

A photograph of three women sitting on a snowy mountain slope. The woman on the left is wearing a black ski jacket and helmet with blue goggles. The woman in the middle is wearing a red ski jacket and helmet with orange goggles. The woman on the right is wearing a white ski jacket and helmet with black goggles. They are all smiling and looking towards the camera. The background shows a vast, snow-covered mountain range under a clear blue sky.

Annual Report 2025



LUHTA
SPORTSWEAR
COMPANY

2025 WAS A year of many significant events for our company. We report on the year’s events and activities in our Annual Report 2025, which combines the Annual Report and the Sustainability Report.

LUHTA SPORTSWEAR COMPANY’S Annual Report 2025 consists of four sections:

- Business Review
- Sustainability Review
- Financial Review
- Corporate Governance Statement

ALL THE INFORMATION concerns the period 1.1.–31.12.2025 and is reported in accordance with GRI Standards. In the Annual Report, we apply the elements of an integrated report.

ALL SECTIONS OF the Annual Report are available in both Finnish and English.

WE REGULARLY COMMUNICATE as a company on our website www.luhtasportswearcompany.fi and LinkedIn channel www.linkedin.com/company/luhtasportswearcompany/.

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Business Review 2025



LUHTA
SPORTSWEAR
COMPANY

BUSINESS REVIEW 2025

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Luhta Sportswear Company in Brief

Founded in
1907

Family-owned
100%

56
own stores

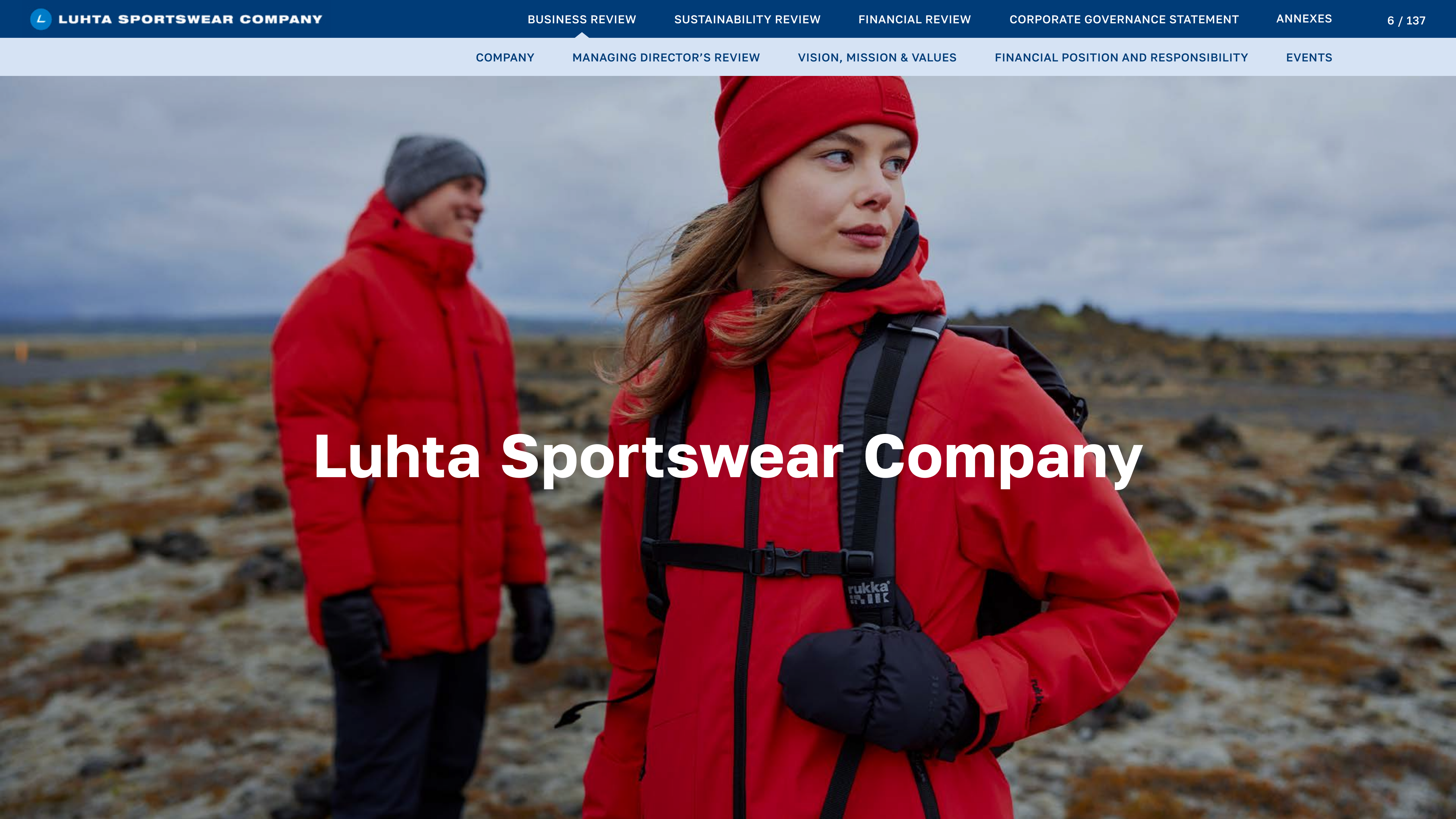
7 000+
sales sites

Sales in
50+
countries

ca.
900
professionals

Net sales ca.
€181
million





Luhta Sportswear Company

We Are Luhta Sportswear Company

LUHTA SPORTSWEAR COMPANY is the leading Finnish clothing group and one of Europe's largest sportswear companies. We are headquartered in Finland, and we have distribution centers in Lahti, Finland, and Suzhou, China.

OUR COMPANY HAS a comprehensive portfolio of clothing and footwear brands focused on sports, casual leisure, outdoor activities and fashion. We develop strategic brands for the long term and to succeed in international competition, and we use our tactical brands to actively respond to the changing market situation, while taking sales needs into account. Internationally, we are particularly known for our strategic brands Luhta, Icepeak, Rukka and Dachstein.

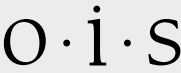
OUR SPECIAL EXPERTISE is in the design, manufacture and sales of casual, sports, fashion, and outdoor clothing, footwear, and accessories. The portfolio also includes motorcycling, home furnishings, and pet products. We offer these products, which represent our Finnish heritage and the know-how that has been passed down through several generations in our company, to active people around the world.

THE BUSINESS DEVELOPMENT of our brands and product development of our collections operated in three divisions in 2025: Apparel, Performance & Footwear, and Essentials. The divisions specialized in their own product segments and in their functionality levels. The Wholesale, Retail and Digital sales teams and the DTC Budgeting and Assortment team were responsible for offering products to different markets and sales channels. The business service units supported the divisions' activities in various areas.

OUR CORE BUSINESS is wholesale, meaning selling our brands' products to major global multibrand retailers.



Luhta Sportswear Company's Business Areas and Product Groups

BUSINESS UNITS AND PRODUCT DIVISIONS	CATEGORIES	KEY BRANDS
APPAREL	Clothing	    
PERFORMANCE AND FOOTWEAR	Clothing Footwear Motorcycle apparel, footwear and gear	   
ESSENTIALS	Accessories Home textiles and home decor items Pet clothing and accessories	  



THE WHOLESALE ORGANIZATIONS of the group’s brands provide the customers of each business area with high-level sales and customer service in each market area. Long-term business relationships, the local nature of the customer service, and the extensive brand and category offering are strengths that deepen our customer relationships, strengthen our market position, and help in understanding the needs of different market areas and in offering alternative solutions to fulfill them.

THE GROUP’S PRODUCTS are sold in more than 50 countries. In our main market areas, we have subsidiaries, while sales in smaller market areas are organized through agencies and import organizations. In addition to Finland, the group’s most important market areas are Germany, France, the Netherlands, Austria, Italy and Switzerland. Our company has distribution centers in Lahti, Finland, and Suzhou, China.

THROUGH THE GROUP’S different retail sales concepts, we make our products available to the widest possible range of consumers in selected markets.

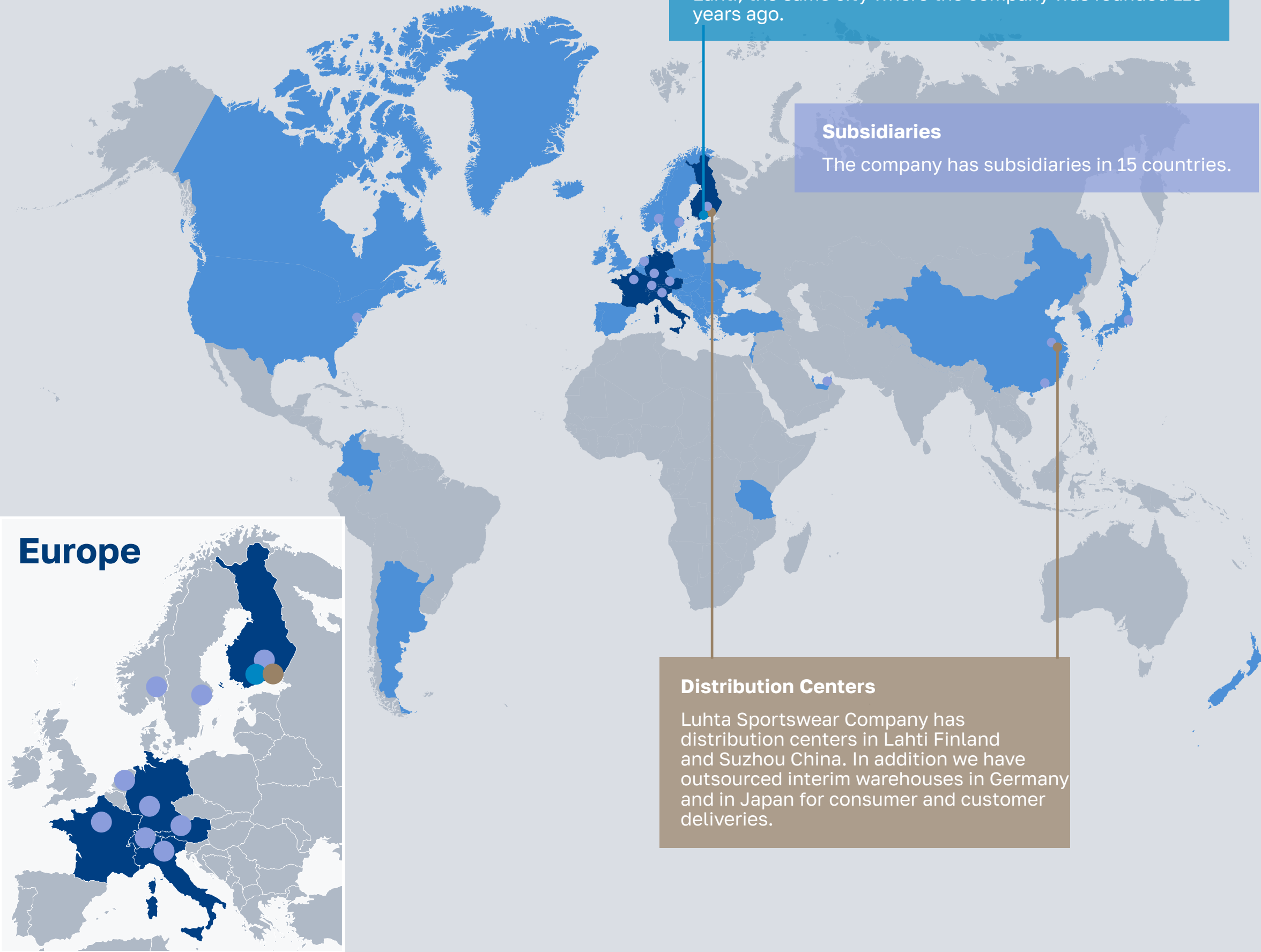
THE STRUCTURAL CHANGES we initiated in our domestic consumer business in 2024 were completed in 2025. The last stores of Aleksi 13 chain were closed, we grew the Luhta Brand Store chain, and launched a new fashion chain, Your & More. In 2025, our group’s multichannel consumer business included the Luhta Brand Store focusing on outdoor and casual clothing, the multi-brand fashion

chain Your & More, the Luhta, Balmuir and Your FACE brand stores, the leisure collection-focused Luhta Lifestyle Store and Balmuir Concept Store at Helsinki-Vantaa airport, and Luhta Outlet stores offering products from previous seasons. At the end of 2025, our retail brands had 56 stores in growth centers in Finland and internationally.

THE GROUP’S LUHTA.COM online store sells products in the EU and showcases our brands globally. The Luhta aClass customer loyalty program is valid in all of the group’s retail stores.

Luhta Sportswear Company's Business Areas 2025

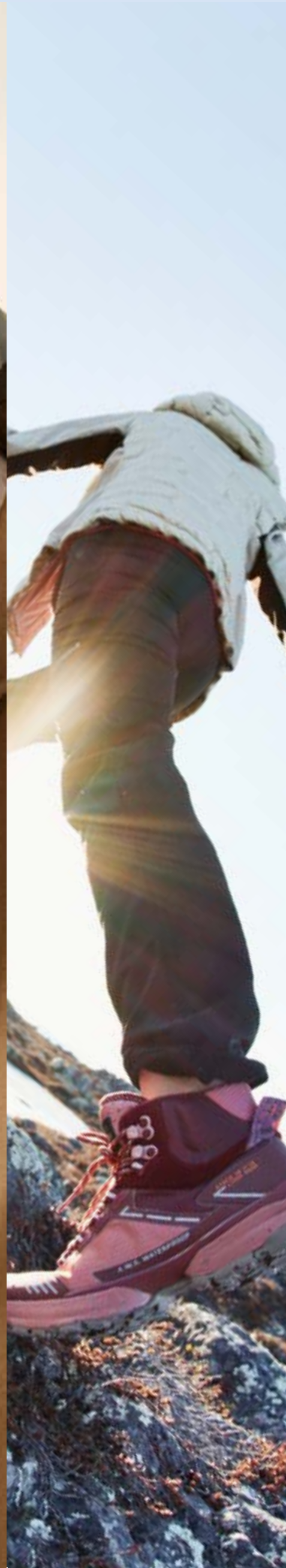
- Main market areas
- Other market areas



Diverse portfolio of clothing and footwear brands

LUHTA SPORTSWEAR COMPANY has a wide and diverse portfolio of clothing and footwear brands focused on casual leisure, outdoor activities and fashion. Strategic brands are developed within the company with a long-term view to succeeding in international competition. Tactical brands are used to actively respond to the changing market situation by meeting demand and taking sales needs into account.

THROUGH THE GROUP'S different retail sales concepts, we make our brand collections and products available to the widest possible range of consumers in selected markets.



Strategic brands for sports and relaxed leisure time



LUHTA - INSPIRED BY FINLAND. DESIGNED TO MAKE MEMORIES

Building on more than a century of experience, Luhta creates men’s and women’s apparel, accessories, and footwear for active and relaxed leisure time in all seasons. Luhta is for all active people for whom an active lifestyle isn’t about striving for first place, but about maintaining health and well-being and experiencing new things. Luhta Home-collection also offers casual home decor. Always functional, always stylish.



ICEPEAK - IT’S OUT THERE

Icepeak, one of the biggest sports clothing brands in Europe, designs functional sports clothing, accessories, and footwear to maximize your outdoor experience. Reasonable prices, quality materials, functional details, and trendy design are the key factors of the brand’s success. The brand provides functional, active apparel for optimum performance in sports and everyday use for the whole family.



RUKKA - WEATHERPROOFNESS AND HIGH PERFORMANCE

The best high-quality clothing, accessories, footwear, and gear for all weather conditions – from everyday exercise to elite sports. Across all of Rukka’s product categories – from dynamic sports and outdoor gear to high-performance motorcycle gear, as well as pet clothing and accessories – weather resistance, thoughtful technology, and sport-specific design come together.



DACHSTEIN - SPECIALIST IN MOUNTAIN AND OUTDOOR FOOTWEAR

An outdoor and lifestyle brand known for its high-quality footwear design for mountain hiking and outdoor activities. Dachstein products combine urban style with the functionality required in the Alps, making the brand’s shoes, accessories, and clothing suitable for everyday use, light hiking, and mountain climbing. Founded in Austria in 1925, Dachstein has been part of Luhta Sportswear Company since 2018.

Fashion brands

TIMELESS DESIGNS AND high-quality apparel for work, weekends, and special occasions. Collections for women and men.



BALMUIR – EXCLUSIVE FASHION AND HOME DECORATION

Balmuir is a lifestyle design brand offering exclusive BMuir fashion collections, home furnishings, and personalized gift items made of the finest natural materials. The cornerstones of operations are product quality, excellent customer service, flexibility, and the joy of doing and creating.



RIL'S - TIMELESS FASHION FOR URBAN WOMEN

The popularity of the Ril's collection is based on timeless design and beautiful, high-quality products. Ril's offers modern urban women a sustainable clothing collection for work, weekends, and special occasions. The aim of the Ril's brand is to design and manufacture timeless fashion that can be worn and loved for years to come.



