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ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 00330

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

ANNUAL RESULTS

The board of directors (the "Board") of Esprit Holdings Limited (the "Company") announces the consolidated financial results of the Company and its subsidiaries (the "Group" or "ESPRIT") for the year ended 31 December 2025 (the "Year") together with the comparative figures for the year ended 31 December 2024 (the "Corresponding Year"). The following financial information, including the comparative figures, has been prepared in accordance with IFRS Accounting Standards ("IFRS").

CONSOLIDATED FINANCIAL RESULTS

Consolidated Statement of Profit or Loss

HK$'000	*Notes*	**For the year ended 31 December 2025**	For the year ended 31 December 2024 (restated)
Continuing operations			
Revenue	*3*	**20,477**	42,007
Cost of sales		–	(1,304)
Gross profit		**20,477**	40,703
Staff costs		**(31,139)**	(101,311)
Occupancy costs		**(5,487)**	–
Logistics expenses		–	(684)
Marketing and advertising expenses		–	(10)
Depreciation of property, plant and equipment		**(351)**	(1,366)
Depreciation of right-of-use assets		**(3,532)**	(6,179)
Impairment loss on property, plant and equipment		–	(557)
Impairment loss on right-of-use assets		–	(13,064)
Impairment loss on trademarks		–	(89,786)
Provision for impairment of trade debtors, net		–	(4,948)
Reversal of provision/(provision) for impairment of loan to a joint venture		**557**	(23,179)
Other income		–	128,591
Other operating costs		**(19,207)**	(197,003)
Operating loss from continuing operations	*4*	**(38,682)**	(268,793)
Share of losses from a joint venture		–	(5)
Interest income	*5*	**662**	1,104
Finance costs	*6*	**(4,620)**	(1,973)
Loss before taxation from continuing operations		**(42,640)**	(269,667)
Taxation	*7*	**(3)**	3,204
Loss from continuing operations		**(42,643)**	(266,463)
Discontinued operations			
Profit/(loss) from discontinued operations	*1.3*	**22,105**	(960,332)
Loss attributable to shareholders of the Company		**(20,538)**	(1,226,795)
Loss per share for loss attributable to shareholders of the Company – basic and diluted	*12*	**HK (7.25) cents**	HK (433.37) cents
Loss per share from continuing operations – basic and diluted	*12*	**HK (15.06) cents**	HK (94.13) cents
Earnings/(loss) per share from discontinued operations – basic and diluted	*12*	**HK 7.81 cents**	HK (339.24) cents

Consolidated Statement of Comprehensive Income

HK$'000	*Notes*	**For the year ended 31 December 2025**	For the year ended 31 December 2024 (restated)
Loss from continuing operations		**(42,643)**	(266,463)
Profit/(loss) from discontinued operations	*1.3*	**22,105**	(960,332)
Loss attributable to shareholders of the Company		**(20,538)**	(1,226,795)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation losses from continuing operations		**(8,891)**	(64,785)
Foreign exchange translation gains from discontinued operations		**–**	30,097
Recycling of translation reserve from discontinued operations	*1.2*	**355**	(524,857)
Release of capital reserve from discontinued operations		**–**	(1,809)
		(8,536)	(561,354)
Total comprehensive (loss)/income for the year attributable to shareholders of the Company, net of tax		**(29,074)**	(1,788,149)
– from continuing operations		**(51,534)**	(331,248)
– from discontinued operations		**22,460**	(1,456,901)

Consolidated Balance Sheet

HK$'000	*Notes*	**As at 31 December 2025**	As at 31 December 2024
Non-current assets			
Intangible assets	*8*	**264,451**	267,928
Property, plant and equipment		**257**	105
Right-of-use assets		**1,315**	2,456
Financial assets at fair value through profit or loss		**110**	1,108
Financial assets at fair value through other comprehensive income		**217**	–
Loans to a joint venture		**–**	21,443
Deposits		**1,547**	1,518
		267,897	294,558
Current assets			
Debtors, deposits and prepayments	*9*	**24,267**	34,191
Tax receivable		**7,594**	8,112
Cash, bank balances and deposits		**54,564**	79,436
		86,425	121,739
TOTAL ASSETS		**354,322**	416,297
Current liabilities			
Creditors and accrued charges	*10*	**30,946**	65,907
Lease liabilities		**428**	16,311
Provisions		**1,592**	1,288
Tax payable		**678**	644
		33,644	84,150
Net current assets		**52,781**	37,589
Total assets less current liabilities		**320,678**	332,147
Equity			
Share capital	*11*	**28,308**	283,082
Reserves		**120,112**	(105,588)
		148,420	177,494
Non-current liabilities			
Lease liabilities		**919**	–
Long-term borrowings		**125,687**	109,000
Deferred tax liabilities		**45,652**	45,653
		172,258	154,653
TOTAL LIABILITIES		**205,902**	238,803
TOTAL EQUITY AND LIABILITIES		**354,322**	416,297

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF THE PREPARATION

1.1. Going Concern

For the year ended 31 December 2025 (the "Year"), the Group recorded a net loss attributable to shareholders of the Company of HK$20,538,000 and a net cash outflow of HK$24,958,000. As at 31 December 2025, the Group's net current assets were HK$52,781,000 against long-term borrowings of HK$125,687,000. Cash, bank balances and deposits amounted to HK$54,564,000 as at the same date.

During 2024, the Group initiated a comprehensive restructuring to address the historical long term unsustainable cost base and persistent losses under the legacy, capital-intensive retail and distribution model. Following this comprehensive restructuring initiative, the Year represents a critical inflection point in the journey of the Group. To improve the liquidity and ensure sufficient financing for future business development, the Group is in the process of implementing the following plans and measures:

1. The Board continues to evaluate opportunities to strengthen the financial position of the Group and broaden its capital base through equity fundraising initiatives, including but not limited to share placements, rights issues, and other methods, when suitable and advantageous opportunities arise.

2. As at 31 December 2025, the Group had secured total loan facilities of HK$335,000,000 (31 December 2024: HK$220,000,000) to finance its general working capital needs. As of 31 December 2025, the Group has drawn down a total of HK$125,687,000 (31 December 2024: HK$109,000,000), leaving an unutilised loan facility balance of HK$209,313,000 (31 December 2024: HK$111,000,000). The current maturity date of HK$200,000,000 loan facility and HK$135,000,000 loan facility are in February 2027 and September 2026 respectively, unless further extended. Additionally, the Group may pursue further financing from financial institutions with more favourable terms as opportunities arise and when necessary.

3. The Group remains committed to generating cash inflows from its predominantly licensing business by securing and executing advantageous licensing agreements with financially robust and operationally capable partners. During the Year, the Group extended market coverage across key regions, notably Greater China and North America and renewed its existing licensing agreement with a long-standing partner in Latin America. The Group continues to engage with potential strategic partners to explore licensing opportunities for its brands across various geographic locations and product categories. Furthermore, the Company will continue to evaluate potential distribution channels to expand market penetration and diversify revenue streams. At the same time, the Company continues to implement strategic measures to tighten controls over recurring operating expenses in order to further strengthen profitability.

