ESPRIT

ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 00330

INSIDE INFORMATION
PROFIT WARNING — REDUCTION OF LOSS

This announcement is made by Esprit Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2024 (the "**Year**") and information currently available to the Board, the Group is expected to record an unaudited net loss attributable to the Shareholders of approximately HK$1,172 million for the Year, as compared to the net loss attributable to the Shareholders of approximately HK$2,339 million for the year ended 31 December 2023 (the "**Comparison Year**").

As explained in the Company's previous announcements, insolvency proceedings of the Company's European and U.S. subsidiaries that resulted in de-consolidation of subsidiaries were necessitated by the adverse operating environment, involving high costs due to inflation, elevated interest rates and energy prices and the after-effects of the coronavirus pandemic. The situation has been exacerbated by the burden of legacy costs, such as high rents of long-term lease for the unsuitably sized stores, labour costs of overly bloated workforce and expenses related to an overcapacity logistic setup. Against this background, the Group's revenue decreased by 73% to HK$1,593 million for the Year, leading to a reduction in gross profit by 76% to HK$591 million. The Group's restructuring also resulted in a reduction of loss mainly attributable to a one-off gain on deconsolidation of approximately HK$3,074 million, and the reduction of operating costs by HK$2,195 million. However, the reduction of loss was also partly offset by the one-off (i) impairment loss on trademarks, impairment loss on right-of-use assets, impairment loss on property, plant, and equipment, and loss on derecognition of trademarks totaling approximately HK$2,040 million, and (ii) provision for inventories and provision for impairment of trade debtors totaling approximately HK$1,274 million. The Company has begun transitioning from its legacy business infrastructure, which required significant capital expenditures for manufacturing, distribution, and retail operations. Moving forward, the Company is now better positioned to pursue an asset-light, licensing-focused business model that aims to maximize the monetization of Esprit's global brand in a sustainable manner.

As at the date of this announcement, the Company is still in the process of finalising the consolidated results of the Group for the Year. The information contained in this announcement is only based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the Year and information currently available to the Board and is not based on any figures or information which has been audited or reviewed by the independent auditors of the Company nor approved by the Audit Committee of the Company. Therefore, the actual results of the Group may be subject to further amendments and adjustments where necessary. The Board wishes to emphasize that the results of the Group for the Year may be affected by a number of other factors, including but not limited to impairment that may or may not arise. The Company will make further announcement(s) in this regard if and when necessary. Shareholders and potential investors are advised to carefully read the announcement of the Company in relation to the annual results of the Group for the Year, which will be published in late March 2025 in accordance with requirements under the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Esprit Holdings Limited
MAN Wai Chuen
Company Secretary

Hong Kong, 19 February 2025

Dates stated in this announcement refer to Hong Kong time unless otherwise specified.

As at the date of this announcement, the Board comprises the following directors:

Executive Directors:
Ms. CHIU Christin Su Yi
Mr. PAK William Eui Won
Mr. STRIPPOLI Anthony Nicola
Mr. WRIGHT Bradley Stephen

Independent Non-executive Directors:
Mr. CHUNG Kwok Pan
Mr. HA Kee Choy Eugene
Ms. LIU Hang-so
Mr. LO Kin Ching Joseph
Mr. YU Chung Leung