YOUR FACE – FIND YOUR TRUE FACE

The Your FACE collection includes carefully designed ensembles that stand the test of time. The secret to beautiful design lies in striking a balance between appearance and comfort. The clothes in the Your FACE collection not only look good, they also feel good and give you the freedom to be yourself.

Multichannel retail concepts

EACH OF OUR multichannel retail chains focuses on its own special offering. Our retail concepts enable a wide range of consumers to access our products in selected markets. Our stores are located in growth centers in Finland and internationally. Our products are also available at Luhta.com.



LUHTA BRAND STORE

Stores in the Luhta Brand Store chain focus on offering casual- and sportswear-inspired apparel, with collections for women and men.



YOUR & MORE

Your & More brings together four strong Finnish brands, all of which focus on durability, timeless style and unique clothing, accessories, and footwear. Fashion collections for women and men.



YOUR FACE

Your FACE is a nationwide women’s fashion chain offering a high level of service.



LUHTA LIFESTYLE STORE

Luhta Lifestyle Store Helsinki Airport, located in the Schengen area of the airport, offers the latest outdoor, leisure, and fashion clothing and footwear for women and men, as well as high-quality home furnishings for personal use or as gifts.



BALMUIR HELSINKI AIRPORT

Balmuir Concept Store Helsinki Airport serves both domestic and international travelers in the departure gate area beyond security. The concept store’s selection of fashion, home décor, and gift items is designed with travel in mind.



LUHTA

Luhta Lifestyle Store in downtown Helsinki showcases the brand's best international selection: depending on the season, selections from Luhta’s Smart, Outdoor, Wellness, and Ski collections. Clothing, shoes, bags, and accessories for women and men.



LUHTA OUTLET

Luhta Outlets offer previous seasons collections, one-off and sample items, clearance items and special batches, and second-quality items at affordable prices. The selection includes home furnishings, clothing, and footwear.



Managing Director's Review 2025

Managing Director's Review 2025

FOR LUHTA, 2025 was, above all, a year of transformation and determined renewal. Challenges in the operating environment, weak consumer demand, and structural changes in the retail sector were reflected in our net sales, but at the same time we succeeded in strengthening the Group's performance in several key areas. The positive development of the wholesale business and the strengthening of the gross sales margin balanced the overall picture, and we progressed systematically in line with our strategic goals. We completed the restructuring of our chain operations, which entailed the closure of the last stores of the Aleksi 13 chain. In addition, we developed our multichannel consumer business and strengthened our brand portfolio. International markets and e-commerce developed positively, and we laid a strategically important foundation for growth in the coming years both in domestic and international channels. Despite the challenging market conditions, 2025 strengthened our position as a multichannel and international player, and we are more prepared to capitalize on the market turnaround and the recovery in demand when it occurs.

- Net sales decreased by -4.8% to 181.2 million euros (190.2 million in 2024).
- International sales were up by +3.8%, but domestic sales fell by -19.8% mainly due to the restructuring of our retail chains.

turing of our retail chains.

- Wholesale sales increased by +1.8%, but consumer sales decreased by -20.1%.
- Profit before taxes for the financial period was 4.7 million euros (5.8 million in 2024).

THE OPERATING ENVIRONMENT of the clothing industry in 2025 remained exceptionally challenging from the perspective of both consumer demand and the supply chain. The continuing general geopolitical uncertainty in the markets affected consumer purchasing behavior throughout the year and was visible in fluctuations in demand across all our key markets.

GEOPOLITICAL TENSIONS IN Asia and the Middle East, as well as the continuation of Russia's war of aggression in Ukraine, increased uncertainty across the entire economic landscape, which weakened consumer willingness to spend. Consumer confidence in their own financial situation fluctuated in step with global political events and was also clearly and directly reflected in demand within the clothing industry.

THE LOGISTICS ENVIRONMENT also remained challenging. In late 2024, unrest in the Middle East forced cargo ships to sail around the southern tip of Africa, which lengthened transit times and drove

up winter and early spring delivery costs. Although container prices stabilized in the second half of the year, port congestion continued to cause significant delivery delays and increased operational uncertainty.

IN THE KEY markets of Central Europe, consumer demand continued to fluctuate based on economic outlooks and weather conditions. The market challenges were further exacerbated by the massive growth of ultra-fast fashion ordered directly from Asia, which eroded consumers' purchasing power. Despite the warm weather in early winter, the largest sporting goods retail chains in Central Europe have reported stable or moderate comparable sales growth. Market consolidation has continued strongly, both through the expansion of international vertical chains and the increase in multi-brand sporting goods chain stores.

IN OUR MAIN Asian markets, China and Japan, it appears that the bottom has been reached and the decline in consumer spending appears to have been stopped. Growth in both countries is being hindered by weak consumer confidence in the future, and growth in consumer spending is concentrated on services and experiences, while the savings rate remains high. Growth in the outdoor segment was also hampered by exceptionally warm

weather, particularly in the second half of the year, as well as record rainfall and storms. In China, the winter sports segment continued its strong growth and exceeded USD 100 billion in 2025. In Japan, the winter sports segment continued its moderate growth thanks to a snowy winter and the continued growth of tourism driven by the weak yen.

IN THE NORDIC countries, consumer purchasing behavior was reflected in the decline in sporting goods sales in most markets. The year was particularly challenging for the Finnish sporting goods business.

IN 2025, CUMULATIVE sales of the Finnish sporting goods business fell for the fourth consecutive year. Consumers spent 69.5 million euros less on the sporting goods, resulting in a -5.2% decline in the sector compared to the previous year. Purchases in sporting goods clothing fell by -15.9 million euros, or -3.1%, and purchases of footwear fell by -0.3 million euros, or -0.1%. The value of the sporting goods trade is now at the same level as in 2013.

IN 2025, FINLAND'S fashion sales fell by -35 million euros, or -1.0%, with clothing accounting for -34.1 million euros of this decline, representing a -1.3% drop. Sales of fashion footwear fell by -18.3 million euros, or -5.3%. The value of fashion consumption has decreased by -18% since 2013.

BRICK-AND-MORTAR REMAINED THE most significant channel for consumer clothing purchases, with a 76.8% market share, even though brick-and-mortar clothing sales declined by -1.9%. The market share of online clothing sales was 23.2%, of which foreign online retailers accounted for 18.8%. Purchases of clothing valued at less than 150 euros from China grew by +25%, reaching a value of 60.0 million euros and exceeding a total of 7 million items.

2025 WAS A year of significant brand and concept renewals for our Group. We launched the new Your & More fashion concept, which strengthens our position in the domestic fashion retail market. At the same time, we revamped the Luhta brand by introducing the Luhta Smart collection, which combines innovative and stylish Finnish design with Luhta's strong technical expertise in apparel. In addition, we launched the Luhta Olympic collection for the Finnish national team at the Milan-Cortina Winter Olympics; the collection received widespread positive attention also internationally. The celebratory atmosphere was further enhanced by several important milestones: Dachstein celebrated its 100th

anniversary, the Rukka brand turned 75, and Your FACE turned 30. These milestone anniversaries serve as a reminder of our strong brand heritage.

IN 2025, WE continued our development work in line with our sustainability strategy and once again took several significant steps in our sustainability work, strengthening the implementation of climate and environmental responsibilities and enhancing transparency throughout the value chain. Our climate work received important confirmation when our Group's climate targets received SBT validation. We also focused on developing our supply chain monitoring and reporting, which strengthens our readiness to meet future EU obligations.

DESPITE THE CHALLENGES, we made steady progress throughout 2025 in line with our strategic targets, and we laid a strong foundation for future growth. However, given the current climate of uncertainty and the challenging operating environment, forecasting trends in the clothing industry remains difficult.

GROUP SALES DEVELOPMENT

WHOLESALE SALES

THE GROUP'S WHOLESALE sales returned to growth in a challenging market after two difficult years, increasing by +1.8%. Our wholesale markets were characterized by a stark dichotomy in 2025.



Sales grew in most of our 56 sales countries, but overall growth remained modest due to a few challenging markets. This positive development reinforces the role of our wholesale sales operations in the Group’s overall performance, even though customer purchasing behavior still reflects consumer uncertainty.

IN MAY 2025, we took a significant step towards the next phase of growth for our international brands by signing a strategic partnership agreement with the international Intersport. This partnership strengthens our position in global wholesale markets. Starting with the spring-summer 2026 season, our Icepeak and Luhta brands will be part of Intersport’s strategic product range, bringing our products to even wider international distribution. This partnership strengthens our long-term growth strategy and lays the foundation for even stronger international competitiveness.

RETAIL SALES

2025 WAS A year of significant structural changes and a strengthening of a new direction for our retail business. The operating environment in Finland and Europe remained challenging, with consumer purchasing power and confidence still weak. The exceptionally warm autumn delayed and dampened seasonal demand, particularly for outdoor and winter products. In this situation, the ability to react quickly to changes in product assortments, pricing,

and promotions was crucial, and we succeeded well in doing so.

OVER THE COURSE of the year, we made determined progress in the strategic restructuring of our consumer business. The transformation of our retail sales network was completed with the closure of the last store of the unprofitable Aleksi 13 chain. At the same time, we strengthened our Luhta Brand Store chain by opening three new stores and positioned it more clearly as a specialty retailer of casual and sportswear.

WE LAUNCHED A new fashion chain, Your & More, aimed at establishing a broad domestic network; the first store under this concept was opened in August at Mall of Tripla. During autumn, the store network expanded to Kamppi in Helsinki and Ideapark in Lempäälä, and we intend to convert all Your FACE stores into new Your & More concept stores over the next few years. We also opened a unique Luhta Lifestyle store in downtown Helsinki in October. With this store opening, we wanted to give Finnish consumers a showcase and shopping destination for the best international offering of our collections, which might not otherwise be available through domestic distribution channels. The Luhta brand features the best of its international offering in the store. The store, which opened in late 2025, has been well received and features seasonal collections from Luhta’s Smart, outdoor, wellness, and ski lines, as well as the Luhta Olympic Edition

collection, based on the line designed for the Finnish team at the Milan-Cortina Olympics. In addition to the clothing collection, the store also offers Luhta shoes, bags, and accessories. These store openings demonstrate that renewal and growth are possible even in a challenging market situation.

THE STRUCTURAL CHANGES in store operations resulted as anticipated. The impact of close-out sales was mainly felt in the 2024 gross sales margin, and our 2025 in the retail's gross sales margin in domestic retail was +2.3 percentage points higher, reflecting successful assortment and profitability measures, too.

DURING THE YEAR, we closed six Aleksi 13 and Your FACE stores as part of our efforts to develop the chain structure. At the same time, we took a significant step forward by launching the new Your & More fashion chain and opening three high-profile stores in key growth centers. The Luhta Brand Store chain expanded with three new stores, and the network was optimized with one closure. The number of stores in the Luhta Outlet chain remained stable, and two stores were relocated to ensure better accessibility. In addition, we opened a Luhta Lifestyle Store in downtown Helsinki to strengthen the premium-brand experience.

THE ROLE OF e-commerce and digital services as part of the multichannel customer experience was further strengthened and is a key component of the

development of multichannel retail sales. Domestic e-commerce grew during the year by +5.2 percentage points in terms of sales and by +8.7 percentage points in terms of gross sales margin. We also made concerted efforts to drive growth in international consumer sales. International e-commerce sales rose by +6.3 percentage points, supported by targeted marketing. As part of this development, we launched the Dachstein clothing collection directly to consumers. The aim is to increase recognition and sales of the Dachstein brand, particularly in the Central European markets where the brand has a strong heritage and growth potential.

THE LICENSING PARTNERSHIP with Balmuir contributed to the Group’s net sales as planned. The aim of the licensing agreement is to diversify the brand and product portfolio sold to fashion customers in Central Europe, supporting wholesale sales of the Luhta Smart Sportswear collection, as well as to further expand and diversify the assortment and price flexibility of our fashion chain and online store.

GROUP PROFIT DEVELOPMENT and Expectations for 2026

THE GROUP’S RESULTS remained under control despite the challenging market conditions and changes. The positive development in wholesale business was not entirely able to offset the structural changes in retail business and weak consumer demand, so our net sales decreased by -4.8% from the previous year’s level to 181.2 million euros.

OUR SALES MARGIN continued its strong performance, rising to 52.5% from 51.7% in the previous financial year, reflecting both the benefits of currency hedging and the decline in container prices. At the same time, thanks to the operational measures we implemented and the relative change in sales, we were able to reduce fixed costs by -1.4%, or 1.2 million euros. After financial expenses and taxes, our net profit decreased slightly from the previous year’s +4.1 million euros to +3.8 million euros. The Group’s EBITDA for the financial year was 12.4 million euros, compared to 13.9 million euros in 2024.

FOR 2026, WE anticipate a moderately positive trend in our key financial indicators. Gross sales margin on preliminary sales has remained stable and the RMB exchange rate has remained favorable for us, so the final gross margin percentage will be determined by the level of oil prices and, conse-

quently, freight rates during the autumn deliveries. Fixed costs are rising moderately due to operational changes and inflation but are decreasing relative to sales. Based on these factors, we estimate that operating profit will improve compared to the 2025 financial year.

THE OPERATING ENVIRONMENT and market volatility are expected to continue, but despite of the challenges in the market net sales are expected to grow in 2026.

OUR BIGGEST RISKS relate to the impact of geopolitical tensions on exchange rates, the functioning of the logistics chain, costs, and changes in consumer behavior. We have hedged our key currency risks for 2026, but logistics disruptions and fluctuations in consumer demand remain difficult to forecast. Despite this, the Group is well positioned to capitalize on growth opportunities presented by a potential market recovery.

EVENTS AFTER THE Financial Year

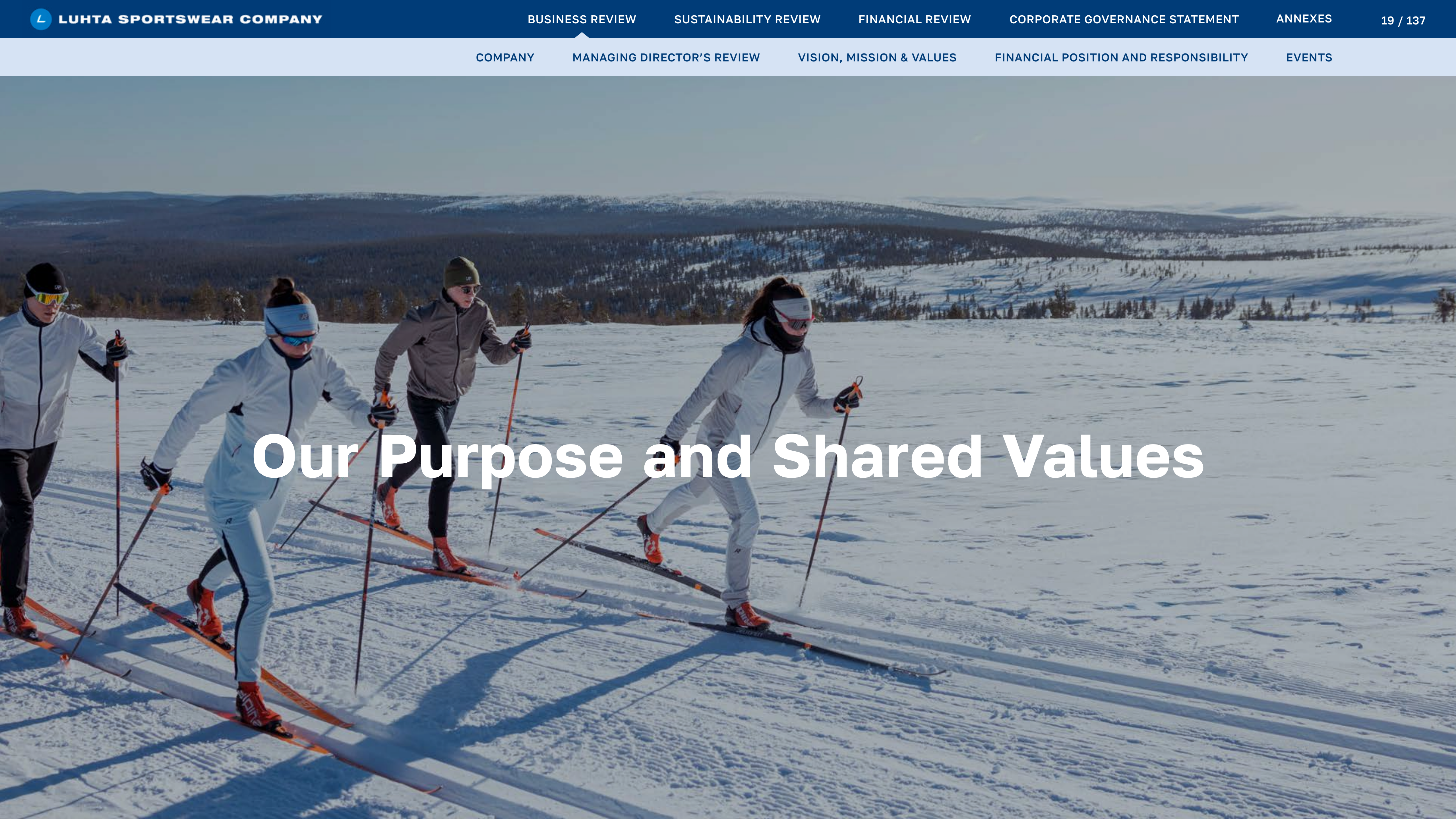
IN 2025, PRODUCT development responsibility for our brands’ business operations and collections was with three divisions: Apparel, Performance & Footwear, and Essentials. Each division specialized in its own product segments and functional areas. The Wholesale and the Retail and Digital sales teams as well as the DTC Budgeting and Assortment team were responsible for the product

offering across different market areas and sales channels. The business service units supported the divisions’ operations in various areas.