The Board has reviewed the Group's cash flow forecast prepared by management covering a period of eighteen months from 1 January 2026. After considering the plans and measures outlined above, the Board is of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within eighteen months from 31 December 2025. The Board is therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

1. BASIS OF THE PREPARATION (CONTINUED)

1.2. Deconsolidation of a subsidiary

During the Year, the Group ceased its operations in Canada other than the licensing business following the initiation of the insolvency proceedings by Esprit Canada Retail Limited ("Esprit Canada"), an indirect wholly-owned subsidiary of the Company, on 5 June 2025. Given the Company was no longer considered to have control over Esprit Canada, the financial results of Esprit Canada have been deconsolidated from those of the Group. The effects from the deconsolidation on the consolidated financial statements for the Year are as follows:

HK$'000	**At the date of deconsolidation**
Net liabilities disposed of:	
Cash, bank balances and deposits	(3)
Debtors, deposits and prepayments	(12,286)
Lease liabilities	15,430
Creditors and accrued charges	19,319
Carrying amount of net liabilities disposed of	22,460
Recycling of translation reserve	(355)
Gain on deconsolidation	22,105
Cash outflow from deconsolidation of a subsidiary:	
Cash, bank balances and deposits deconsolidated	(3)

1. BASIS OF THE PREPARATION (CONTINUED)

1.3. Discontinued operations

During the Corresponding Year, the Company's previous operations in Europe, the United States and Hong Kong, were discontinued and have been classified and disclosed as discontinued operations.

During the Year, as mentioned in note 1.2, the Group ceased its operations in Canada other than the licensing business, following the initiation of the insolvency proceedings by Esprit Canada on 5 June 2025.

As such, the Company's operations in Canada for the Year and the Corresponding Year have been further classified and disclosed as discontinued operations.

The financial performance of the discontinued operations is presented in the following table:

HK$'000	**For the year ended 31 December 2025**	For the year ended 31 December 2024 (restated)
Revenue	–	1,550,548
Expenses	–	(5,250,752)
Gain on deconsolidation	**22,105**	2,711,690
Profit/(loss) before taxation	**22,105**	(988,514)
Taxation	–	28,182
Profit/(loss) from discontinued operations, net of tax	**22,105**	(960,332)
Foreign exchange translation gain from discontinued operations	–	30,097
Basic and diluted earnings/(loss) per share, from discontinued operations (note 12)	**HK 7.81 cents**	HK (339.24) cents

The comparative consolidated statement of profit and loss and consolidated statement of comprehensive income have been restated to show the discontinued operations separately from continuing operations.

1.4. Compliance with IFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under IFRS, as well as the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("HKCO") and the applicable disclosure provision of the Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

1.5. Historical cost convention

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for certain financial assets measured at fair value.

1. BASIS OF THE PREPARATION (CONTINUED)

1.6. Amended standards and interpretations adopted by the Group

During the Year, the Group has adopted the following amendments to accounting standards effective for the Group's reporting period beginning on 1 January 2025:

Adopted	Effective date	New standards or amendments
Amendments to IAS 21	1 January 2025	Lack of Exchangeability

The amendment listed above did not result in any material impact on the Group's consolidated financial statements.

1.7. New and amendments to standards not yet adopted by the Group

Not early adopted	Effective for accounting periods beginning on or after	New standards or amendments
Amendments to IFRS 10 and IAS 28	A date to be determined by IASB	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRS 9 and IFRS 7	1 January 2026	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	1 January 2026	Contracts Referencing Nature-dependent Electricity
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7
IFRS 18 and consequential amendments to other IFRS and IAS 1	1 January 2027	Presentation and Disclosure in Financial Statements
IFRS 19 and subsequent amendments	1 January 2027	Subsidiaries without Public Accountability: Disclosures
Amendments to IAS 21	1 January 2027	Translation to a Hyperinflationary Presentation Currency

These standards and amendments listed above have been published that are not mandatory for the Year and have not been early adopted by the Group. The adoption of IFRS 18 will not affect the recognition or measurement of items in the consolidated financial statements. It mainly has impacts on presentation and disclosure of income and expenses and adds new disclosure requirements on management-defined performance measures within the consolidated financial statements. Except for IFRS 18, these standards and amendments are not expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions.

2. SEGMENT INFORMATION

Basis for segmentation

The Group was principally engaged in the retail and wholesale distribution and licensing of quality fashion and non-apparel products designed under its own internationally-known brand names. Despite the cessation of its retail, wholesale, and E-shop operations due to the insolvency proceedings since 2024, the Company remains committed to preserving the global presence of its brands and continues its efforts to maintain and enhance its brand equity.

2. SEGMENT INFORMATION (CONTINUED)

Basis for segmentation (continued)

By shifting away from its legacy business model and capital-intensive infrastructure, historically burdened by significant expenditures in sourcing, distribution and retail operations, the Company is now moving towards an asset-light, licensing-centric business model. Furthermore, the Company continues to evaluate potential distribution channels to expand market penetration and diversify revenue streams as well as consider brand portfolio expansion opportunities that align with its long-term vision when strategically suitable.

Chief operating decision-maker (the "CODM") has been identified as the executive directors of the Company. Following the strategic corporate restructuring as mentioned above, for the Year, the CODM reviews the Group's internal reporting as a single operating segment, which is the licensing business. Information reported to the CODM, for the purposes of resources allocation and assessment of performance, focused specifically on the revenue and the profit or loss of the Group as a whole. Hence, the directors of the Company consider that the Group has only one single reportable segment and no analysis of segment asset and segment liability is presented.

The comparative figures of segment information for the Corresponding Year have been restated to align with the current year presentation. The segment information presented in note 2 does not include amounts relating to the discontinued operation, which has already been deconsolidated from the Group and classified and disclosed as discontinued operation, as described in note 1.2 and 1.3 to the consolidated financial statements.

Information about licensing business

For the years ended 31 December 2025 and 2024, all of the Group's revenue from external customers, which are our licensee partners, was derived from the royalty income arising from granting third parties the right to manufacture and sell the ESPRIT products.

Information about major customers

Revenues from external customers, which are our licensee partners, that accounted for 10% or more of the Group's total revenue for the year are as follows:

HK$'000	**As at 31 December 2025**	As at 31 December 2024 (restated)
Continuing operations		
Customer A (note b)	**8,118**	N/A
Customer B	**7,845**	7,349
Customer C (note b)	**3,772**	N/A

Notes:

a Revenue from these three customers is derived from the Group's sole reportable segment.

b The corresponding revenue did not contribute over 10% of the total revenue from the Group for the Corresponding Year.

Geographical information

The Group's licensing revenue from external customers and information about its non-current assets by geographical location are detailed below.

2. SEGMENT INFORMATION (CONTINUED)

Geographical information (continued)

External customers

Revenue from external customers, which are our licensee partners, from continuing operations based on the location of the external customers are located in the following countries or regions.

HK$'000	**As at 31 December 2025**	As at 31 December 2024 (restated)
Continuing operations		
Hong Kong	**3,772**	3,751
United States	**–**	1,074
Other countries	**16,705**	37,182
Total	**20,477**	42,007

Non-current assets

Non-current assets other than interest in a joint venture and financial instruments are located in the following countries or regions:

HK$'000	**As at 31 December 2025**	As at 31 December 2024
Hong Kong	**1,370**	1,900
Other countries (note)	**264,653**	268,589
Total	**266,023**	270,489

Note: Non-current assets located in other countries include intangible assets of HK$264,451,000 (31 December 2024: HK$267,928,000). Other countries mainly include China and the United States.

