



Esprit Announces Annual Results for FY2021

*Revenue Increases to HK\$8,316 Million
with Net Profit After Tax Surging Significantly
Recording a Turnaround to HK\$381 Million
Re-Establishes ESPRIT's Market Leadership*

(29 March 2022, Hong Kong) – **ESPRITHOLDINGSLIMITED** (the “Company”, together with its subsidiaries, “ESPRIT” or the “Group;” HKEx: 00330) has announced its audited financial annual results for the year ended 31 December 2021 (the “Current Year”), highlighted by a significant increase in both revenue and profit attributable to shareholders of the Company to HK\$8,316 million and HK\$381 million respectively, in which the profit attributable to shareholders of the Company also recorded a turnaround versus the loss attributable to shareholders of the Company of HK\$414 million for the six months ended 31 December 2020 (the “Corresponding Period”¹). Gross profit margin was 48.6%, 7.0% higher than the Corresponding Period. Please refer to the Company’s results announcement for the Current Year for further details.

Such financial improvement was attributable to various reasons, including (i) the new infrastructure and strategies instituted by the current management team; (ii) improvement in sales with higher gross profit margin; (iii) positive results of efficient cost control measures; (iv) improved inventory management; and (v) growth in E-commerce.

Mr. PAK William Eui Won, Executive Director, Chief Executive Officer and Chief Operating Officer, said, “The remarkable results are definitely a testament to the Company’s collective efforts by devoted staff at ESPRIT, including the successful migration of selected strategic functions from Germany back to Hong Kong, ESPRIT’s new global headquarters. Combining expertise from the two offices has created a stronger organizational balance and workplace synergy. It is also evident that the current management team has crafted the correct infrastructure to re-establish ESPRIT to become a market leader. We will continue to strengthen ESPRIT by becoming a truly omni-present brand and enhancing our product portfolio that fits with the Company’s mission of making our customers ‘feel good to look good’.”

Although revenue in the Current Year was affected by lockdowns in the Company’s major European markets during the first quarter of 2021, and due to increased restrictions on entry requirements into stores during the fourth quarter of 2021, the Group generated revenue via three main channels: E-commerce, wholesale, and owned retail stores. As the ESPRIT brand website and third-party E-commerce partners continued to trade during

¹ Due to a change in the fiscal year end date, the Corresponding Period covered a period of six months from 1 July 2020 to 31 December 2020. Hence, the comparative figures hence are not directly comparable.

lockdown, a large portion of the Group's sales were generated online. This business model allowed it to mitigate some of the negative impacts of the Pandemic in the retail segment. Another driver of growth came from selling fewer discounted products from the Company's retail business compared to 2020.

The Group has not forgotten the ESPRIT mission and long-standing commitment to sustainability. The Company has continued to work tirelessly towards developing cutting-edge materials that set new standards in terms of environmental sustainability. The Company has formulated and further advanced its ESG strategies to establish ESPRIT as an industry pioneer. Such strategies involve the greater use of sustainable fibers, developing new and innovative product options that support a circular economy, and ensuring environmental awareness is a key message that underpins all of the Group's projects. To achieve these objectives, the Management has identified four key pillars of growth (Sourcing and Procurement; Marketing and Product; IT, Internet, and E-commerce; and The ESPRIT Brand Story) that are paramount in maintaining the loyalty of existing ESPRIT patrons and attracting new customers.

Looking ahead, the global economy is anticipated to be negatively affected by the lingering effects of the coronavirus pandemic and the conflict in Ukraine. The already unstable logistics industry and disrupted supply chain will likely be further impacted, which in turn will result in higher logistic service costs. Despite the unfavorable global economic outlook, the Group believes that under the leadership of its current management and with the support of dedicated staff members, the Company is on track to ongoing profit growth.

Ms. CHIU Christin Su Yi, Chairperson and Executive Director, concluded, "Although there are major uncertainties in the short term for the general global economy, the Group will stay connected and remain agile to react promptly to whatever challenges that may emerge. The Company has already started revitalizing the ESPRIT brand and leveraging the Company's 2021 performance to drive greater sustainable business growth in 2022. The Management will continue to apply its four-pillar approach to its business practices to ensure that the Company remains on the road to success."

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About ESPRIT

Fueled by the vision of essential positivity, ESPRIT was founded in California by couple Susie and Doug Tompkins in 1968. Inspired by the revolutionary spirit of the 60s, the brand developed a clear philosophy – always celebrating real people and togetherness, in line with the brand's promise: "We want to make you feel good to look good". The success story of ESPRIT is based on delivering joy every day through laid-back tailored, high-quality essentials and carefully selected fashion-forward pieces while staying true to its core values of sustainability, equality and freedom of choice. Example: In the early 90s, long before "Eco Fashion" became fashionable, ESPRIT debuted its first "E-collection" made of 100% organic cotton and featured its own team instead of models in honor of their "Real People Campaign."

Keeping this spirit alive since day one, today ESPRIT has a presence in over 30 markets around the globe. ESPRIT's headquarters is located in Hong Kong, where the brand has been listed on the Hong Kong Stock Exchange since 1993.

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Forward-Looking Statements

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