IN NOVEMBER 2025, the decision was made to transition to a new divisional structure, effective from 1.1.2026. The new divisions are Apparel, Performance & Fashion, and Essentials.

THE IMPLEMENTATION OF the ERP system proceeded as planned in the early part of the year for the spring-summer 2027 sample series. In 2026, we will transition to the new ERP system in phases, which will strengthen our Group’s process control, transparency, and operational efficiency in the coming years.

JUHA LUHTANEN
CEO



Our Purpose and Shared Values

Mission and Vision Set the Direction

IN OUR COMPANY strategy, we describe our company's ambition and summarize why our company exists and what we want to achieve.

WE HAVE DEFINED our company mission and vision as follows:

MISSION:

We inspire an active and healthy lifestyle from one generation to another.

We are proud of our 118-year history – of the timeless design we have created, the responsible choices we have made and that our product brands and portfolios have encouraged and inspired people around the world to live an active lifestyle. Our products are designed to help enjoy life: We are active outdoors, we decorate, we live every day to the fullest, and we celebrate weekends. These moments are part of us and our life story.



VISION:

Inspiration and success for the next 100 years

We are proud of our 118-year heritage – the strong foundation and deep know-how we have built over the years. We are moving confidently into the next one hundred years. We are one of Europe's largest sportswear companies. In the future we want to be one of the world's largest outdoors-inspired sportswear companies.

We have created many success stories with our customers and consumers – and we will create many more. Through our business, we create a positive impact on active and healthy lifestyles. Making responsible choices matters, and we want to be part of building a future that is a better place to live – an aim that will become increasingly important in the future. We offer high-quality products for a wide audience – products with excellent design, quality and value for the money. By working together and following our shared passion, we will continue to create new success stories for future generations.



Our Shared Values Guide Our Way of Operating

OUR COMPANY'S VALUES describe how we do business. Shared values create a foundation for our operations, our development and our culture. We expect everyone in our company to work in line with our values, and we want our values to be outwardly visible through our everyday actions.

VALUES HELP US to make the right choices, even in difficult situations, and to be more resilient.



Our company's values are summarized in the following four core concepts:

INTERNAL ENTREPRENEURSHIP:

We give room to develop and grow, take responsibility and influence.

- Together with our enthusiastic, development-oriented and highly skilled personnel, we constantly create new success stories.
- We take initiative and responsibility, and we see things through.
- We support an environment where our people develop their skills.

RENEWAL:

We are curious and innovative, and we dare to challenge ourselves and each other.

- We are brave and agile in decision-making and open to change.
- We innovate and keep up with development in the international environment.
- We discuss openly and learn from adversity.

WORKING TOGETHER:

Together we achieve more and succeed.

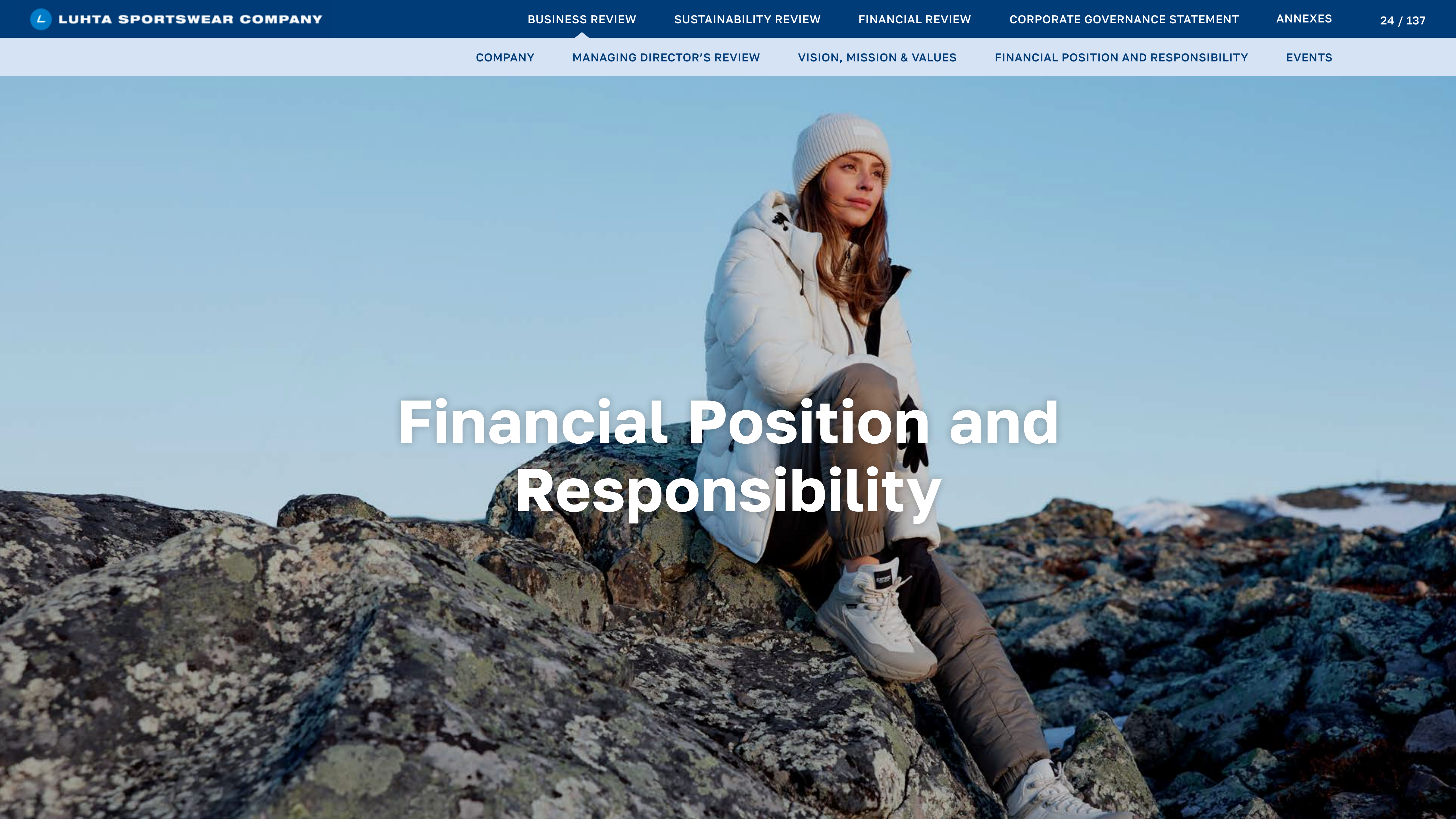
- We support the creation of team spirit; we succeed together and communicate openly.
- Everyone has a responsibility to ask, listen, care and intervene. Each of us has an important role to play as part of the team; we respect each other.
- We value each person as an individual and support their overall wellbeing.

RESPONSIBILITY:

Through our choices, we want to leave behind a better world.

- Our operations are transparent, and we commit to the sustainability targets we set.
- We take action, we are aware of our responsibilities, and we encourage all our stakeholders to make responsible choices.
- We design and create products that last, in terms of both quality and design.



A woman with long brown hair, wearing a white knit beanie, a white puffy jacket, dark gloves, and light-colored sneakers, is sitting on a large, dark, mossy rock. She is looking off to the side with a slight smile. The background shows a rocky coastline with some snow patches under a clear blue sky.

Financial Position and Responsibility

Financial Position

THE GROUP’S FINANCIAL position and liquidity were at a good level at the end of the financial year 2025. Group net sales decreased by -4.8 % in total. Following two challenging years, wholesale sales grew by 1.8%. Retail sales decreased due to the closure of last stores within Aleksi 13 -chain and challenging consumer demand. The company’s financial performance was favorably impacted by the sales margin, which remained at a record high level of 52.5 %, and a -1.4 % decrease in fixed costs. The Group’s financial expenses were EUR -1.5 million, compared to EUR -2.4 million in the previous year. Operating profit was EUR 6.3 million, compared to EUR 8.2 million in the previous year. The Group had net debt of EUR 26.0 million, which is slightly higher than the previous year.

THE GROUP’S RESULT for the 2025 financial year was EUR 3.8 million (4.1 million in 2024). Net sales were EUR 181.2 million, down -4.8 % on the previous year (EUR 190.2 million). Wholesale sales increased by +1.8 %. As a result of the changes in the network structure, retail net sales decreased as expected. Our online sales grew by +5.2 % domestically and +6.3 % internationally.

THE SALES MARGIN developed favorably from 51.7 % to 52.5 %. This improvement was driven by both the exchange rate trends and lower container prices compared to 2024. Personnel expenses were EUR 33.5 million, an increase of EUR 0.4 million compared to the previous year. Salary expenses decreased due to changes in the retail network and other operational activities. Pension expenses increased by EUR +1.5 million due to higher pension insurance contributions. Other operating expenses decreased by -1.6 % to EUR 50.4 million (52.0 million) as a result of operational activities and changes in sales.

INVENTORIES TOTALED EUR 65.4 million at the end of the year, an increase of EUR +3.7 million (61.7 million). In-transit inventory of products for the

following spring totaled EUR 2.7 million more than in the previous year, which increased the amount of inventory and tied up the company’s working capital. Accounts receivable stood at EUR 41.7 million and decreased by -2.4% despite the growth in wholesale sales (Accounts receivable at the end of 2024: EUR 42.7 million). Even with the challenging market conditions, customer payment behavior has remained good and credit loss risks have not increased. At the end of the year, cash on hand totaled EUR 18.2 million (17.4 million).

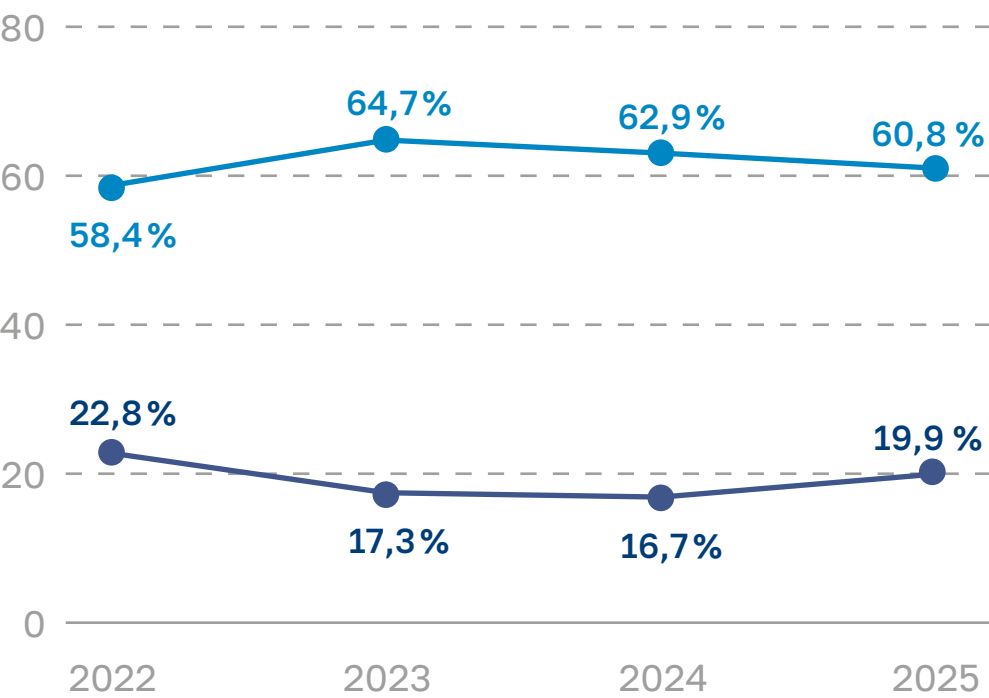
AS PLANNED, LONG-TERM loans decreased by EUR -5,0 million during the financial year and stood at EUR 12.5 million (17.5 million) at the end of the year. Short-term loans drawn included working capital loans of EUR 26.8 million (EUR 17.2 million).

OPERATING CASH FLOW after taxes and interest was positive EUR 4.0 million (14.9 million). Cash flow from investments decreased by EUR -1.4 million and amounted to EUR -8.6 million (-10.0 million) in the financial period. Most of the investments in the financial period were related to the development of both the company’s new ERP system and online store. Cash flow from financing

was positive at EUR +5.2 million (negative at -3.6 million in 2024). Dividends paid amounted to EUR -2.1 million (-3.6 million).

THE GROUP’S EQUITY and liquidity were at a good level at the end of the year. The equity ratio decreased slightly to 60,8 % (62.9 %). Interest-bearing net debt at the end of the year was slightly higher than in the previous year, amounting to EUR 26.0 million (22.2 million). The net-debt-to-EBITDA ratio was 2.1 (1.6) at the end of the year.

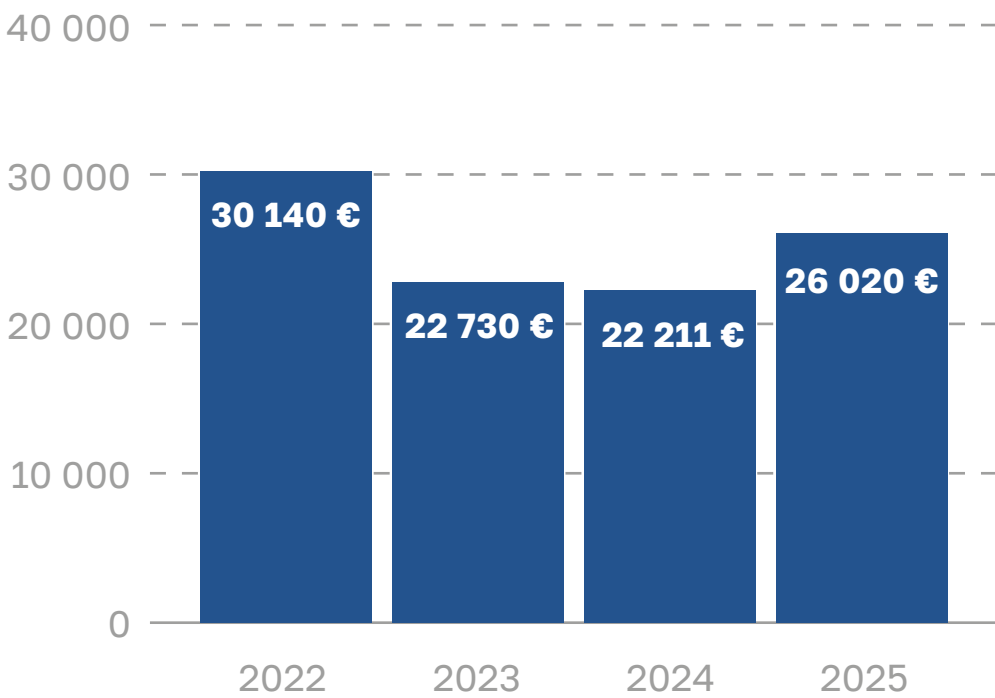
EQUITY-TO-ASSETS RATIO AND GEARING (%)