3. REVENUE

The following revenue analysis by segment and by geographical location include both continuing and discontinued operations.

This presentation is consistent with the current year's disclosure of a single reportable segment and has been reconciled with prior year's representation. Following the Group's strategic corporate restructuring, the Group now has only one single reportable segment as disclosed in note 2.

HK$'000	**For the year ended 31 December 2025**	For the year ended 31 December 2024
Retail and Wholesale		
Europe	–	935,091
Asia	–	8,465
E-shop	–	583,512
Licensing and others	**20,477**	65,487
Revenue from external customers total	**20,477**	1,592,555
– from continuing operations	**20,477**	42,007
– from discontinued operations	–	1,550,548

Revenue from external customers is attributed to the following countries or regions based on the location in which the sales originated:

HK$'000	**For the year ended 31 December 2025**	For the year ended 31 December 2024
Retail and Wholesale		
Germany	–	451,760
Benelux	–	146,304
Switzerland	–	68,608
France	–	67,280
Austria	–	64,844
Spain	–	38,471
Finland	–	27,642
Italy	–	26,297
Sweden	–	13,926
Poland	–	7,108
United Kingdom	–	3,871
Denmark	–	4,865
Others (note)	–	14,115
Europe total	–	935,091
Hong Kong and South Korea	–	8,465
Asia total	–	8,465
Retail and Wholesale total	–	943,556

Note: Others under Europe include revenue from other countries mainly the United States.

3. REVENUE (CONTINUED)

HK$'000	**For the year ended 31 December 2025**	For the year ended 31 December 2024
E-shop		
Germany	–	308,377
Benelux	–	86,185
France	–	36,610
Switzerland	–	54,748
Austria	–	31,587
Denmark	–	7,925
United Kingdom	–	5,902
Poland	–	15,781
Sweden	–	6,555
Czech Republic	–	6,506
Finland	–	5,004
Spain	–	4,444
Italy	–	4,622
Others	–	9,266
E-shop total	–	583,512
Licensing and others		
Germany	–	16,053
Others	**20,477**	49,434
Licensing and others total	**20,477**	65,487
Revenue from external customers total	**20,477**	1,592,555
– from continuing operations	**20,477**	42,007
Hong Kong	**3,772**	3,751
United States	–	1,074
Other countries	**16,705**	37,182
– from discontinued operations	–	1,550,548

4. OPERATING LOSS

This is stated after charging and (crediting) the following:

HK$'000	**For the year ended 31 December 2025**	For the year ended 31 December 2024 (restated)
Continuing operations		
Staff costs	**31,139**	101,311
Occupancy costs	**5,487**	–
Logistics expenses	**–**	684
Marketing and advertising expenses	**–**	10
Depreciation of property, plant and equipment	**351**	1,366
Depreciation of right-of-use assets	**3,532**	6,179
Impairment loss on property, plant and equipment	**–**	557
Impairment loss on right-of-use assets	**–**	13,064
Impairment loss on trademarks	**–**	89,786
Provision for impairment of trade debtors, net	**–**	4,948
(Reversal of provision)/provision for impairment of loan to a joint venture	**(557)**	23,179
Provision for impairment of other receivables	**3,217**	–
Information technology expenses	**8,765**	8,052
Net foreign exchange translation losses	**215**	115,792
Legal and professional fees	**3,762**	31,964
Insurance	**1,771**	2,653
Travelling-related expenses	**751**	3,878
Loss/(gain) on disposal of property, plant and equipment	**8**	(1,126)
(Gain)/loss on the change of fair value of financial assets	**(286)**	1,321
Claims received	**–**	(128,591)
Auditor's remuneration	**1,397**	5,211

5. INTEREST INCOME

HK$'000	**For the year ended 31 December 2025**	For the year ended 31 December 2024
Continuing operations		
Interest income from bank deposits	**16**	1,104
Others	**646**	–
Total interest income from continuing operations	**662**	1,104
Total interest income from discontinued operations	**–**	–

6. FINANCE COSTS

HK$'000	**For the year ended 31 December 2025**	For the year ended 31 December 2024
Continuing operations		
Interest on lease liabilities	**111**	108
Interest on borrowings	**4,509**	1,865
Total finance costs from continuing operations	**4,620**	1,973
Total finance costs from discontinued operations	**–**	25,008

7. TAXATION

Amount recognised in the consolidated statement of profit or loss:

HK$'000	**For the year ended 31 December 2025**	For the year ended 31 December 2024
Continuing operations		
Current tax		
Overseas tax		
Provision for the current year	**–**	–
Under-provision in prior years	**3**	1,013
	3	1,013
Deferred tax		
Other origination and temporary differences	**–**	(4,217)
Total tax expense/(credit) from continuing operations	**3**	(3,204)
Total tax credit from discontinued operations	**–**	(28,182)

For the Year, Hong Kong profits tax is calculated at 16.5% (for the year ended 31 December 2024: 16.5%) on the estimated assessable profit for the year, net of tax losses carried forward, if applicable. The deferred tax credit for the Corresponding Year mainly relates to the reversal of temporary differences, including the deconsolidation of subsidiaries under insolvency proceedings.

Overseas (outside of Hong Kong) taxation has been calculated on the estimated assessable profit for the Year at the rates of taxation prevailing in the countries in which the Group companies operate, net of tax losses carried forward, if applicable.

8. INTANGIBLE ASSETS

Movements in intangible assets are as follows:

HK$'000	**As at 31 December 2025**	As at 31 December 2024
Balance at beginning of year	**267,928**	1,296,325
Foreign exchange translation	**(3,477)**	(35,977)
Additions	**–**	2,995
Amortisation charge on software and customer relationships from discontinued operations	**–**	(6,499)
Impairment loss on trademarks from continuing operations	**–**	(89,786)
Impairment loss on trademarks from discontinued operations	**–**	(750,804)
Deconsolidation of subsidiaries	**–**	(148,326)
Balance at end of year	**264,451**	267,928

9. DEBTORS, DEPOSITS AND PREPAYMENTS

Current

Current debtors, deposits and prepayments consist of the following financial and non-financial positions:

HK$'000	**As at 31 December 2025**	As at 31 December 2024
Accounts receivable	**18,830**	14,508
less: provision for impairment of accounts receivable	**(13,957)**	(13,758)
Net accounts receivable	**4,873**	750
Deposits	**261**	4,952
Prepayments	**2,933**	22,133
Other debtors and receivables	**16,200**	6,356
Total	**24,267**	34,191

The carrying amounts of debtors and deposits approximate their fair values.

9. DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)

The aging analysis by invoice date of accounts receivable net of provision for impairment is as follows:

HK$'000	**As at 31 December 2025**	As at 31 December 2024
0-30 days	**4,708**	750
31-60 days	**165**	–
61-90 days	**–**	–
Over 90 days	**–**	–
Total	**4,873**	750

10. CREDITORS AND ACCRUED CHARGES

HK$'000	**As at 31 December 2025**	As at 31 December 2024
Accounts payable	**–**	8,341
Accruals (note)	**17,738**	29,955
Contract liabilities	**3,909**	–
Other payables	**9,299**	27,611
Total	**30,946**	65,907

Note: It includes a provision of HK$8,203,000 in relation to a dispute with a third party concerning certain invoices.

