenses for administrative staff, Management, office premises, office expenses and depreciation.

#### Financial income and expenses

Financial income and expenses comprise interest income and expense and realised and unrealised exchange gains and losses on receivables and payables denominated in foreign currencies.

#### Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts is directly recognised in equity.

### Balance sheet

#### Intangible assets

Acquired rights are measured at cost less accumulated amortisation and impairment losses. Acquired rights are amortised over the period of contract.

Goodwill is measured at cost less accumulated amortisation and impairment losses. Goodwill is amortised over a 10 year period.

Write-down is made to the recoverable amount if this is lower than the carrying amount.

#### Property, plant and equipment

Fixtures and fittings, tools and equipment are valued at cost less accumulated depreciation and impairment losses.

Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Plant and machinery	5 years
Fixtures and fittings, tools and equipment	3 years
Leasehold improvements	5 years

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Write-down is made to the recoverable amount if this is lower than the carrying amount.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement as Selling and distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

#### Inventories

Inventories are valued at the lower of cost and net realisable value. Write-down is made for obsolescence, including slow-moving items.

#### Receivables

Receivables are measured at amortised cost. Provision is made for anticipated losses.

#### Prepayments and deferred income

Prepayments comprise costs paid relating to the subsequent financial year.

#### Cash at bank and in hand

Cash and cash equivalents comprise cash.

#### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

#### Liabilities other than provisions

Other liabilities are measured at amortised cost, corresponding to nominal value.

## Financial statements 1 January – 31 December

### Notes

#### 2 Staff costs and incentive schemes

	<u>2019</u>	<u>2018</u>
<b>Staff costs</b>		
Wages and salaries	4.437.623	4.005.140
Pensions	80.100	78.966
Other social security costs	106.379	95.475
Other staff costs	<u>10.175</u>	<u>5.622</u>
	<u>4.634.277</u>	<u>4.185.203</u>
Average number of full-time employees	<u>13</u>	<u>12</u>
Salaries, pensions, other social security costs and other staff costs:		
Distribution	<u>4.634.277</u>	<u>4.185.203</u>
	<u>4.634.277</u>	<u>4.185.203</u>

#### 3 Tax on profit for the year

Current tax for the year	471.263	369.103
Adjustment of deferred tax	<u>-150.936</u>	<u>16.765</u>
	<u>320.327</u>	<u>385.868</u>

#### 4 Financial expenses

Interest expense to group entities	6.896	5.307
Other financial costs	<u>49.443</u>	<u>65.703</u>
	<u>56.339</u>	<u>71.010</u>

## Financial statements 1 January – 31 December

### Notes

#### 5 Intangible assets

DKK	Acquired rights	Goodwill	Total
Cost at 1 January 2019	1.400.000	944.556	2.344.556
Cost at 31 December 2019	1.400.000	944.556	2.344.556
Amortisation and impairment losses at 1 January 2019	-548.333	-362.080	-910.413
Amortisation for the year	-105.000	-94.455	-199.455
Impairment losses for the year	-746.667	0	-746.667
Amortisation and impairment losses at 31 December 2019	-1.400.000	-456.535	-1.856.535
<b>Carrying amount at 31 December 2019</b>	<b>0</b>	<b>488.021</b>	<b>488.021</b>

#### 6 Property, plant and equipment

DKK	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2019	87.037	479.013	3.806.968	4.373.018
Additions for the year	0	22.829	0	22.829
Disposals for the year	0	-272.117	0	-272.117
Cost at 31 December 2019	87.037	229.725	3.806.968	4.123.730
Depreciation and impairment losses at 1 January 2019	0	-372.640	-2.714.705	-3.087.345
Depreciation for the year	-20.756	-44.426	-686.858	-752.040
Depreciation for the year on disposed assets	0	272.117	0	272.117
Impairment losses for the year	-50.221	-11.421	-88.632	-150.274
Depreciation and impairment losses at 31 December 2019	-70.977	-156.370	-3.490.195	-3.717.542
<b>Carrying amount at 31 December 2019</b>	<b>16.060</b>	<b>73.355</b>	<b>316.773</b>	<b>406.188</b>

#### 7 Contractual obligations, contingencies, etc.

The Company's rental obligation amounts to a total DKK 1,791 thousand under a notice period of up to 12 months.

The Company's lease obligation amounts to DKK 807 thousand and falls due within four years.

#### 8 Principal activities

The Company purchases Samsonite products from group entities and resell these on the Danish market.

#### 9 Related party disclosures

Samsonite A/S' related parties comprise the following:

## Financial statements 1 January – 31 December

### Notes

#### Ownership

Samsonite A/S is a wholly-owned subsidiary of Samsonite Europe N. V., Belgium, which is a part of the Samsonite Group with Samsonite International SA as the ultimate parent company:

Samsonite International SA  
13-15 Avenue de la Liberté  
L-1931 Luxembourg

The consolidated financial statement of Samsonite International SA are available at the Company's address or on the Company's website:

<http://www.samsonite.com/investors/annualreports.do>

#### 10 Disclosure of events after the balance sheet date

The corona virus ("COVID-19") outbreak has caused a global health emergency and travel disruptions around the world. While the extent and duration of the COVID-19 outbreak remain uncertain, we are reassured by actions taken by governments and health authorities around the world. Nonetheless, the outbreak will have a negative impact on our performance in 2020.

Initially, the primary impact on our business was in the greater China region, where company owned stores were temporarily closed and travel restrictions were imposed during the peak Chinese New Year holiday season, disrupting both domestic sales within China and outbound travel by Chinese tourists. While day-to-day activities have begun to return to normal within China, travel remains disrupted and the outbreak has also spread to the Group's other important markets, including the rest of Asia, Europe, North America and Latin America.

The Group's supply chain has also experienced some disruptions from COVID-19. Factories in China were temporarily closed following the end of the Chinese New Year holidays on February 10, 2020. Our suppliers are located outside the Hubei province of China, where the COVID-19 outbreak has been most pronounced, and production in China has since begun a slow return toward normal levels. We originally experienced a 4 to 5-week disruption to our supply from China, however, the impact on our business to date has been tempered by the decrease in our sales, which has allowed us to manage inventory levels. The Company's ongoing strategy to shift sourcing to suppliers outside of China, which was accelerated in 2019 due to the incremental tariffs imposed by the U.S. on products sourced from China, has helped mitigate the impact on the supply chain from COVID-19.

Given the inherent uncertainty about the impact of COVID-19 across the globe, it is not possible for the Company to reliably predict the impact on its results for the balance of the year. The Company believes the current impacts to the business will be temporary and that the business will begin to recover once the pandemic subsides. The cost saving initiatives being taken by Management, coupled with liquidity in excess of US\$1.2 billion, provide adequate capacity to navigate through the current challenges.

It is also important to note that the Company maintains strong relationships with its banking partners as evidenced by the recent refinancing of its Term Loan A Facility and its Revolving Credit Facility, which was increased by \$200 million. The refinancing occurred on March 16, 2020, amidst the COVID-19 global outbreak. These long-standing relationships provide Management with a level of assurance that its banking partners will support the Company in navigating through these challenges in 2020.

The Company has a strong record of managing through past travel disruptions over the course of its 110-year history. Based on these factors, the Company is confident that it will continue as a going concern.