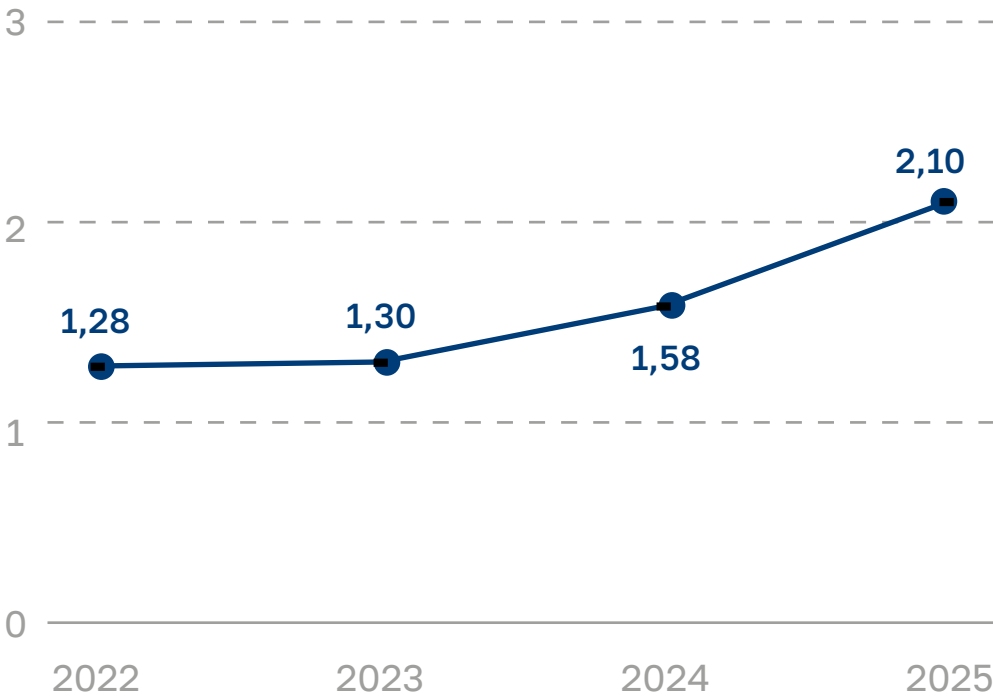
— Equity-to-Assets Ratio%

— Net Gearing Ratio%

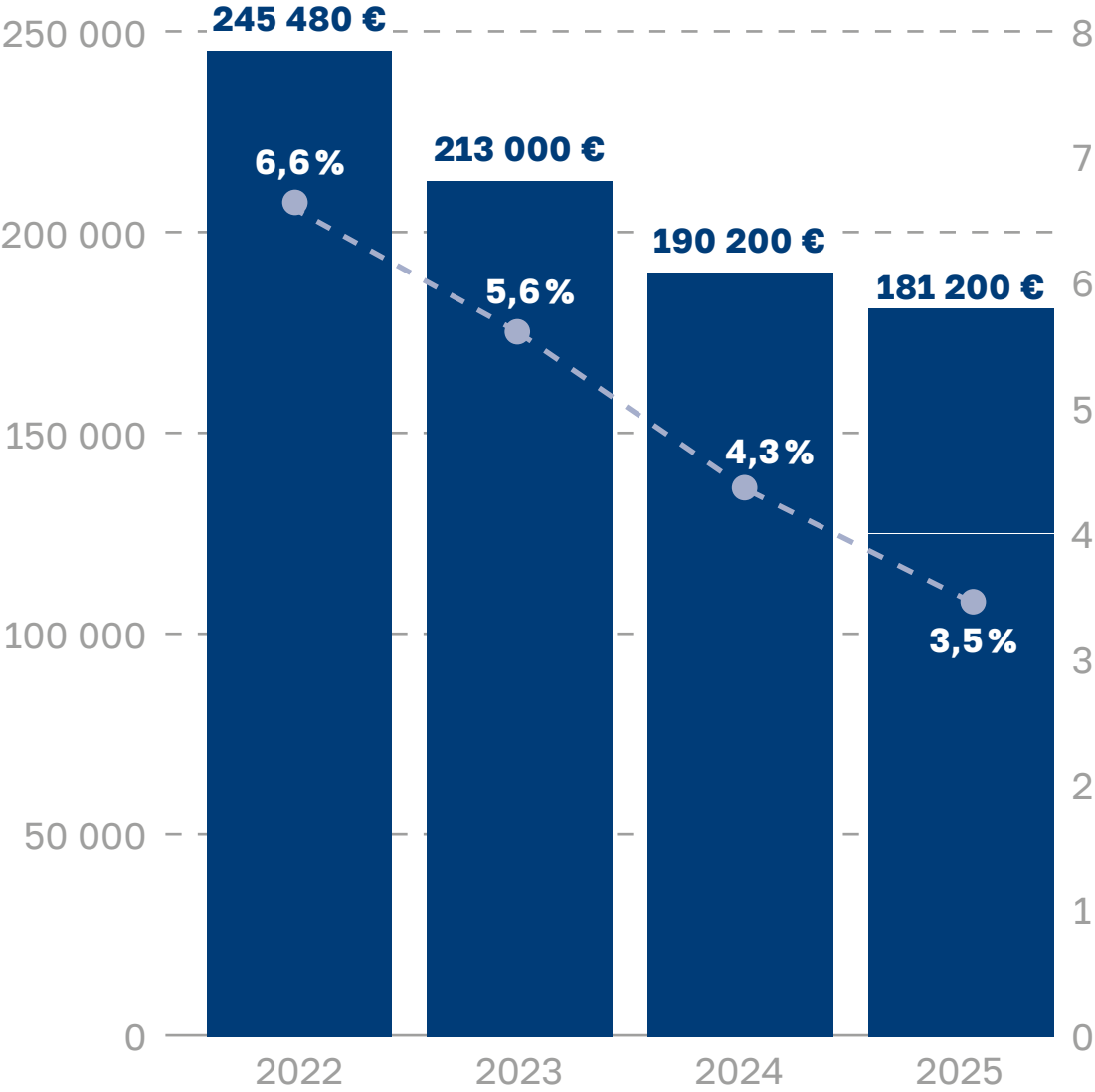
NET INTEREST-BEARING DEBT (€)



NET INTEREST-BEARING DEBT TO COMPARABLE EBITDA



NET SALES (1000 €)



■ Net sales

- - - Operating Profit of Turnover

GROUP

	2024	2025
Net sales	190 240	181 169
Change in net sales from previous year, %	-10,7%	-4,8 %
Sales margin, %	51,7%	52,5 %
Fixed costs, % of net sales	44,7%	46,3 %
Comparable EBITDA	14 075	12 366
Operating profit, €	8 171	6 261
Operating profit, % of net sales	4,3%	3,5 %
Return on equity, %	3,1%	2,9 %
Return on investment, %	4,7%	3,8 %
Operating cash flow	14 881	3 968
Inventories, % of net sales	32,4%	36,10 %
Financing expenses on interest-bearing debt	2 230	1 828

Return on Equity, %, Formula

$$\frac{\text{Profit/loss before appropriations - taxes}}{\text{Shareholders' equity (average) + minority interest + accumulated depreciation difference net from taxes}} \times 100$$

Return on Investment, %, Formula

$$\frac{\text{Profit/loss before appropriations + interest and financing expenses}}{\text{Total assets (average) - Non interest bearing depts (average)}} \times 100$$

Equity to Assets Ratio, %, Formula

$$\frac{\text{Shareholders' equity + accumulated depreciation difference net from taxes}}{\text{Total assets - prepayments received}} \times 100$$

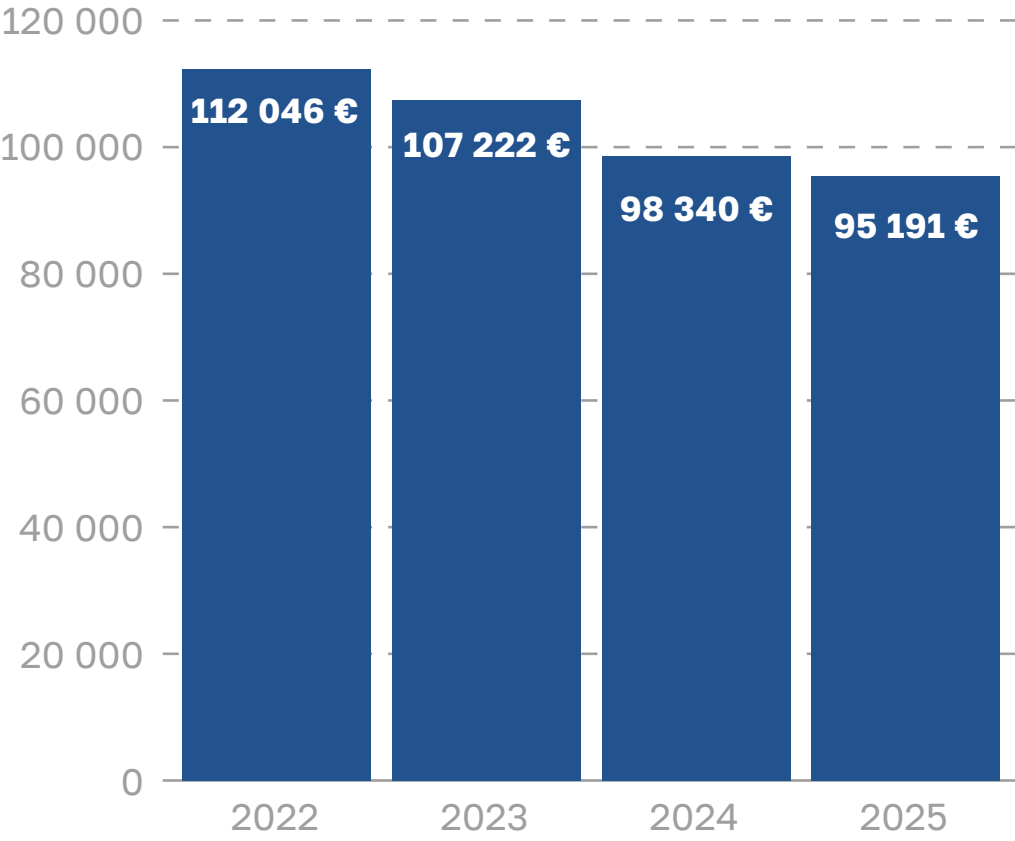
Gearing Ration, %, Formula

$$\frac{\text{Interest bearing debt - cash and cash equivalent}}{\text{Shareholders' equity}} \times 100$$

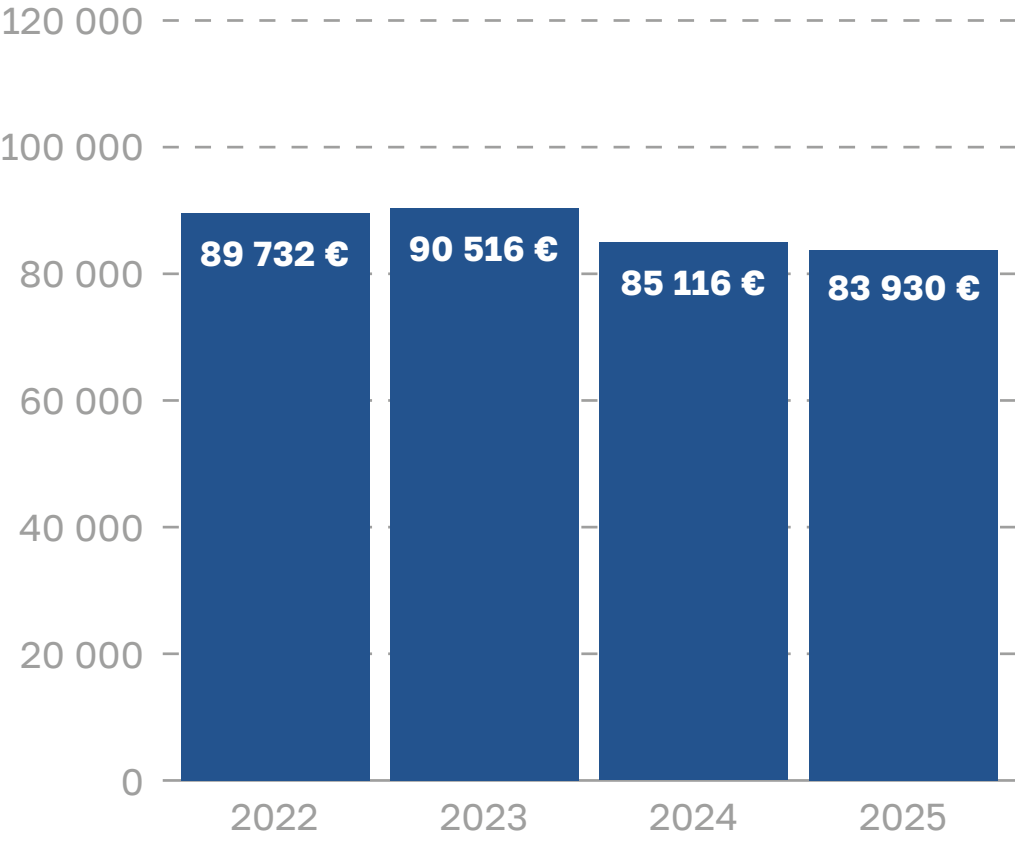
Comparable EBITDA Formula

$$\text{Operating profit + depreciation + non-recurring items}$$

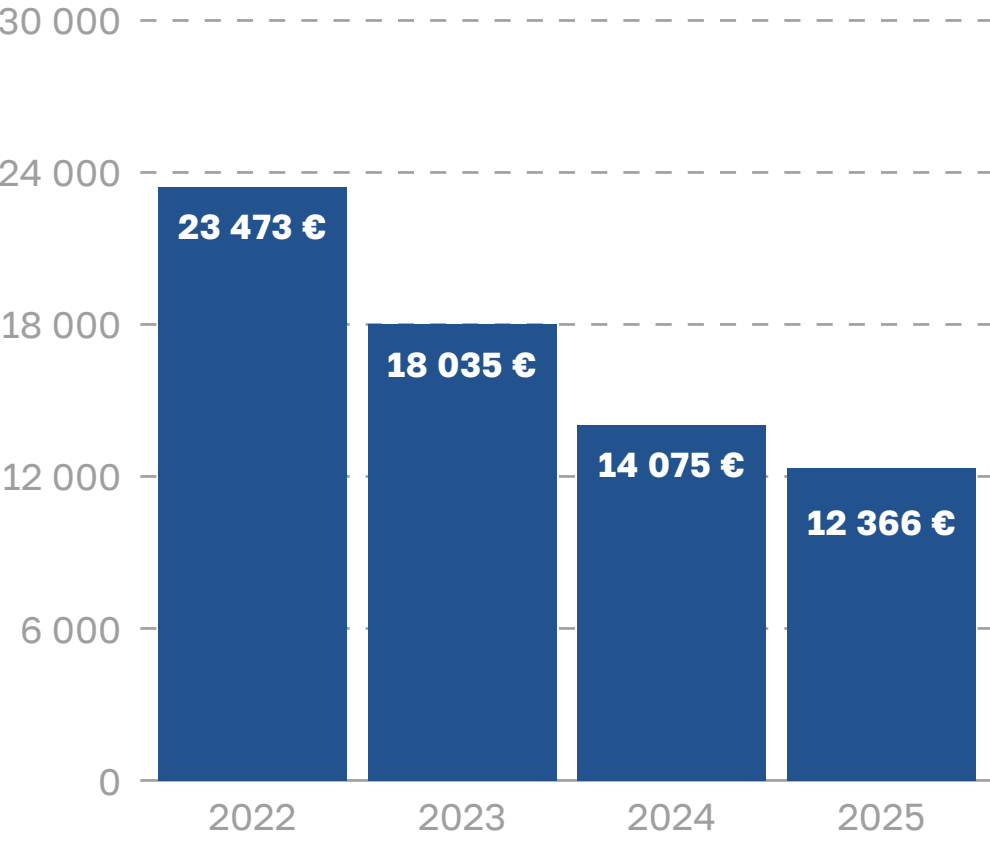
SALES MARGIN (1000€)



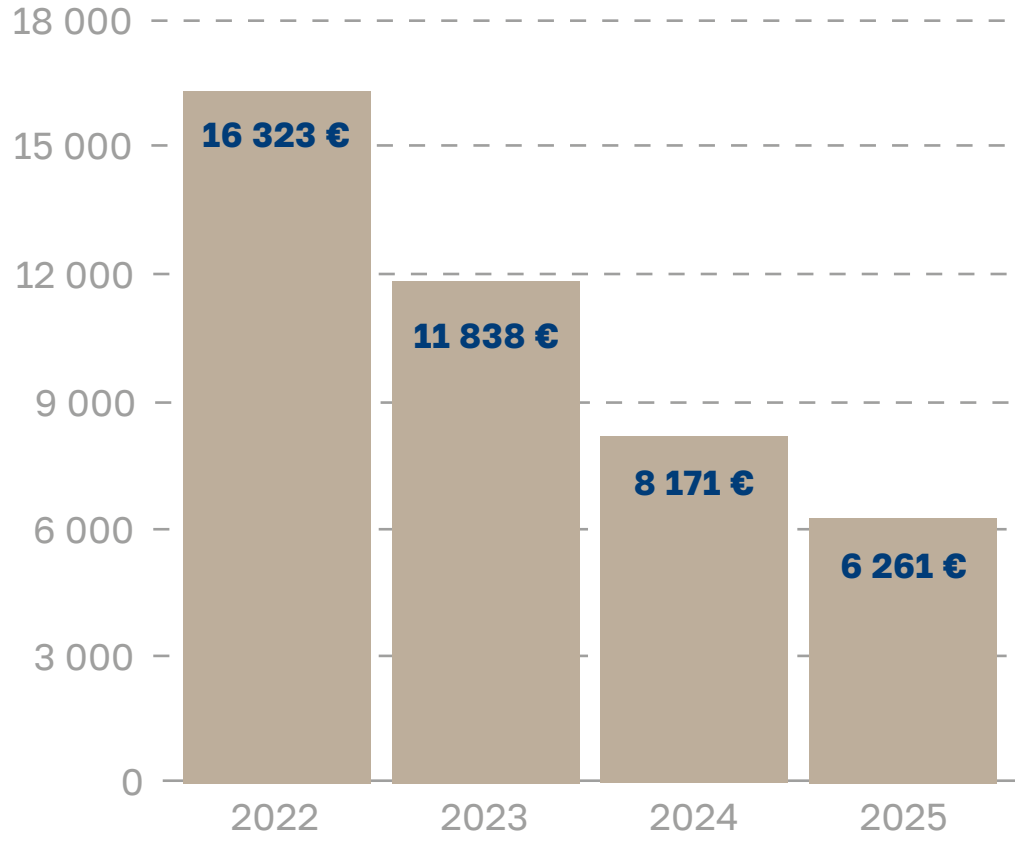
FIXED COSTS (1000 €)