The aging analysis by invoice date of accounts payable is as follows:

HK$'000	**As at 31 December 2025**	As at 31 December 2024
0-30 days	**–**	219
31-60 days	**–**	739
61-90 days	**–**	1
Over 90 days	**–**	7,382
Total	**–**	8,341

The carrying amounts of creditors and accrued charges approximate their fair values.

11. SHARE CAPITAL

	Number of shares of HK$0.10 each	Number of shares of HK$1 each	Nominal value HK$'000
Authorised:			
At 1 January 2024, 31 December 2024 and 1 January 2025	**30,000,000,000**	**–**	**3,000,000**
Share consolidation (note (a)(i))	(30,000,000,000)	3,000,000,000	–
Share sub-division (note (a)(iii))	30,000,000,000	(3,000,000,000)	–
At 31 December 2025	**30,000,000,000**	**–**	**3,000,000**
Issued and fully paid:			
At 1 January 2024, 31 December 2024 and 1 January 2025	**2,830,817,343**	**–**	**283,082**
Share consolidation (note (a)(i))	(2,830,817,343)	283,081,734	–
Capital reduction (note (a)(ii))	283,081,734	(283,081,734)	(254,774)
At 31 December 2025	**283,081,734**	**–**	**28,308**

The following transactions occurred in relation to the share capital of the Company:

(a) Capital reorganisation and change in board lot size

On 21 July 2025, the Board of Directors of the Company (the "Board") proposed to:

- Implement a capital reorganisation involving the share consolidation, capital reduction and share sub-division (the "Capital Reorganisation");

  (i) Share consolidation

  Every ten issued and unissued shares of par value of HK$0.1 each were consolidated into one consolidated share of par value of HK$1. Immediately after the share consolidation became effective, the capital reduction and share sub-division were implemented.

  (ii) Capital reduction

  The par value of each issued consolidated share was reduced from HK$1 to HK$0.1 by cancelling the paid-up capital of the Company to the extent of HK$0.9 on each issued consolidated share.

  (iii) Share sub-division

  Each authorised but unissued consolidated share (including the authorised unissued consolidated share arising from the capital reduction) of par value of HK$1 was sub-divided into ten new shares of par value of HK$0.1 each.

11. SHARE CAPITAL (CONTINUED)

(a) Capital reorganisation and change in board lot size (Continued)

- Change the board lot size for trading on the Stock Exchange from 2,500 existing shares to 10,000 new shares (the "Change in Board Lot Size").

The Capital Reorganisation and the transactions contemplated thereunder, along with the Change in Board Lot Size, were subsequently approved by the shareholders of the Company at the special general meeting held on 21 August 2025 and became effective on 25 August 2025. For further details, please refer to the Company's announcement dated 21 July 2025, the circular dated 5 August 2025, and the poll results announcement dated 21 August 2025.

The Company did not conduct any equity fund raising activities during the Year. As a direct result of the Capital Reorganisation, the total number of issued shares of the Company decreased to 283,081,734 shares, each with a par value of HK$0.1 as at 31 December 2025 (31 December 2024: 2,830,817,343 shares, each with a par value of HK$0.1). The Group's working capital requirements and capital expenditure were primarily funded from cash on hand, funds generated from operations, and long-term borrowings.

(b) Share options

The Company adopted a share option scheme on 10 December 2009 (the "2009 Share Option Scheme"). The 2009 Share Option Scheme was terminated on 5 December 2018, notwithstanding that the share options which have been granted and remained outstanding shall continue to be valid and exercisable subject to and in accordance with the terms on which the share options were granted, the provisions of the 2009 Share Option Scheme and the Listing Rules of the Stock Exchange.

The Company adopted a new share option scheme on 5 December 2018 (the "2018 Share Option Scheme"). The option mandate limit of the 2018 Share Option Scheme has been refreshed upon the shareholders' approval at the special general meeting of the Company held on 6 July 2021, the details of which were disclosed in the circular of the Company dated 15 June 2021. During the Year, no share options were granted. As at 31 December 2025, the number of share options available for grant under the 2018 Share Option Scheme mandate is 28,308,173, upon the Capital Reorganisation taking effect on 25 August 2025 (31 December 2024: 283,081,734).

(c) Awarded shares

The Company has adopted a share award scheme on 6 July 2021 (the "Share Award Scheme"). The purpose of the Share Award Scheme is to recognise the contributions by certain eligible participants (including any employee, consultant, executive or officers, directors and senior management of any member of the Group), and to provide them incentives; and to attract suitable personnel with relevant experience in the Group's business. The details of the Share Award Scheme were disclosed in the circular of the Company dated 15 June 2021.

As no approval for refreshment of annual limit under the Share Award Scheme was sought at the annual general meeting of the Company held on 19 June 2023, no share awards were available for grant under the Share Award Scheme during the Year and the number of shares in the Company that may be issued in respect of awards granted under the Share Award Scheme during the Year divided by the weighted average number of shares in the Company for the Year is nil. During the Year, no share award was granted, vested, cancelled or lapsed under the Share Award Scheme to any Directors or other grantees and there were no unvested awarded shares granted under the Share Award Scheme at the beginning and at the end of the Year. On 30 June 2025, the Board resolved to terminate the Share Award Scheme in accordance with the terms of the Share Award Scheme. Such early termination shall not affect any subsisting rights of selected grantees as no awards remain unvested or which have vested but not yet been issued to a selected grantee immediately prior to termination. Upon early termination of the Share Award Scheme on 30 June 2025, apart from the 2009 Share Option Scheme and 2018 Share Option Scheme, the Company or any of its principal subsidiaries have no other scheme involving issue of new shares as at 31 December 2025 and at the date of this announcement.

12. (LOSS)/EARNINGS PER SHARE

12.1. Basic

Basic (loss)/earnings per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Loss attributable to shareholders of the Company (HK$'000)	**(20,538)**	(1,226,795)
Weighted average number of ordinary shares in issue (thousand)	**283,082**	283,082
Basic (loss)/earnings per share (HK cents per share)	**(7.25)**	(433.37)
– from continuing operations (HK cents per share)	**(15.06)**	(94.13)
– from discontinued operations (HK cents per share)	**7.81**	(339.24)

The weighted average number of ordinary shares for the year ended 31 December 2024 has been retrospectively adjusted for the ten-to-one share consolidation of the Company as stated in note 11(a) which became effective on 25 August 2025.

12.2. Diluted

Diluted (loss)/earnings per share is calculated based on dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year adjusted by the dilutive effect of share options.

	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Loss attributable to shareholders of the Company (HK$'000)	**(20,538)**	(1,226,795)
Weighted average number of ordinary shares in issue (thousand)	**283,082**	283,082
Adjustments for share options (thousand)	**–**	–
Weighted average number of ordinary shares for diluted earnings per share (thousand)	**283,082**	283,082

12. (LOSS)/EARNINGS PER SHARE (CONTINUED)

12.2. Diluted (Continued)

	For the year ended 31 December 2025	For the year ended 31 December 2024 (restated)
Diluted (loss)/earnings per share (HK cents per share)	**(7.25)**	(433.37)
– from continuing operations (HK cents per share)	**(15.06)**	(94.13)
– from discontinued operations (HK cents per share)	**7.81**	(339.24)

The weighted average number of ordinary shares for the year ended 31 December 2024 has been retrospectively adjusted for the ten-to-one share consolidation of the Company as stated in note 11(a) which became effective on 25 August 2025.