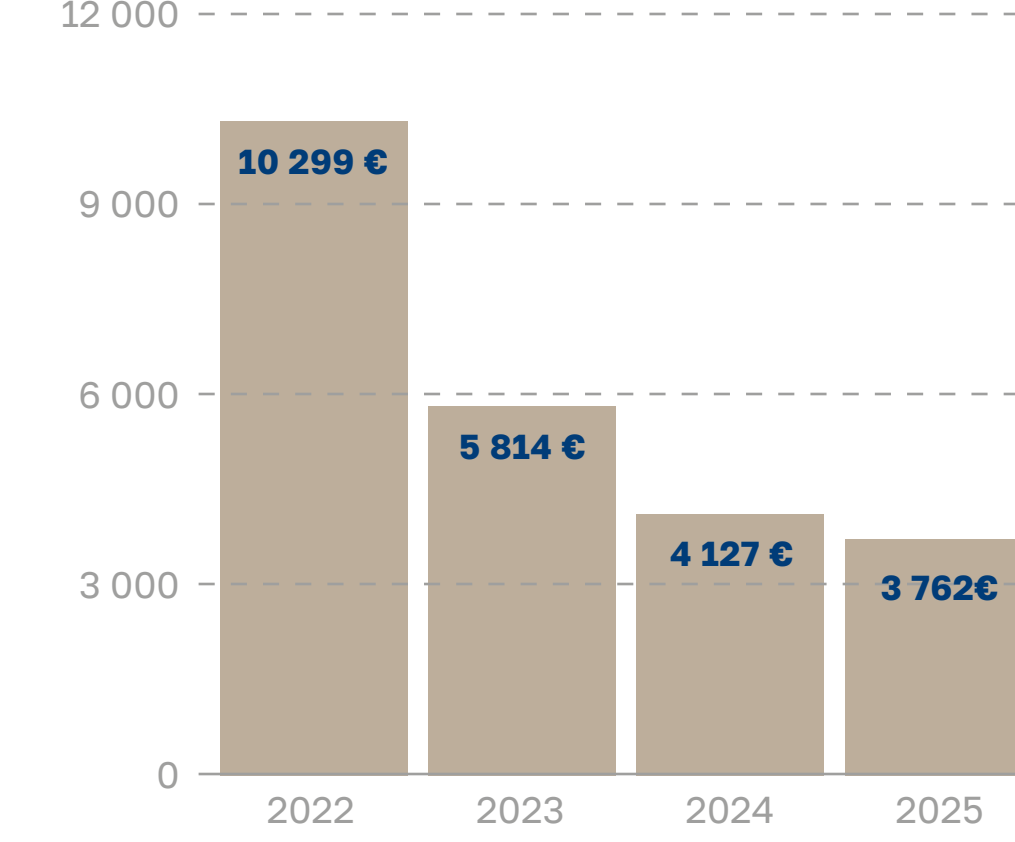
COMPARABLE EBITDA



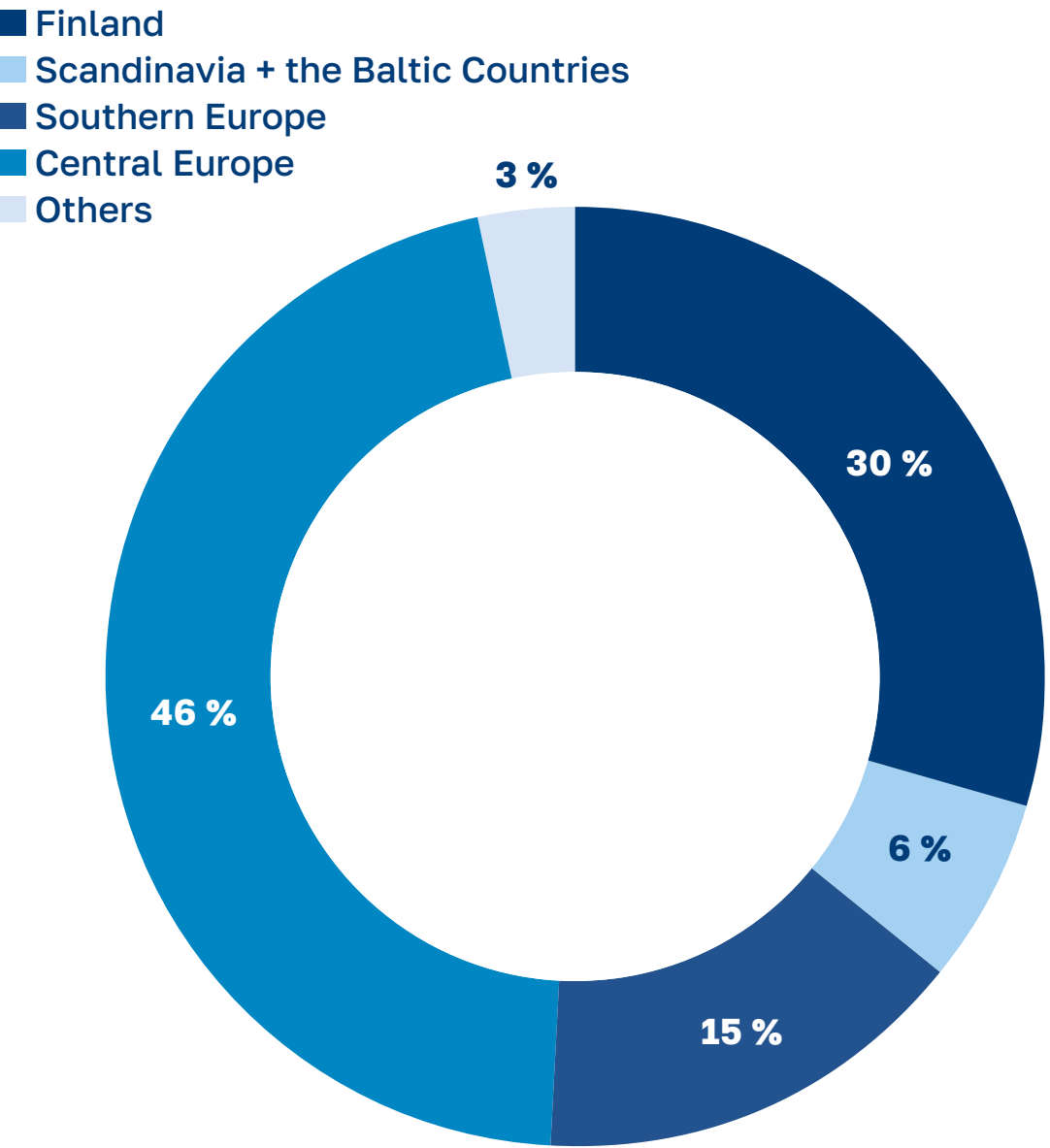
OPERATING PROFIT (1000€)



PROFIT AFTER TAXES (1000€)



NET SALES BY MARKET AREAS 2025



Financially Responsible Corporate Citizen

BUILDING A SUSTAINABLE corporate culture to enable wellbeing and growth is one of our company’s sustainability targets. Acting in a financially responsible and sustainable way is essential in order to achieve our target. Sustainable and long-term economic solutions ensure that our business benefits our stakeholders and society as a whole for generations to come. We want to ensure that our business is financially profitable and that all our operations guarantee sustainable growth while respecting the wellbeing of people and the environment. In addition to the tax footprint we leave in different countries, our operations also benefit the surrounding society through the investments and procurements we make.

Creating Economic Value

OUR OPERATIONS CREATE economic value for our various stakeholders, such as customers, employees, owners, partners, and society as a whole. In addition to employing about 900 people worldwide, we are also a major taxpayer. In addition to taxes, our operations generate broad-based benefits through the investments we make and the services we purchase to support our business operations. In 2025, the Group’s investments in our business operations amounted to approximately EUR 8.6

million (2024: 10.0 million), and other operating expenses totaled approximately EUR 50.4 million (2024: 52.0 million).

OUR BUSINESS IMPACTS local communities by supporting local, regional, and national economic prosperity. The direct economic value we generated in 2025 was around EUR 182.7 million (2024: 191.2). The total distributed economic value was approximately EUR 178.0 million (2024: 182.7 million), consisting mainly of operating costs, employee wages and benefits, and payments to lenders and the government. The total economic value retained in 2025 was about EUR 4.7 million (2024: 8.6 million).

Total direct economic value generated and distributed by the Group in 2025

Group eliminations

DIRECT ECONOMIC VALUE GENERATED	182 694 520	-149 823 994
Net sales	181 169 022	-149 823 994
Other operating income	1 104 835	-192 700
Dividend income	162	0
Financial income	420 502	-297 399
DISTRIBUTED ECONOMIC VALUE	-178 002 115	-149 774 454
Business operating costs	-139 582 406	-149 526 596
Purchases	-89 106 831	-147 763 422
Purchases/outsourced services	-35 961	0
Other operating costs	-50 439 614	-1 763 174
Employee wages and benefits	-33 490 391	-0
Payments to providers of capital (interest and dividends)	-3 999 929	-297 399
Dividends paid	-2 064 015	0
Financial expenses	-1 935 914	-297 399
Payments to the government	-929 389	-49 541
Taxes	-1 019 547	-24 770
Deferred taxes	-90 158	24 770
RETAINED ECONOMIC VALUE	4 692 405	-49 541

Source: Group consolidation sheets, in EUR value

Tax Footprint of Luhta Sportswear Company

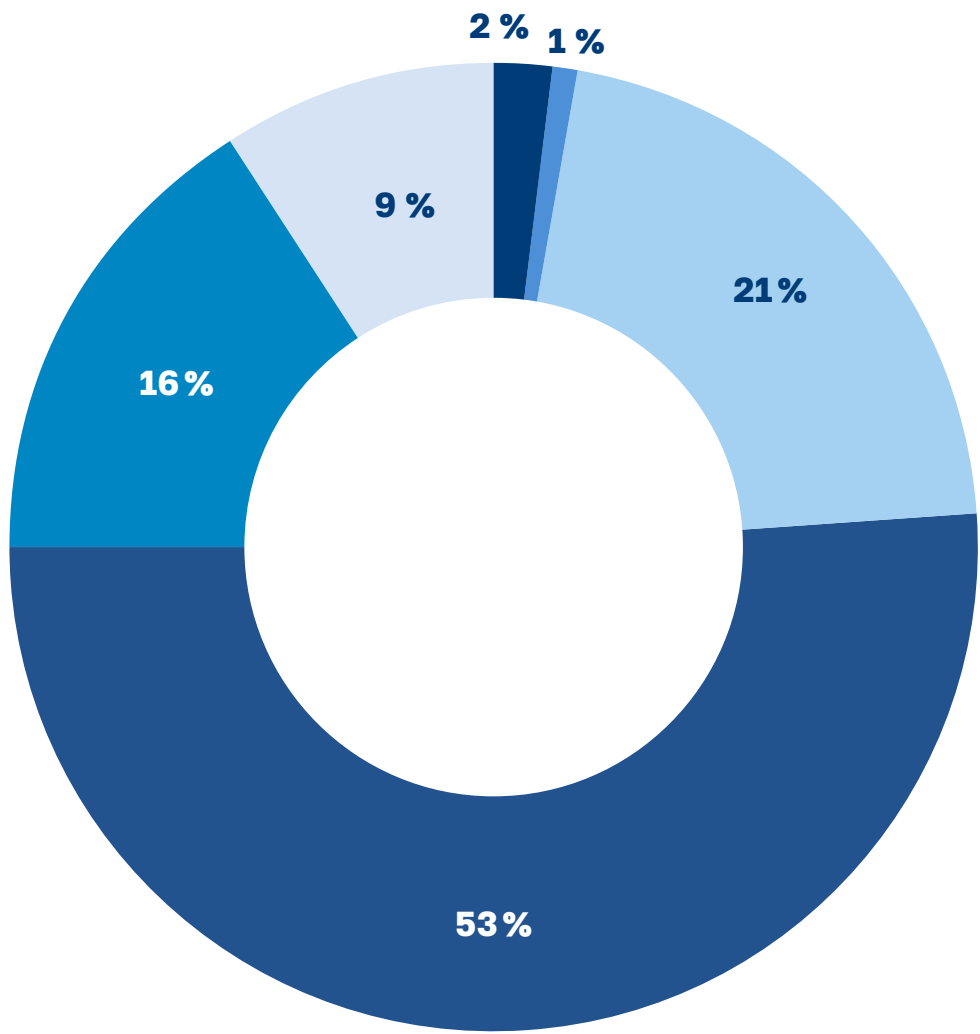
WE ARE A major taxpayer in Finland and globally. By paying taxes, we contribute to social development at both the local and the national level. In 2025, our company’s total tax footprint was approximately EUR 37.9 million (2024: 40.3 million). The smaller tax footprint compared to the previous year is due to, among other things, the decrease in sales, which affects, e.g., the amount of value added taxes collected (lower sales means less value added taxes collected) and also reduces the amount of income taxes.

Approach to Taxation

WE COMPLY WITH the local legislation, case law and tax authority guidelines in each country where we operate. We pay our taxes on time and without delay. In transactions between our Group companies, we always seek to ensure that the transactions are market based, in accordance with transfer pricing rules.

OUR TAX SOLUTIONS are based on business needs, and we do not engage in tax planning for the purpose of artificially reducing our tax liability. Our company does not have a formal tax strategy, but we have defined a shared mindset and a commitment to keep structures simple and clear in order to minimize tax risks. We maintain an active dialogue with local accounting firms and authorities to identify and prevent taxation-related risks. Anyone can anonymously report concerns,

including tax-related concerns, to our company’s whistleblowing channel. No tax-related reports were made to the whistleblowing channel in 2025. Our company’s consolidated financial statements, including taxes paid, are audited by an external party (EY). The auditor’s report can be found in our financial statements.



Group’s Tax Footprint in 2025

TAXES BORNE		TAXES COLLECTED	
Income taxes	946 617 (2 %)	Value added taxes	19 234 642 (51 %)
Property taxes	445 930 (1 %)	Withholding tax	5 794 990 (16 %)
Customs duties	7 967 907 (21 %)	Social security contributions	3 519 012 (9 %)
TOTAL TAX FOOTPRINT		37 909 098 (100 %)	

Net sales, Number of Employees and Taxes Paid by Country in 2025

Country	Net sales	Number of employees	Profit for financial year before taxes	Taxes borne and collected
Finland	83 473 122	505	3 705 036	19 271 128
Germany	38 396 012	36	1 025 104	5 787 886
France	16 992 225	14	442 572	3 684 736
Holland	9 608 733	8	252 547	2 381 795
Austria	9 536 574	17	267 158	2 107 477
Italy	5 369 924	6	55 944	1 321 606
Switzerland	5 179 226	2	139 554	65 223
China	2 907 827	310	421 715	1 454 105
Belgium	2 154 783	2	58 089	513 434
Sweden	1 994 531	3	53 207	514 291
Hong Kong**	1 448 729	1	315 522	1 968
Japan	1 424 998	7	-106 526	68 391
Spain	1 351 745	0	40 527	271 685
USA	744 754	0	-296 386	161 833
Norway	521 653	0	14 276	134 577
Russia*	64 185	2	-364 254	66 411
United Arab Emirates	0	0	-42 412	0

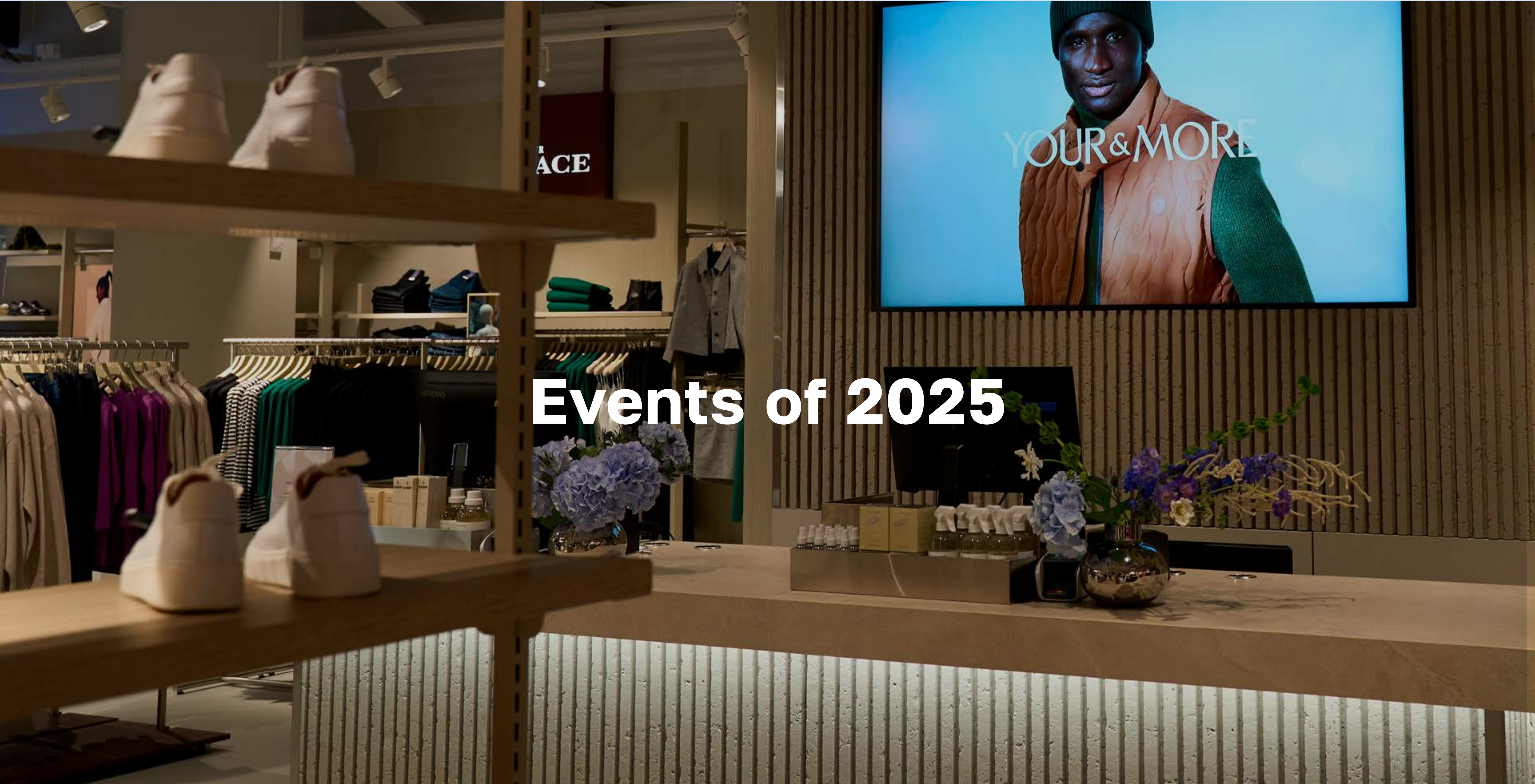
* The business operations of the Russian subsidiaries was discontinued in 2022. There are still assets in the Russian companies; the assets will be transferred to the Finnish parent company within the limits set by Russian legislation. Under local law, we are required to keep the subsidiary’s managing director and chief accountant on the payroll until we have transferred our assets in the name of the Russian subsidiary to Finland.

**The results of a Hong Kong subsidiary Finandmax Ltd are taxed in full in Finland as taxable income of the parent company under the law on foreign intermediary companies.

Government Aid Received in 2025

COUNTRY	GRANTING AUTHORITY/TARGET OF AID	AMOUNT OF AID (EUR)
Finland	Business Finland / Support related to new export markets	20,000
China	China Government / Personnel-related support	20,378

The governments do not hold any shares in the organization.



Events of 2025

Events of 2025



ICEPEAK AND LUHTA CHOSEN AS IIC'S STRATEGIC BRANDS

Our cooperation with Intersport's international umbrella organization deepened further. In April 2025, we signed a partnership agreement in which our Luhta and Icepeak brands were defined as strategic brands for IIC. The cooperation began with preliminary sales of Spring-Summer 2026 collections. Thanks to this cooperation, our long-term and successful collaboration will expand even further in the coming years.



WE EXPANDED WHOLESALE SALES OF OUR COLLECTIONS TO NEW MARKET AREAS

We launched sales in Argentina and Greece. Our products are now sold in a total of 56 countries.



ONLINE SALES GREW BY 25.8 % IN 2025

In online sales we shifted our focus more towards international consumer markets, which generated growth of 41.3 %. We launched the Dachstein clothing collection for direct online sales to consumers.



WE LAUNCHED THE FASHION RETAIL CONCEPT YOUR & MORE WITH THE FIRST STORES OPENING IN FINLAND

The chain's flagship store opened in August in the Mall of Tripla shopping center. Later in the autumn, we also opened stores in the Kamppi shopping center in Helsinki and the Ideapark shopping center in Lempäälä. The Luhta Brand Store network grew by three stores. We opened a new Luhta specialty store in downtown Helsinki on Pohjoisesplanadi; the store focuses on the brand's export collection. The legendary Aleksi 13 chain closed its last stores.



WE LAUNCHED THE NEW LUHTA FASHION COLLECTION

We launched the Luhta Smart fashion collection for women and men, which is distributed centrally through the Your & More chain.



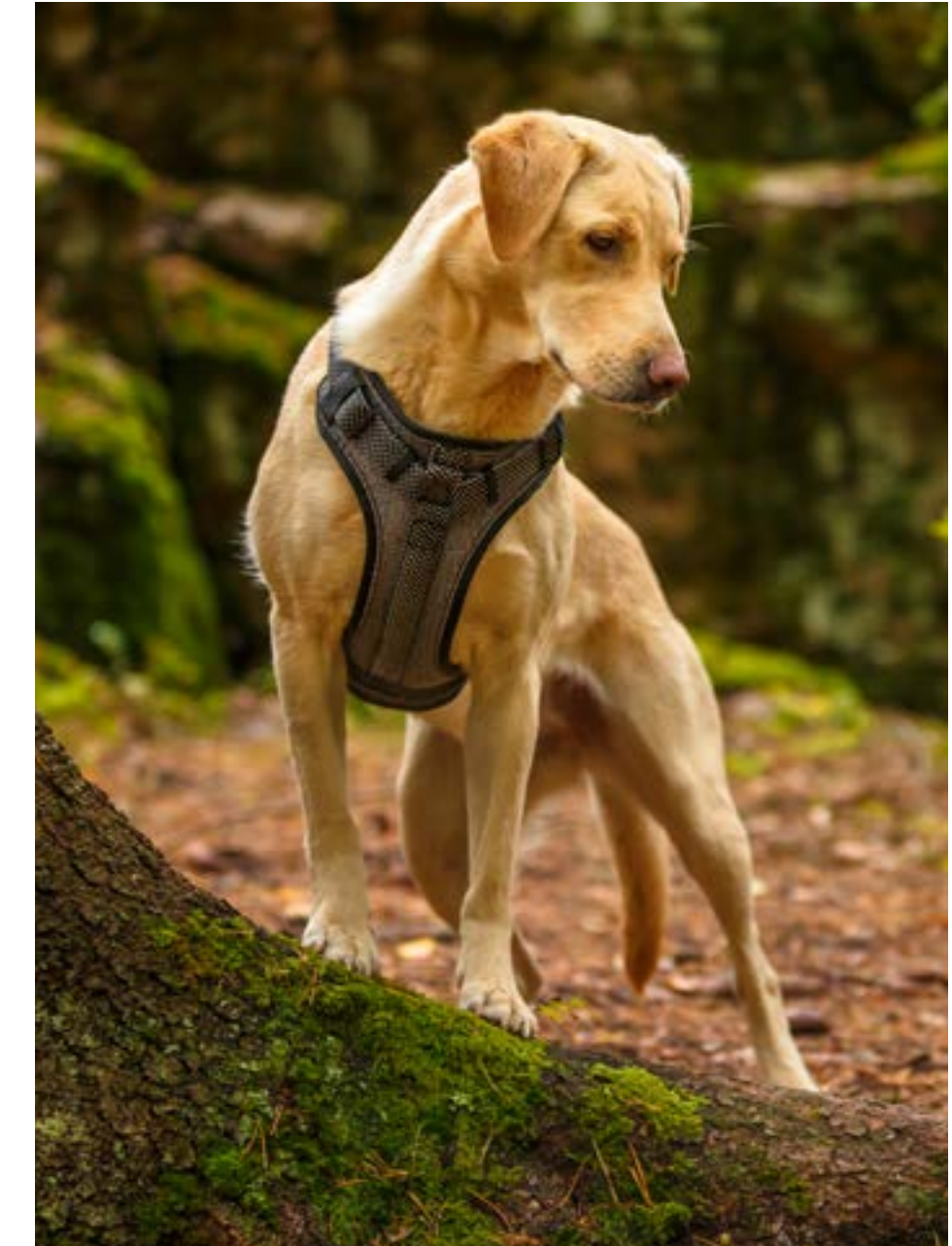
WE DESIGNED A COLLECTION FOR THE OLYMPIC TEAM FINLAND

Of our company's brands, Luhta supplied the Olympic Team Finland with clothing for the Milano-Cortina 2026 Olympics to wear during travel, at the opening ceremony, at the medal ceremonies, at representative events, and during free time. The design of the collection created for Olympic Team Finland in Milan was inspired by Finnish Lapland, its unique nature, tranquility, and incredibly beautiful blue moments. The collection, which received a lot of positive feedback, was launched to the media and the public at the end of October, 100 days before the opening ceremony of the Olympics.



WE EXPANDED OUR FOOTWEAR SALES

We expanded our business with significant customer accounts for our footwear product category in Japan and Switzerland.



WE INCREASED THE BUSINESS OF OUR PETS PRODUCTS

We grew our Pets business by +15 % in a challenging market situation. We entered the Chinese market in this product segment by starting cooperation with a significant local distributor.



WE STRENGTHENED THE POSITION OF RUKKA RUNNING COLLECTION IN FRANCE

Rukka Sport achieved a significant position in Intersport France with its running collection. As a result of the collaboration, the brand's running segment grew by +40%.



WE CARRIED FORWARD THE ERP UPGRADE

During the financial year, we carried forward the extensive and demanding ERP upgrade as part of our daily operations. We implemented the upgrade in close cooperation with our employees and various business units, strengthening our capability to change, as well as the long-term efficiency and competitiveness of our operations.



WE LICENSED BALMUIR OPERATIONS INTO GROUP'S OPERATING ENVIRONMENT

We grew our business through the licensing of the Balmuir brand and successfully integrated Balmuir's wholesale and international operations including Balmuir Concept Store at Helsinki airport into the Group's operating environment.



WE WERE AWARDED AS THE ENABLER OF THE YEAR 2025

At a joint celebration held by the Ministry of Education and Culture and the Sports Gala in November 2025, distinguished athletes and sports figures were honored. Sports Managers Association of Finland selected us as the winner of the Enabler of the Year 2025 award. The justification emphasized how our company, which is over 100 years old, has been involved in supporting international events, the Finnish Olympic Committee, sports federations, clubs, and athletes for decades. And how the company has done all this with a big heart.



WE LAUNCHED LUHTA HOME SAUNA PRODUCT CATEGORY INTERNATIONALLY

We successfully launched the Luhta Home sauna product category for B2B distribution in North America, the Nordic Countries and Central Europe.



THE SPORTS ARENA LOCATED IN THE LAHTI SPORTS AND FAIR CENTER NAMED AS LUHTA ARENA

The sports arena, located in the Lahti Sports and Fair Center, is now known as Luhta Arena. Luhta Arena offers a wide range of competition and training opportunities for many sports, including football, basketball, floorball, table tennis, baseball, and athletics. Luhta Arena also hosts the home games of the Lahti Basketball men's team. This partnership fits perfectly with our values as a company. As a company, we want to inspire people to live an active lifestyle and help make exercise and sports possible for kids, teens and adults.



WE WERE AWARDED AS THE FINLAND'S MOST ACTIVE WORKPLACE

Our company's mission is to encourage and inspire everyone to find their own path to an active and healthy lifestyle. We firmly believe that an active and healthy lifestyle benefits all Luhta people, and as a company it is also important for us to promote and support an active and healthy lifestyle through our operations. Being selected as the Finland's Most Active Workplace is a great recognition of our long-term work to promote the wellbeing and physical activity of our employees.



WE SYSTEMATICALLY DEVELOPED OUR SUSTAINABILITY WORK

We systematically developed our sustainability work in line with EU regulations and future requirements by strengthening climate and nature impact management (SBTi), expanding circular economy solutions and product information transparency, and promoting social responsibility in our value chain, employee wellbeing, and social impact. Read more about our sustainability work [here](#).

Sustainability Review



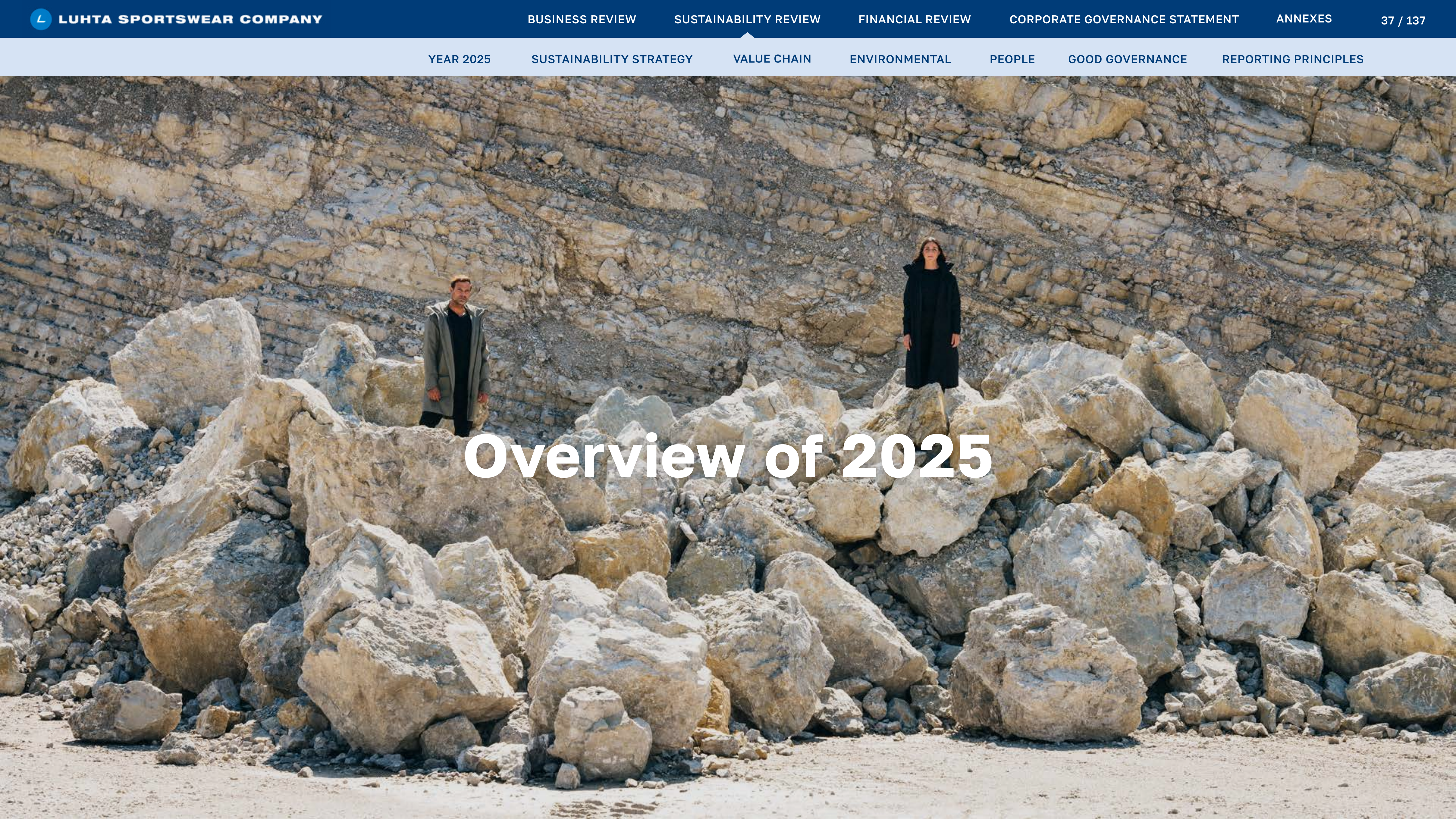
LUHTA
SPORTSWEAR
COMPANY

SUSTAINABILITY REVIEW

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Overview of 2025

Sustainability Director's Review

IN MANY WAYS, 2025 was a year of uncertainty and transition in terms of sustainability work. Progress on EU legislation on responsibility and sustainability reporting was rather erratic, and the debate surrounding especially the CSRD, CSDD, and related omnibus packages created a situation for companies in which long-term planning required more consideration than before. Geopolitical tensions and the uncertain economic outlook added to the uncertainty. Despite this, or perhaps precisely because of it, our sustainability work was not put on hold; instead, development work continued systematically and in earnest.