Diluted (loss)/earnings per share for the year ended 31 December 2025 and year ended 31 December 2024 was the same as the basic (loss)/earnings per share since the share options had anti-dilutive effect.

13. DIVIDEND

The Board did not declare and recommend the distribution of any dividend for the year ended 31 December 2025 (for the year ended 31 December 2024: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During 2024, the Group initiated a comprehensive restructuring to address the historical long term unsustainable cost base and persistent losses under the legacy, capital-intensive retail and distribution model. Following this comprehensive restructuring initiative, 2025 represents a critical inflection point in the journey of Esprit Holdings Limited (the "Company", together with its subsidiaries, the "Group" or "ESPRIT"). Under this model, the Group retains ownership and control of brand-critical functions, including intellectual property protection, brand identity and strategy, marketing strategy, and product design and quality oversight, while resource intensive functions such as sourcing, merchandising, distribution and retail execution are undertaken by experienced and carefully selected third-party licensee partners.

The transition reduces fixed costs and inventory risk, improves working capital efficiency, and concentrates the managements' efforts on brand building and disciplined partner selection and management. Revenue is generated primarily from sales-based royalties. By partnering with experienced licensee partners in key markets, the Group is positioned to capitalise on the robust growth projected within the global brand licensing industry.

This asset-light, licensing-centric business model aligns with the proven industry standard adopted by leading international brand owners and licensing management groups worldwide. According to License Global's latest Top Global Licensors 2025 report, The Walt Disney Company ("Disney") and Authentic Brands Group ("ABG") rank among the foremost global licensors, with Disney generating approximately US$62 billion in licensed retail sales in 2024 and ABG generating approximately US$32 billion. Bluestar Alliance, another prominent company in this space, also featured among the top ten with approximately US$10 billion in licensed retail sales. Notably, both ABG and Bluestar Alliance are principally focused on fashion and lifestyle brand licensing, demonstrating the viability of this model. These figures underscore the scale, maturity, and commercial effectiveness of global licensing strategies employed by leading brand owners.

According to the latest 2025 Global Licensing Industry Study published by Licensing International, the global licensing industry generated US$369.6 billion in retail sales of licensed merchandise and services in 2024, representing 3.7% year-on-year growth. This sustained expansion highlights the commercial power of licensing-led, asset-light business models, as brand owners increasingly monetise intellectual property ("IP") with minimal operational overhead. Such models enable efficient and scalable brand expansion by leveraging licensee partners' expertise in distribution, market localisation, and the expansion into specialised product categories.

Fashion was among the strongest-performing IP categories in 2024, recording 8.1% year-on-year growth, reflecting resilient consumer demand for branded products. The Group's alignment with these macro trends not only strengthens its strategic position, but also creates a path of scalable, recurring revenue streams, enhancing the potential for sustainable, medium to long-term profitability.

The Group has engaged in licensing activities for several decades and has accumulated experience in managing the licensing business. Accordingly, ESPRIT's current business model is neither unique nor experimental; rather, it reflects prevailing industry practices and is grounded in the Company's own extensive history in licensing, albeit previously under-utilised, combined with expert industry advice. This positions the Group to capitalise on the projected growth of the global brand licensing market.

During the financial year ended 31 December 2025 (the "Year"), the Company actively refined its network of licensee partners, and successfully concluded strategic alliances covering key markets, notably Greater China and North America. Furthermore, the Company finalised the renewal of an existing licensing agreement with a long-standing partner in Latin America, one of the key players in the textile industry in this market. These partnerships enable the Company to leverage its partners' local market intelligence, e-commerce expertise, and established infrastructure and distribution networks to extend market penetration.

The Company continued to diversify its product portfolio, expanding beyond its historical concentration on apparel to unlock incremental revenue opportunities and enhance the commercial utilisation of its brand and intellectual property.

During the Year, the Group reported a net loss attributable to Shareholders of the Company (the "Shareholders") of approximately HK$21 million, as compared to the net loss attributable to Shareholders of approximately HK$1,227 million recorded for the financial year ended 31 December 2024 (the "Corresponding Year"), representing a substantial decrease of 98%.

In respect of continuing operations, the Group recorded a net loss of approximately HK$43 million for the Year, compared to a net loss of approximately HK$266 million in the Corresponding Year. The reduction was mainly attributable to a substantial decrease in operating expenses from continuing operations. In the Year, the operating expenses fell to approximately HK$60 million, representing a 80% decrease from the approximately HK$307 million recorded in the Corresponding Year, after excluding one-off items. These one-off items in the Corresponding Year comprised of (i) impairments on trademarks, right-of-use assets, and property, plant and equipment totalling approximately HK$103 million, and (ii) impairment of loan to a joint venture and impairment of trade debtors totalling approximately HK$28 million. The reduction in operating expenses is partially attributable to the cessation of the European trademark licensing business and the corresponding elimination of its associated cost base. Even after accounting for the cessation of the European trademarks licensing business and excluding the impact of the above-mentioned one-off items, the Group's underlying operating expenses efficiency improved markedly. This demonstrates substantial progress was achieved during the Year in strengthening the cost structure and enhancing working capital efficiency.

In respect of discontinued operations, a net profit of approximately HK$22 million was recorded for the Year, compared to a net loss of approximately HK$960 million in the Corresponding Year, thereby further contributing to the net profit attributable to Shareholders. The net profit is attributable to an one-off gain on deconsolidation of the Company's subsidiary in Canada.

Following the execution of the licensing agreement for Greater China in the first half of 2025, the Group achieved several key milestones. The Group's licensee partner established a presence on major e-commerce platforms such as Tmall, Douyin and Vip.com during the fourth quarter of 2025, marking an important step in reactivating the brand's regional digital footprint.

In November 2025, the licensee partner opened its first Asian flagship store in Causeway Bay, Hong Kong, supported by a series of high-impact marketing campaigns that highlights the revitalised brand identity. The launch signaled ESPRIT's formal re-entry into the market and this represents a significant step in the operations of the new licensing-centric business model in Greater China as a whole.

In North America, the licensee partner is finalising platform onboarding while progressing with the development of the Fall 2026 collection. With a clearly defined roadmap for product launches and channel expansion, the partner is laying a solid foundation for sustainable growth in these highly competitive markets.

With this progress, the Company continues to pursue sustainable growth through this business model, while remaining committed to its roots in traditional retail, e-commerce, and wholesale fashion. It is also exploring potential opportunities within these channels as general conditions improve, while staying alert for new prospects.

FINANCIAL REVIEW

The following financial reviews may incorporate combined financial metrics, as expressly indicated, consolidating the results of both continuing and discontinued operations for analytical clarity. These figures are presented to offer a more comprehensive overview of the Group's aggregate financial performance during the Year, particularly given that discontinued activities constituted a significant component of the Group's total business for the Corresponding Year. These combined figures are explicitly designated as supplementary measures and are not intended to substitute for the Group's statutory financial performance metrics prepared in accordance with International Financial Reporting Standards (IFRS).