AT LUHTA SPORTSWEAR Company sustainability and sustainable development are a core part of our values, strategy, and business management. Sustainability reporting not only meets the information needs of stakeholders, it also supports the development of our own operations. In 2025, we again expanded our operations extensively and took many significant steps, which we will now report on in more detail. The climate transition plan and science-based climate targets, the development of due diligence processes, the creation of a living wage roadmap, and systematic assessment of the environmental impact of materials and value chain indicators and risks have deepened our understanding of the two-way sustainability impacts

of our operations – how we impact the surrounding society and nature, and how the changing operating environment affects us. We also began climate scenario work in accordance with the TCFD recommendations so that we can prepare for the long-term business impacts of sustainability changes. I cannot stress enough that sustainability should not be developed as a separate activity, but rather as an activity that stems from business operations and supports them in the long term, as well as risk management.

FOR US, REPORTING has never been based on mandatory directives, but rather voluntary and conscious work to increase transparency. Our aim is not to minimize reporting obligations, but to produce information that is effective and supports decision-making. For this reason, we will not decrease our reporting in the future even if regulations allow us to do so. Transparency, comparability, and an honest picture of the impact of our operations form the basis of our sustainability work, and we remain committed to this.

IN TERMS OF reporting, we continue to report in accordance with the highest level of GRI standards, as in the previous year. We assessed the transition to voluntary ESRS reporting in accordance with the CSRD, but, given the uncertainty situation

regarding EU regulation, we consider it justified to monitor developments before making significant changes to our reporting structure. The VSME framework, on the other hand, would have significantly narrowed our reporting from the current level. We have reported comprehensively on sustainability for a number of years, achieving the ESG Transparency Award in our category in the EUPD's evaluation framework. During 2026, we will again review our reporting practices and assess the possibilities of utilizing the VSME framework as a supplementary package to the optional ESRS standards. However, the focus will continue to be on the reporting content and impact, not merely on meeting requirements or standards.

WE WILL CONTINUE to promote our sustainability strategy with humility but determination, focusing on identifying and minimizing the sustainability impacts of our value chain. Only by understanding the real impacts of our activities and working together with various stakeholders can we advance truly responsible and sustainable business practices.

Annamaria Väli-Klemelä
HR- and Sustainability Director



Highlights of 2025



SBTi APPROVED OUR CLIMATE TARGETS

The Science Based Targets initiative (SBTi) approved Luhta Sportswear Company's updated near- and long-term climate targets. Our emissions reduction targets, validated by the SBTi, are now aligned with the goals of the Paris Agreement, and they guide us in advancing actions to mitigate global warming in a scientifically grounded and globally comparable manner.

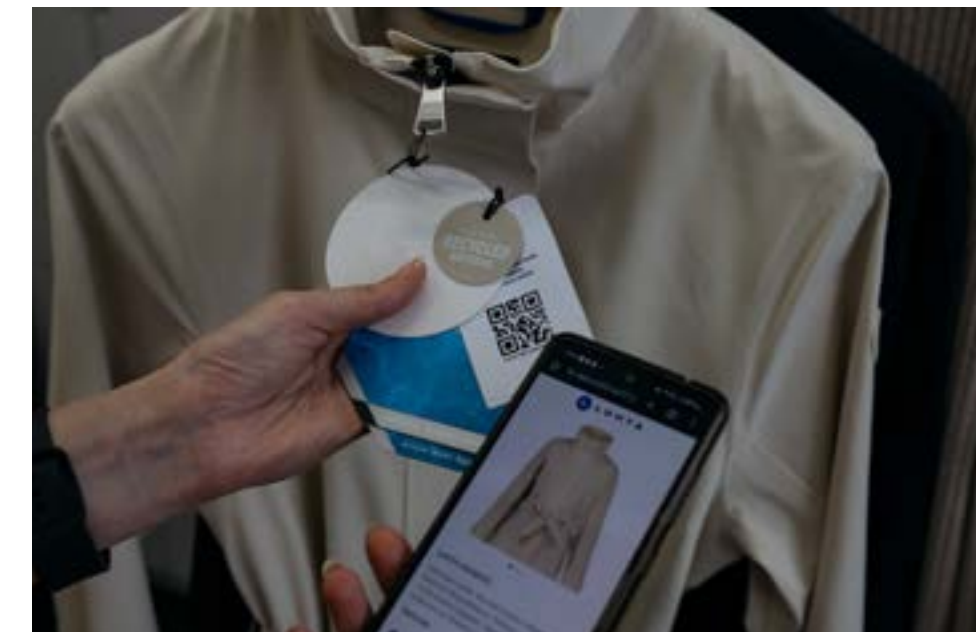
WE PERFORMED GOTS, GRS AND RWS AUDITS

We successfully passed the audits for the Global Organic Textile Standard (GOTS), Global Recycled Standard (GRS), and Responsible Wool Standard (RWS). The certifications highlight our strong commitment to sustainability, traceability, and responsible sourcing across our supply chain.



WE BECAME A MEMBER OF FIBS

We joined FIBS, the leading corporate sustainability network in the Nordic countries. Membership supports the development of our expertise in sustainability issues and strengthens dialogue with stakeholders. FIBS accelerates sustainable business in Finland, and the FIBS network already includes nearly 500 companies and organizations.



WE LAUNCHED A DIGITAL PRODUCT PASSPORT PILOT

We launched a Digital Product Passport pilot in the Luhta Smart Sportswear collection. As part of the pilot, 22 products were given a QR code that provides information on sustainability, traceability, care, and recycling. The lessons learned from the pilot support the expansion of the solution to other product categories.



WE INTRODUCED SECOND-HAND TO OUR BRICK-AND-MORTAR STORES

The stores in the Your & More fashion chain, which we launched in 2025, were supplemented with a second-hand product selection that brings circular economy principles more visibly into the customer experience and encourages more sustainable consumption. The chain combines timeless and high-quality products, clothing care and repair services, and the Luhta ReUse take-back service, which was already in use at Luhta.

WE BEGAN DEVELOPING OUR NATURE WORK

We began the systematic development of our nature work by conducting a broad review of our products and the origin of our materials and the risks and pressures on the environment across our value chain. Through this study, we analyzed the nature and biodiversity impacts of our value chain and laid the groundwork for the development of future nature work, such as target-setting and creating an action plan.





WE PROMOTED THE VESIJÄRVI FOUNDATION

We supported building a floating plant raft in the Äkeenoja wetland, which flows into Lake Vesijärvi. The plant raft removes nutrients and suspended solids from the water to prevent them from entering the lake and accelerating the growth of algae and more. The nutrients are absorbed by the roots of the plants that extend through the raft into the water; the microbial community developing on the surface of the root system and the structure of the raft also plays a very significant role in nutrient fixation.

WE PROMOTED PHYSICAL EDUCATION FOR CHILDREN AND YOUNG PEOPLE

We became a founding partner of the national Tahto Sports Adventure concept, which supports the wellbeing of children and young people and encourages them to be active. In addition, we supported young, goal-oriented athletes in golf and skiing, and we enabled hundreds of fifth graders to experience Sports Adventure.



PLAN TO PROMOTE LIVING WAGES

We recognize a living wage as a human right and a key focus of our sustainability work. We are committed to the aim of paying living wages in our value chain. In 2025, we published an action plan to promote living wages.



OUR FLAME INDEX AND OVERALL EMPLOYEE SATISFACTION ROSE

According to the Signi employee survey, overall employee satisfaction and has increased significantly in recent years. Our Flame Index rose to 75 (on a scale of 0-100), which met our sustainability target and demonstrates that the meaningfulness of work has increased within our company.

This Christmas we support MIELI Mental Health Finland's work for young people.

mieli

WE MADE DONATIONS AND SUPPORTED COMMUNITIES

During the year we supported several communities and organizations. We donated large quantities of winter clothing to victims affected by the war in Ukraine, supported a local KindO sporting event, made a donation to MIELI Mental Health Finland to support mental health work with children and young people, and delivered product donations to shelters. In addition, our employees organized a Christmas gift collection for children of low income families through the Lahti's Mother and Child Home and Shelter.

Sustainability Strategy

Luhta Sportswear Company's Sustainability Strategy

OUR SUSTAINABILITY WORK is based on our company's values mission and vision as well as our long-term business strategy. Our development work is guided by our sustainability mission ‘Responsible choices from one generation to another.’ Based on our mission, we develop business operations that support wellbeing, sustainability, and continuity in the long term. As a player in the textile and fashion industry, we are aware that our decisions and operations have a significant impact on the environment, people, and society globally. That is why sustainability is integrated into our company's management, business planning, and daily decision-making.

OUR SUSTAINABILITY STRATEGY covers people, the environment, products, the value chain, and good governance. At the heart of the strategy is the management of sustainability topics that are relevant to our operations. We continuously develop our operations, taking into account the social, environmental, and societal impacts identified through materiality assessments, as well as the related financial risks and opportunities. Sustainability priorities describe the thematic areas we focus on in our work based on their impact and materiality.

OUR STRATEGY AND sustainability work are supported by our company’s operating principles, policies, commitments, and operating models, which guide us to act ethically, responsibly, and transparently. These enable us to manage risks and impacts on the environment and people and to ensure that our company's operations are developing in a long-term and systematic manner. (Read more about sustainability management [here](#).)

OUR MISSION IS to design and create products that last both in terms of quality and design. As family business, we create value for our owners, employees, customers, and society. We are committed to the targets we set, we operate transparently, and we continuously develop our operations. We communicate openly about our progress and areas for development. Our goal is to operate as responsibly as possible in all phases of our business and to promote a more sustainable future for the textile and fashion industry in collaboration with our stakeholders.



Sustainability Targets and Indicators

OUR SUSTAINABILITY WORK is based on strategic long-term targets that guide our operations from the perspective of environmental responsibility, social responsibility, and economic sustainability. These targets ensure that our sustainability work supports the company's business strategy, helps manage sustainability-related risks and impacts, and creates conditions for sustainable growth.

1. Net-zero emissions in the value chain by 2050

REDUCING CLIMATE IMPACTS is a key part of our sustainability strategy. In 2025, we updated our climate targets to comply with the Science Based Target initiative (SBTi), and SBTi validated our science-based short- and long-term emission reduction targets. We are committed to significantly reducing greenhouse gas emissions across our entire value chain and achieving net-zero emissions throughout the value chain by 2050. The achievement of these targets is guided by our climate transition plan, according to which we will reduce the key environmental impacts of our operations and promote low-emissions solutions in, e.g., design, production, logistics, materials, and energy use.

2. Circular economy-aligned collections by 2040

THE CIRCULAR ECONOMY is a key means of reducing the environmental impacts of our operations and strengthening positive impacts through resource efficiency and the preservation of the value of materials. Our target is that our collections are fully aligned with a circular economy and compliant with circular economy principles throughout their life cycle. We are working systematically towards this target by, among other things, reducing the use of virgin materials, taking future life cycle stages into account already in the design and production stages, improving the efficiency of waste streams and material circulation, and enabling the resale of our products and the reuse of used materials.

3. Building a sustainable corporate culture to enable wellbeing and growth

OUR AIM IS to strengthen a corporate culture that supports wellbeing, responsible decision-making, and long-term sustainable growth. As a family business, we aim to create value for our owners, employees, customers, partners, and society over the long term, from one generation to another.

We develop our operations in a way that ensures the profitability of our business and supports the wellbeing of people and the environment. It is important for us to promote the wellbeing of our own people, employees in the value chain, and our customers in our operations. We strengthen long-term customer relationships and work closely with our key stakeholders. We also ensure that responsible and ethical operating principles are implemented in our own operations and those of our partners.

Sustainability Targets

Three main strategic targets guide our sustainability work:

- 1

Net-zero emissions in the value chain by 2050
- 2

Circular economy-aligned collections by 2040
- 3

Building a sustainable corporate culture to enable wellbeing and growth

Key Sub-targets and Indicators for Sustainability Work

THE ACHIEVEMENT OF key strategic targets is monitored annually using specific sub-targets and indicators. The table below summarizes the key targets of our sustainability work, the related key performance indicators (KPI), and the progress made to date. The KPIs support the monitoring of our strategic targets and help us to systematically guide our development work. We review our targets and KPIs annually. In 2025, we updated our targets to better reflect the progress of our development work and we refined our KPIs.

Sub-area	Strategic target	Specific target	KPI	Progress (2025)
Climate	Achieve science-based short- and long-term climate targets and net-zero emissions across the value chain by 2050	By 2033 : Absolute Scope 1-2 emissions -54.6 % and Scope 3 emissions -61.1 % relative to value added (MEUR) By 2050 : Absolute Scope 1-2 emissions -90 %, Scope 3 emissions -97 % relative to value added (MEUR)	tCO2e compared to reference year 2023	Climate targets validated by SBTi in 2025 Implementation of climate transition plan measures Annual calculation and analysis of emissions compared to reference year 2023.: Scope 1: -23 % tCO2e Scope 2: - 16 % tCO2e (market-based) /+1 % tCO2e (location-based) Scope 3: +7 % tCO2e / + 23 % kgCO2e/M€ Read more about the calculation results and changes here .
	Commitment of value chain partners to set science-based climate targets	70 % of suppliers have science-based targets by the end of 2028 and have reduced their emissions by 90 % by 2050	% of suppliers that have set climate targets % production emission reductions (Scope 3)	Assessment of the situation and contacting and training of partners was started Creation of an action plan to promote the target
Transparent value chain	Ensure transparency in the value chain and the implementation of social and environmental responsibility in factories in risk countries	100 % of product manufacturers in risk countries have undergone a third-party social responsibility or North Star audit by the end of 2027	% of manufacturers of products from risk countries audited	Production and North Star process development measures, cooperation, and dialogue with suppliers
		Traceability of 100 % of products in the value chain	% of products with traceability at Tier 4 level	Mapping and selection of a new traceability and transparency system. DPP pilot
	Ensure ethical and responsible business practices throughout the value chain	100 % of suppliers and partners have signed the Code of Conduct	% of partners who have signed the Code of Conduct	97 % of partners had signed the Code of Conduct, in 2025
		100 % of partners trained in ethical business practices	% of partners trained during 2026	Creation of a training plan
Circular economy	Increase circular economy-aligned business and product range	100 % circular economy-aligned products by 2040	% of share of circular economy-aligned products	Measurement method under development: the aim is to define a standard-based measurement method and process
Health, safety, and wellbeing of employees, and meaningfulness of work	Advance occupational safety and health of all employees	0 work-related injuries	Total recordable injury frequency	7.4 (2025)
	Advance wellbeing, inclusion, and the implementation of meaningful issues in the daily lives of our employees	Siqni Flame Index (employee experience metric) >75 years by 2026	Siqni employee survey Flame Index	Flame Index was 75 in 2025

Sustainability Work Priorities

LUHTA SPORTSWEAR COMPANY’S sustainability work covers the whole company’s operations and product life cycle, from design to manufacturing, use, and recycling. At the heart of our sustainability strategy development work are sustainability work priorities based on material sustainability impacts. The sustainability work priorities describe the themes that are most important in managing the company’s sustainability impacts, risks, and opportunities; investing in these themes advances responsible and sustainable business operations. They are based on a materiality analysis, in which we assess the environmental, social, and societal impacts throughout our value chain, as well as the key risks and opportunities for our business operations. (Read more about the materiality assessment [here](#).)

THE PRIORITIES SUPPORT the main targets of our sustainability strategy and guide concrete development activities across the organization. They help us ensure that our sustainability work focuses on issues that have the most significant impact on the company’s sustainability and continuity of business operations. Priorities help us plan, implement, and monitor our development work over the long-term and systematically.

THE PRIORITIES ARE divided into four categories: environment; people; governance and economy; product sustainability and innovations.

THESE CATEGORIES GUIDE our sustainability work and development activities, which ensure sustainable and competitive operations for our company in the future.



SUSTAINABILITY WORK PRIORITIES

Environment	People	Governance and economy	Sustainable and innovative products
Reducing emissions and achieving climate targets Minimizing environmental impacts and safeguarding biodiversity Water use and chemical management Material efficiency and circular economy solutions Reducing and recycling textile and packaging waste Optimization of production and material procurement	Promoting human rights across the value chain: • Occupational health and safety • Working conditions and working time • Living wages • Other human rights Wellbeing and development of our own employees: • Occupational safety, health, and wellbeing • Diversity, equality, and inclusion • Competence development	Good governance and sustainable practices: • Transparency of value chain and production • Long-term collaboration with partners • Ethical business conduct and compliance with laws • Economic responsibility, profitability, and competitiveness	Sustainable product design (ESPR - Ecodesign): • Products that withstand time and wear, are functional, and repairable • Innovative solutions with low environmental impact Choice of materials: • Certified and traceable materials • Recycled, renewable, innovative, and sustainable materials Product lifecycle management: • Care and repair services • Take-back and circular economy solutions • Recyclability • Product safety and chemical safety



UN Sustainable Development Goals

LUHTA SPORTSWEAR COMPANY participates in the UN Global Compact initiative, and we are committed to adhering to its ten principles regarding human rights, labor standards, the environment, and anti-corruption. These principles, together with the UN Sustainable Development Goals (SDGs), guide our operations and form the core framework for our sustainability strategy. We report on our progress annually in the UN Global Compact’s Communication on Progress (CoP) report.