Revenue Analysis

Following the Group's top to bottom restructuring initiated in 2024, the Year represents a critical inflection point in its strategic shift towards an asset-light, licensing-centric business model. Given that the Year is the first year of ramping up its licensing business, the Group's revenue for the Year remained modest at approximately HK$20 million, as compared to approximately HK$42 million in the Corresponding Year. This decrease is primarily due to the cessation of licensing income from European trademarks, following their transfer to Fasbra SE, a wholly owned subsidiary of Deichmann SE. This transfer was executed as part of the settlement agreement arising from the Court approved self-administration proceedings of the Company's former German subsidiaries. By retaining the trademarks for all regions outside of Europe (except for footwear in the United States), the Group has preserved a strong foundation for the future development and expansion of its licensing business.

During the Year, as mentioned above, the Company actively refined its network of licensee partners, and successfully concluded strategic alliances covering key markets, notably Greater China and North America. Furthermore, the Company finalised the renewal of an existing licensing agreement with a long-standing partner in Latin America, reinforcing the stability and continuity of its regional presence. Together, these developments strengthened the Company's global licensing platform and supported sustained revenue performance.

Gross Profit Margin

Given the nature of the Group's licensing business, which does not involve production, inventory management, or direct retail of products, the cost base associated with generating revenue is minimal. As such, gross profit margin is not considered a relevant metric for financial analysis.

Operating Expenses

During the Year, the operating expenses fell to approximately HK$60 million, representing an 80% decrease from approximately HK$307 million recorded in the Corresponding Year, after excluding one-off items. These one-off items in the Corresponding Year comprised (i) impairments on trademarks, right-of-use assets, and property, plant, and equipment totalling approximately HK$103 million, and (ii) impairment of loan to a joint venture and impairment of trade debtors totalling approximately HK$28 million. The reduction in operating expenses is partially attributable to the cessation of the European trademark licensing business and the corresponding elimination of its associated cost base. Even after accounting for the cessation of the European trademarks licensing business and excluding the impact of the above-mentioned one-off items, the Group's underlying operating expenses efficiency improved markedly. This demonstrates substantial progress was achieved during the Year in strengthening the cost structure and enhancing working capital efficiency. Within total operating expenses, staff costs declined from approximately HK$101 million in the Corresponding Year to approximately HK$31 million for the Year, representing a 69% reduction. The decrease was primarily driven by an internal organisational restructuring implemented to optimise operational efficiency and better align the scale of the organisation with the asset-light, licensing-centric business model.

Other operating costs, which form part of total operating expenses, decreased significantly from approximately HK$197 million in the Corresponding Year to approximately HK$19 million during the Year. This reduction was largely attributable to the fact that net foreign exchange translation losses, arising from the settlement of cross-currency transactions and the translation of monetary assets and liabilities denominated in foreign currencies at period-end exchange rates, decreased to less than HK$1 million during the Year, compared with approximately HK$116 million in the Corresponding Year. Moreover, there was a substantial decline in legal and professional fees, which fell from approximately HK$32 million in the Corresponding Year to approximately HK$4 million in the Year.

WORKING CAPITAL MANAGEMENT

Inventories

Following the Group's strategic pivot from a high-cost, capital-intensive direct retail business model to an asset-light, licensing-centric business model, the structural elimination of inventory requirements has substantially strengthened the Group's working capital position.

Accounts Receivable

The balance of accounts receivable stood at approximately HK$5 million as at 31 December 2025 (31 December 2024: approximately HK$1 million), representing a 550% increase. This increase is attributable, in part, to the timing of settlement associated with recently executed licensing agreements. Fundamentally, this variance reflects the successful execution and resultant expansion of the current business model.

Accounts Payable

The accounts payable balance stood at nil as at 31 December 2025 (31 December 2024: approximately HK$8 million), representing a 100% reduction. This substantial decrease is principally attributable to two factors: the reclassification of certain payables following the pivot to the current business model, and the settlement of outstanding accounts payable. This reduction is a direct consequence of eliminating the need for inventory maintenance and delegating operational execution, thereby mitigating associated financial and operational risks.

LIQUIDITY AND FINANCIAL RESOURCES ANALYSIS

Net Cash

As at 31 December 2025, total recorded cash, bank balances, and deposits amounted to approximately HK$55 million (31 December 2024: approximately HK$79 million), representing a net cash decrease of approximately HK$24 million. The cash position was primarily impacted by the operating performance of the business (including both continuing and discontinued business) generated a net cash outflow of approximately HK$63 million.

Total Interest-Bearing External Borrowings and Gearing Ratio

As at 31 December 2025, the Group's total interest-bearing external borrowings amounted to approximately HK$126 million (31 December 2024: approximately HK$109 million). Consequently, the Group's gearing ratio (defined as the percentage of total interest-bearing external borrowings to total assets) increased to 35% as at 31 December 2025, compared to 26% in the prior year. This rise in the gearing ratio is primarily attributable to additional facilities drawn during the Year for working capital purposes. Notwithstanding this, the management remains committed to actively exploring opportunities to expand the capital base through disciplined fundraising efforts. This initiative is strategically aimed at supporting future growth and financing subsequent investment initiatives, in line with the Group's long-term objective of value creation.

Capital structure

On 21 July 2025, the Board proposed to (i) implement a capital reorganisation involving (a) the consolidation of every ten existing issued and unissued shares of par value HK$0.1 each into one consolidated share of par value HK$1, (b) the reduction of the paid-up capital of the Company by cancelling HK$0.9 on each issued consolidated share such that the par value of each issued consolidated share is reduced from HK$1 to HK$0.1 and the credit arising therefrom is transferred to the contributed surplus account of the Company, and (c) the sub-division of each authorised but unissued consolidated share of par value HK$1 into ten new shares of par value HK$0.1 each (the "Capital Reorganisation") and (ii) change the board lot size for trading on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") from 2,500 existing shares to 10,000 new shares (the "Change in Board Lot Size"). The Capital Reorganisation and the transactions contemplated thereunder, along with the Change in Board Lot Size, were subsequently approved by the Shareholders at the special general meeting held on 21 August 2025 and became effective on 25 August 2025. For further details, please refer to the Company's announcement dated 21 July 2025, the circular dated 5 August 2025, and the poll results announcement dated 21 August 2025.

The Company did not conduct any equity fund raising activities during the Year. As a direct result of the Capital Reorganisation, the total number of issued shares of the Company decreased to 283,081,734 shares, each with a par value of HK$0.1 as at 31 December 2025 (31 December 2024: 2,830,817,343 shares, each with a par value of HK$0.1). The Group's working capital requirements and capital expenditure were primarily funded from cash on hand, internally-generated funds, and long-term borrowings.

Foreign Exchange Risk

The Group operates internationally and is consequently exposed to Foreign Exchange ("FX") risk arising from various currency fluctuations. Key currencies giving rise to this exposure primarily include the Euro, Renminbi (RMB), and United States Dollars. FX risk dominantly arises from future commercial transactions and anticipated foreign exchange commitments. To a lesser extent, it stems from recognised monetary assets and liabilities that are denominated in currencies other than the functional currencies of the Group's entities. The Directors will continue to proactively monitor the foreign exchange exposure, considering appropriate actions necessary to mitigate such risk and protect the Group's net assets and profitability.

Treasury Policy

The Group adopts a prudent funding and treasury policy in its financial management, aimed at ensuring robust financial stability and adequate liquidity. Cash resources are generally placed in short-term deposits with reputable banks, seeking to minimise risk while optimising yield. These balances are predominantly held in Hong Kong Dollars and United States Dollars. Furthermore, the Group maintains continuous review of its capital structure and proactively monitors current and expected liquidity requirements. This strategy ensures funding arrangements are continuously updated to align with evolving business needs and secure the necessary capital to finance future growth and development initiatives.

Significant Investment and Material Acquisitions and Disposals

Save for those disclosed in this announcement, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries during the Year (31 December 2024: as disclosed in the Company's announcements dated 25 March 2024, 8 April 2024, 15 May 2024, 31 May 2024, 3 June 2024 and 27 June 2024, two subsidiaries in Switzerland, one in Belgium, seven in Germany, and one in Denmark filed for insolvency, self-administration, and preventive restructuring with the relevant competent courts. Moreover, in the second half of 2024, as disclosed in the Company's announcements dated 22 July 2024, 29 July 2024 and 28 October 2024, a Dutch subsidiary, two subsidiaries in Hong Kong, and two subsidiaries in the United States also initiated insolvency proceedings, were placed into creditors' voluntary liquidation, and filed for bankruptcy with the relevant competent courts).

Capital commitments

As at 31 December 2025, the Group did not have significant capital commitments (31 December 2024: nil).

Charges on Group Assets

As at 31 December 2025, the Group's long-term borrowings were mainly secured by:

(i) All the undertakings, properties, and assets of three subsidiaries of the Company. The assets held by these subsidiaries included trademarks of the Group, recorded at an aggregate carrying amount of approximately HK$264 million at the group level as of 31 December 2025 (31 December 2024: approximately HK$268 million);

(ii) The shares of two subsidiaries of the Company; and

(iii) Loan receivables owing to the Group by a joint venture, with the carrying amount of nil million as of 31 December 2025 (31 December 2024: approximately HK$22 million).

As at 31 December 2025, save for those disclosed elsewhere in this announcement, the Company had not otherwise charged its assets as collateral (31 December 2024: nil).

Contingent liabilities

As at 31 December 2025, save for those disclosed below or elsewhere in this announcement, the Company had no other significant contingent liabilities (31 December 2024: nil).

(i) Lease

As at 31 December 2025 and 31 December 2024, the Group was subject to a potential claim stemming from the early termination of a lease agreement, where the relevant subsidiary is subject to ongoing insolvency proceedings. Negotiations are currently underway, but no definitive settlement agreement has been executed as of the date of this announcement. It is anticipated that the Group's potential exposure in a settlement scenario will not exceed HK$14 million. The lease deposit provided by the Group to the landlord has already been applied thereby reducing any potential settlement amount.

As at the date of this announcement, the matter remains under review and is subject to ongoing legal negotiation. No provision has been recognised in the financial statements as the landlord has a duty to take reasonable actions to re-rent the premises to mitigate the compensation amount, and the amount cannot be measured with sufficient reliability at this stage. The Group will continue to proactively monitor the situation and reassess the need for a provision as further information becomes available.

(ii) Legal Proceedings

As disclosed in the announcement dated 8 January 2026, it was recently brought to the attention of the Board that, at the request of the bankruptcy trustee (the "Trustee") of Esprit Europe B.V. ("Esprit Europe"), which is a former subsidiary of the Company, a writ of summons filed with the Amsterdam District Court and unaccompanied by any supporting documents was received by the Company and Million Success Resources Limited ("Million Success"), an indirect wholly-owned subsidiary of the Company. Details of which were disclosed under "IMPORTANT EVENTS AFTER THE END OF THE YEAR" in the Management Discussion and Analysis section of this announcement.

As at the date of this announcement, the legal proceedings are still at an early stage, there is uncertainty as to the final outcome of the litigation and the current or future financial impact of the legal proceedings on the Group. No provision has been recognised in the financial statements as, based on the legal advice, the claim has been brought without proper factual merit and the amount cannot be measured with sufficient reliability at this stage. The Group will continue to proactively monitor the situation and reassess the need for a provision as further information becomes available.

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

The Group employed approximately 31 full-time equivalent employees ("FTE") as at 31 December 2025 (31 December 2024: approximately 55 FTE). This structural reduction was primarily attributable to an internal organisational restructuring specifically implemented to optimise operational efficiency and better align the scale of the organisation with the asset-light, licensing-centric business model. The Group maintains its fundamental commitment to attracting and retaining high-calibre, competent employees. Remuneration packages are designed to be competitive with the relevant external market, structured to reflect business performance, and calibrated according to prevailing market conditions, ensuring equitable compensation for employee contributions.

DIVIDEND

As the Group recorded a net loss for the Year, the Board has resolved that no final dividend will be declared and paid in respect of the Year. The Board will constantly monitor and review the situation in the coming future.

IMPORTANT EVENTS AFTER THE END OF THE YEAR

As disclosed in the announcement dated on 8 January 2026, it was recently brought to the attention of the Board that, at the request of the Trustee of Esprit Europe, a writ of summons filed with the Amsterdam District Court and unaccompanied by any supporting documents was received by the Company and Million Success.

According to the writ of summons, prior to the bankruptcy of Esprit Europe, Esprit Europe transferred to Million Success the shares it held in Esprit (Holdings II) B.V., which was the indirectly co-owner of certain intellectual property rights, with a book value of EUR56.48 million at a purchase price of EUR10.2 million, which was set off against part of the shareholder loan from the Company (the "Shareholder Loan") and assumed by Million Success. Esprit Europe also transferred to the Company intra-group claims of approximately EUR28.2 million and debts of approximately EUR11.3 million for further set-off against the Shareholder Loan. Upon completion of these set-off, the Shareholder Loan balance in excess of EUR49 million remained outstanding. The Trustee alleged that these transactions were detrimental to the interests of the joint creditors of Esprit Europe and requested the Company and Million Success to compensate the resulting damages and bear the costs of the proceedings.

The Company sought legal advice regarding the merit of the legal proceedings and was advised that the jurisdiction of the Kingdom of the Netherlands falls under Schedule 2 of the Foreign Judgments (Reciprocal Enforcement) Ordinance (Cap.319) ("Ordinance"). Therefore, a potential enforcement of a Netherlands judgment must come under the Ordinance. Section 2(2) of the Ordinance precludes the enforcement of foreign judgments regarding the winding up of companies. As such, the claim brought by the Trustee from the Netherlands of the wound-up Esprit Europe would be unenforceable in Hong Kong. The claim has therefore been brought without proper factual merit. The Company is actively taking appropriate measures, including legal actions, to protect the legitimate rights of the Company, safeguarding the interests of the Group and shareholders of the Company. As the legal proceedings are still at an early stage, there is uncertainty as to the final outcome of the litigation and the current or future financial impact of the legal proceedings on the Group. For further details, please refer to the announcements of the Company dated 8 January 2026 and 22 July 2024.

OUTLOOK

The operating outlook for the global fashion industry remains divided. While macroeconomic and geopolitical pressures are expected to persist, new business models and continued technological advancements are creating meaningful opportunities for growth. Despite this divergence, many sectors have already adjusted to these conditions and increasingly regard this environment as the new normal. McKinsey's Fashion Growth Forecasts predict that the global fashion industry will record low single-digit growth in the forthcoming year, commensurate with other sectors facing uncertain market conditions. Projections indicate moderate growth rates in the United States and lower anticipated growth in the Mainland China market. Continued macroeconomic volatility is anticipated to weigh on consumer sentiment and reinforce prudent, value-conscious purchasing patterns. Notwithstanding short-term market volatility and geopolitical uncertainties, the long-term outlook for the licensing industry remains robust.

The forward trajectory of the fashion licensing sector is positioned to capitalise on rising demand for accessible luxury, quiet luxury, and lifestyle offerings, predicated upon consumer preference for branded propositions that integrate value, quality, and rigorous sustainability standards. Simultaneously, persistent consumer cost consciousness and the expansion of the off-price, private label, and recommerce distribution channels are structurally redefining the positioning and distribution ecosystem for licensed fashion properties. These market dynamics are notably apparent in core licensing markets, specifically Mainland China and the United States, where consumers demonstrate a sustained appetite for branded and premium products, whilst increasingly prioritising value-driven discount formats, resale mechanisms, and circular consumption models.

It is against this background that fashion has emerged as a high-growth segment within the global licensing market, benefiting from structural shifts in consumer demand and changes in entertainment-related spending patterns. The asset-light, licensing-driven model remains an effective strategy, as brand owners can leverage partners' established manufacturing, distribution and omnichannel capabilities to accelerate market and category expansion while reducing capital commitments and inventory-related risks.

During the Year, the Company achieved significant progress in the execution of its licensing strategy across core geographical segments, progressing from the establishment of foundational commercial agreements in the first half of the Year to concrete market activations launched toward the close of 2025. Throughout this period, decisive focus was maintained on disciplined partner selection, establishing robust contractual frameworks, and fostering alignment between brand equity, operational efficiency, and commercial objectives, thereby supporting successful rollout of the initiatives. These collective efforts now constitute a solid operational platform anticipated to drive meaningful commercial contributions from fiscal year 2026 onwards, with further momentum as more geographical segments transition effectively from initial setup to full operating stages.

Mainland China

The fourth quarter of 2025 marked a successful deployment of our partner entry across principal e-commerce platforms, notably including Tmall, Douyin, and Vip.com. This extensive digital presence constitutes a strategic imperative, given that the accelerated expansion of digitalisation remains a powerful driver of licensing sector growth within Mainland China.

In parallel with this digital penetration, our licensee partner is planning to commence the staged rollout of physical retail locations within core Mainland China cities, supplemented by a schedule of multiple pop-up store openings throughout 2026. These physical consumer touchpoints are essential to enhance brand visibility, effectively reinforce the provision of carefully curated and differentiated brand experiences, and cultivate opportunities for deeper consumer engagement and enduring connection.

Hong Kong

The opening of an "ESPRIT" flagship store in Causeway Bay in November 2025 is the first flagship location for the brand in Asia by the licensee partner, which represents an important milestone in the Company's strategic re-entry into one of its core markets. This launch strengthens the brand's visibility and supports the execution of the new licensing-led operating model within the region.

The rollout has been supported by a comprehensive marketing programme designed to showcase a revitalised brand identity and reintroduce ESPRIT to local consumers. In addition, the licensee partner initiated the ESPRIT × Mr. Nobodies collaboration in January 2026, with further artists and high-profile partnership initiatives planned. These activities are expected to broaden consumer engagement, revitalise brand relevance, and enhance the impact of ongoing promotional campaigns.

Building on this momentum, the licensee partner opened a second store in Olympian City, West Kowloon, in late March 2026, further strengthening its retail footprint and supporting deeper market penetration in the region.

North America

In the North American market, the licensee partner is currently finalising platform onboarding protocols concurrent with the development of the Fall 2026 collection. This operational commitment, substantiated by a clearly defined strategic roadmap encompassing product launches and commercial expansion, ensures the systematic establishment of a robust operational foundation for sustained long-term growth within these highly competitive segments. The resulting product assortment is strategically engineered for positioning across a diverse spectrum of retail channels, thereby facilitating the capture of market demand across the value, discount, and mid-market consumer tiers.

In summary, 2026 will mark the transition of the Company's focus from establishing its global partnership network to driving revenue growth in its core markets. By leveraging its asset-light, licensing-centric business model, the Company can mitigate many of the macroeconomic and operational risks associated with traditional direct retail model, while concentrating resources on strengthening brand equity and market positioning. At the same time, the Company remains mindful of its heritage in retail, e-commerce and wholesale, and will continue to assess opportunities in these channels as market conditions improve, maintaining flexibility, responsiveness to emerging prospects and markets niches.

PUBLICATION OF ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (https://www.hkexnews.hk) and the Company (www.espritholdings.com). The annual report of the Company for the Year containing all the information required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in April 2026.

ANNUAL GENERAL MEETING

The Company will hold an annual general meeting (the "AGM") on Wednesday, 27 May 2026. Notice of the AGM will be published and despatched to the shareholders of the Company in accordance with the Bye-laws of the Company and the Listing Rules.

CLOSURE OF REGISTERS OF MEMBERS

For determining the eligibility of shareholders to attend and vote at the AGM of the Company:

Latest time to lodge transfer documents for registration	At 4:30 pm on Wednesday, 20 May 2026
Closure of Registers of Members	Thursday, 21 May 2026 to, Wednesday, 27 May 2026 (both dates inclusive)
Record date	Wednesday, 27 May 2026

During the above closure period, no transfer of shares of the Company will be effected. To be eligible to attend and vote at the forthcoming AGM, all transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than the aforementioned latest time.

AUDIT COMMITTEE

The Audit Committee currently comprises three Independent Non-executive Directors, namely Mr. LO Kin Ching Joseph, Ms. LIU Tsui Fong and Mr. YU Chung Leung. The Audit Committee has reviewed the accounting principles and practices adopted by the Group, the risk management and the internal control systems and financial reporting matters including the review of the interim and annual results of the Group, and the basis and accounting treatment thereof. The Audit Committee has reviewed and agreed with the results of the Group for the Year as set out in this announcement.

SCOPE OF WORK OF THE AUDITOR OF THE COMPANY

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the same year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Crowe (HK) CPA Limited on this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's shares during the Year.

CORPORATE GOVERNANCE

Throughout the Year, the Company has applied the principles of, and complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules. The Company has made specific enquiry with all the Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the Year.

By order of the Board
Esprit Holdings Limited
WRIGHT Bradley Stephen
Acting Chairman

Hong Kong, 30 March 2026

Dates and times 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:
Mr. WRIGHT Bradley Stephen
Ms. LI Hui
Ms. LIU Jianyi

Independent Non-executive Directors:
Ms. LIU Hang-so
Ms. LIU Tsui Fong
Mr. LO Kin Ching Joseph
Mr. YU Chung Leung