WE ARE COMMITTED to promoting those SDGs that are most relevant in terms of our strategy and in which we have the greatest opportunity to impact at the level of the entire value chain. In 2025, we updated the goals that are essential to our sustainability strategy by adding SDG 3, which has long been an important part of our company’s sustainability work. The five SDG goals that are most important to our strategy are presented on the following page.



We promote the following key UN Sustainable Development Goals

SDG 3 – Good health and wellbeing



EWE PROMOTE GOOD health and wellbeing both within our own organization and across our value chain. We take care of

our employees’ working capacity, safe working conditions, and practices that support wellbeing, and we require the same from our partners.

OUR PRODUCTS PLAY an important role in promoting wellbeing: we encourage people of all ages to exercise by offering clothing and accessories designed for sports and an active lifestyle. In addition, we collaborate with various organizations and actors that promote physical activity and an active lifestyle. High-quality and safe material solutions support the wellbeing of both the users and the environment.

SDG 6 – Clean water and sanitation

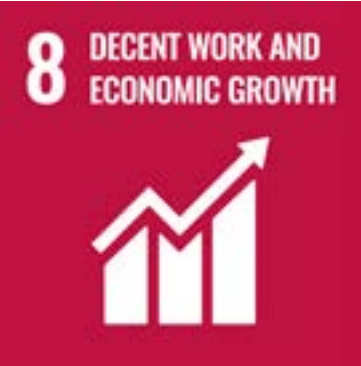


IN THE TEXTILE sector, water consumption and the use of chemicals have significant environmental impacts, which

we strive to influence in cooperation with our partners. We do not carry out wet processes in our own production, so we guide sustainability work by setting clear requirements for water use, chemical management, chemical restrictions, and wastewater treatment in our Supplier & Partner Code of Conduct and in our policies.

WE WORK CLOSELY with selected suppliers and industry actors to develop processes and reduce environmental impacts. Our aim is to reduce water consumption, minimize the harmful effects of chemicals, and promote solutions that protect aquatic ecosystems, for example through better material choices and collaborative practices.

SDG 8 – Decent work and economic growth



WE STRIVE TO ensure fair and safe working conditions both within our own organization and across our entire

value chain. Our aim is production chain transparency and respect for human rights at all stages. We develop our operations in line with the UN and OECD due diligence principles.

WE USE SEVERAL mechanisms to manage our supply chain, such as our Code of Conduct and policies, the North Star production control process, third-party audits, risk assessments, and anonymous reporting channels. In addition, close cooperation with our partners supports the implementation of social responsibility and increases transparency.

SDG 12 – Responsible consumption and production



WE PROMOTE SUSTAINABLE consumption by designing long-lasting and high-quality products. We take product

reparability into account as far as possible already during the design phase, and we offer repair and care services to ensure that the life of the products is as long as possible.

WHEN CHOOSING MATERIALS, we aim to use the most sustainable options possible in line with our company's policies. We only use reliable and verifiable materials and eco-labels on our products so that customers can make responsible choices.

THROUGH OUR REUSE service, we extend the life cycle of products by receiving, selling, and recycling used products. We also advise customers on how to care for and recycle products correctly.

SDG 13 – Climate action



CLIMATE ACTION IS a key part of our sustainability strategy. Our goal is to achieve net-zero emissions in our value chain by

2050. Our emissions reduction targets, validated by the SBTi, are now aligned with the goals of the Paris Agreement, and they guide us in advancing actions to mitigate global warming in a scientifically grounded and globally comparable manner.

WE ARE REDUCING emissions in line with our climate transition plan. Measures include switching to renewable energy sources whenever possible, reducing emissions caused by products and materials, and improving logistics efficiency. We calculate and report our value chain emissions annually in accordance with the GHG Protocol, which helps us to monitor the progress and develop measures systematically.

Stakeholder Engagement

OUR COMPANY OPERATES in a broad international environment, and its operations have a significant impact on both the textile and fashion industry and the surrounding society. As a family business, it’s important for us to maintain long-term relationships with our stakeholders and build operations that are based on trust, transparency, and continuous dialogue. Our stakeholder engagement is based on our corporate values, sustainability strategy, and international sustainability standards, such as the UN Guiding Principles and OECD Guidelines.

WE HAVE IDENTIFIED the stakeholders that are the most important to our operations based on how our activities affect them and how their views and expectations of us affect the development of our company. Our stakeholders include our personnel, customers and consumers, suppliers and partners, owners, and lenders, authorities, local communities, non-governmental organizations, industry associations, and sustainability initiatives. We work continuously with our stakeholders and engage in dialogue with them through various channels and forms of cooperation. This helps us understand the expectations of our stakeholders and identify impacts, risks, and opportunities related to sus-

tainability issues. Through these perspectives, we develop our operations to meet the needs of our stakeholders, strengthen trust, and ensure that our sustainability work is consistent, meaningful, and effective.

THE VIEWS OF stakeholders are systematically taken into account in strategic planning and in our key sustainability processes, such as materiality assessments, the development of the due diligence process, and human rights impact assessments. We maintain an ongoing dialogue with our stakeholders by meeting them in person and keeping in touch through various channels, such as surveys, meetings, audits, feedback channels, and cooperation forums. We aim to ensure that relevant perspectives are genuinely taken into account and that we can develop our operations together with our stakeholders.

THE TABLE ON the next page summarizes our key stakeholders, their expectations, engagement channels, and our responses to them.

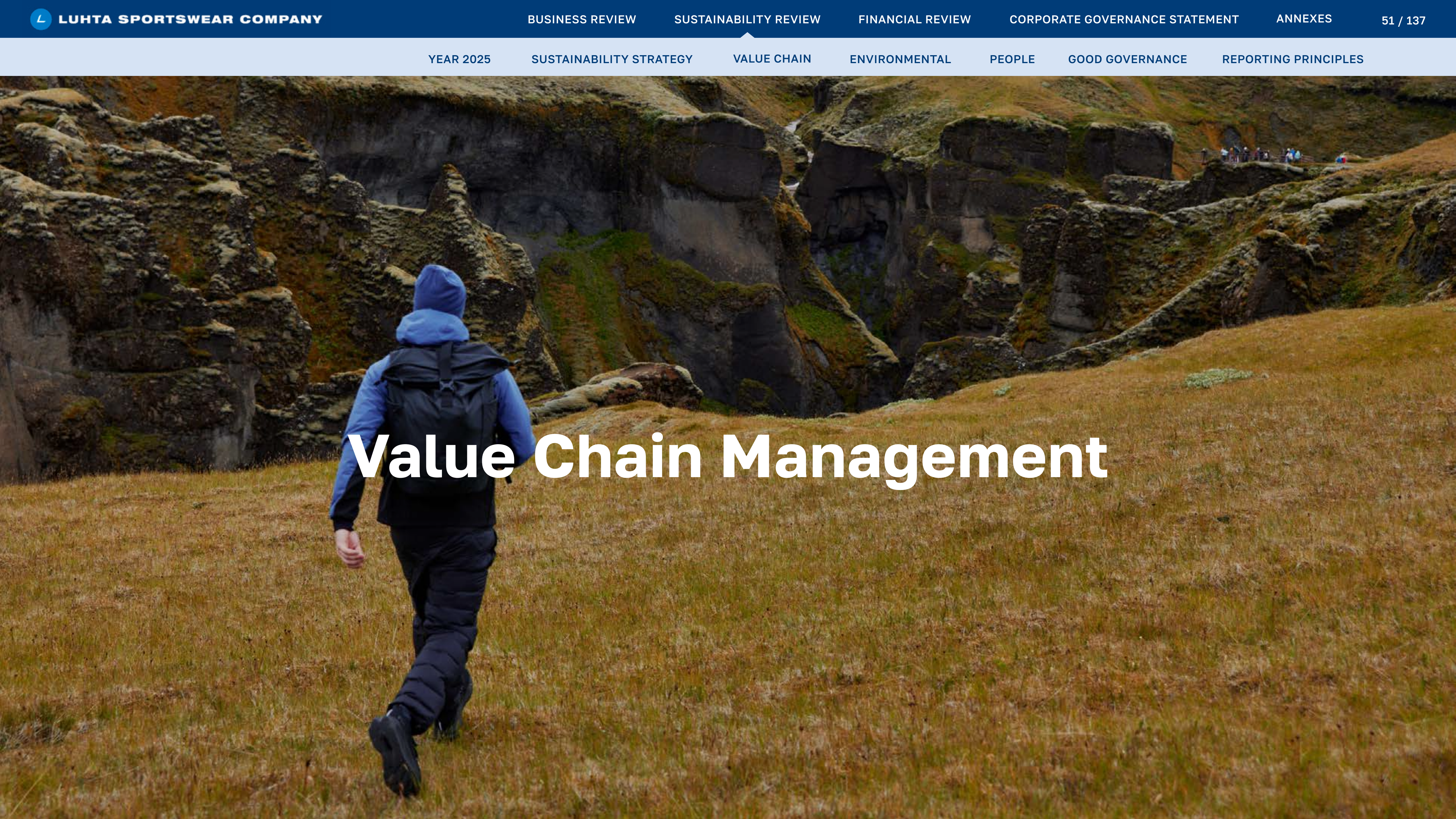
We are an active member in a number of international and national industry organizations that support our sustainability development work and strengthen common practices in the industry. These include:

- amfori BSCI
- UN Global Compact Network Finland
- Euratex – The European Apparel and Textile Confederation
- European Outdoor Group EOG
- Finnish Textile & Fashion
- Fashion and Sports Commerce Association
- Finnish Commerce Federation
- FIBS ry
- Finnish Standards Association SFS
- Finnish Fashion Law Association
- The European Committee for Standardization, CEN/TC162
- Häme Chamber of Commerce
- Lahti Industrial Association
- Design Foundation Finland (founding member)



SIGNIFICANT STAKEHOLDERS AND ENGAGEMENT

Stakeholder	Engagement channels	Key expectations/concerns	Our Response
Personnel	Intranet, employee surveys, supervisory work, training, info briefings, LYHTY and occupational safety committee, whistleblowing channel	Fair treatment, employment relationship, wages and working hours, development, meaningful work, wellbeing and safety at work, career opportunities	Open communication, development discussions, wage reviews, training, wellbeing committee, participatory surveys, employment benefits
Owners & Lenders	Managing Director’s half-yearly reviews, General Meetings, meetings, reports	Financial situation and business development, risks and opportunities, sustainability	Open reporting, good governance, risk management, long-term profitability and growth, sustainability reporting
Business Customers	Meetings, customer service, trade fairs, websites, social media	Collections and products, quality, product safety, sustainability, processing of complaints	Up-to-date product information, material choices and packaging (certificates and eco-labels), production control, audit certificates, warranty, repair, and return services
Consumers	Stores, online store, customer service, customer loyalty communications, social media	Collections and products, quality and durability, product safety, sustainability	Clear product information, ReUse services, return channels, warranty, consideration of sustainable development in collections, customer loyalty program
Suppliers & Partners	Regular meetings, contract negotiations, audits, Code of Conduct, whistleblowing channel	Continuity of cooperation, fair pricing, sustainability issues	North Star process, third- party audits (amfori BSCI, BEPI), contracts and policies, dialogue and development of cooperation
Industry Organizations	Industry organization working groups, meetings, training	Supply chain sustainability, industry development, standards	Active lobbying, open communication and reporting, factory lists, development of standards
Authorities	Reporting, inspections, publications	Compliance with laws and guidelines	Compliance with laws, good governance
Responsibility Initiatives and Standards	Training, reporting, communication	Climate, human rights, and environmental issues	Compliance with reporting requirements, active training
NGOs	Meetings, sustainability report, website, and social media	Human rights, environmental impacts, animal rights, sustainable production, responsible consumption	Open communication and transparency, responding to requests for information
Educational Institutes	Cooperation projects, visits, interviews, thesis work	Trainee roles, cooperation, employer image	Projects, competitions, visits, responding to interviews and surveys
Media	Press releases, interviews, events, websites, and social media	Up-to-date information, company events	Active and timely communication, reachability, and responding to contact requests
Local Communities	City and association cooperation, events	Local cooperation, community wellbeing	Cooperation with the City of Lahti and associations, participation in regional development
Policy-makers	Dialogue through industry organizations	Addressing industry issues in legislation	Expert opinions, participation in discussions



Value Chain Management

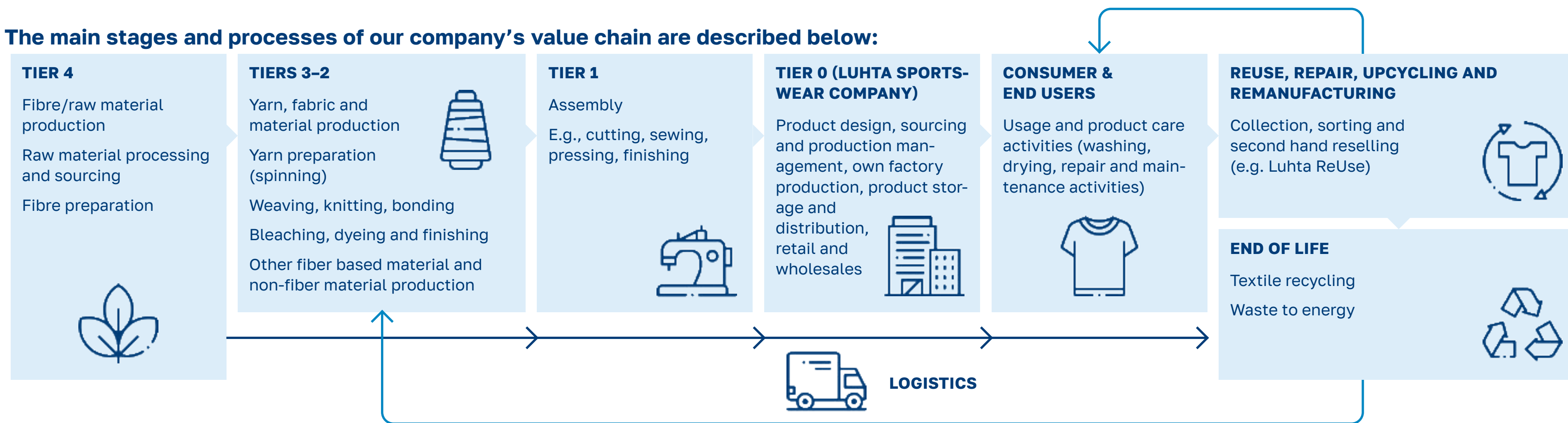
Transparency in the Value Chain

VALUE CHAIN MANAGEMENT forms the basis of our sustainability work and is intrinsically linked to both our strategic management and our key environmental and human rights impacts. Our operations cover the entire product life cycle, from design and material sourcing to manufacturing, logistics and sales channels, all the way to consumer use and the end of the product life cycle. Since most of our sustainability impacts and risks arise in our extensive and multitiered supply chains, we focus on transparency, risk-based management, and continuous cooperation with our partners and stakeholders. Our value chain management is guided by our sustainability strategy, policies, and operating principles, as well as internationally recognized frameworks, such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines on due diligence, which set requirements for human rights and environmental considerations throughout the value chain.

Our Value Chain

AS PART OF our sustainability work, we have mapped out the different stages and processes in our company's value chain, as well as the resources and actors required to enable them. The core of Luhta Sportswear Company's operations is the design, manufacture and sale of clothing, accessories, footwear, home products, and pet products. Our value chain consists of several interlinked stages, ranging from the production of materials and raw materials

The main stages and processes of our company's value chain are described below:



to the manufacture of end products, logistics, storage, and sales channels, and further to product use, care, and end of life.

OUR UPSTREAM VALUE chain, which we also refer to as the supply chain, comprises the production of fiber and raw materials, fabric manufacturing, dyeing and finishing, as well as sewing and product assembly. There are several different stages in these processes, and each operator has its own role in the creation of the product. Since most of the environmental and human rights impacts of our products occur in the upstream value chain, transparent and risk-based management of this stage is central to our sustainability work.

OUR COMPANY'S OWN operations are at the heart of the value chain and guide our material choices, as

well as production and quality control. Product design, material procurement, production control, our own factory in Suzhou, China, and logistics and distribution form a whole in which we ensure product quality and the implementation of our sustainability principles. The processes are guided and supported by the Group's shared support functions, such as Sustainability, Procurement, Legal & Compliance, HR, ICT, Marketing, and Communications. At these stages, we have the greatest opportunity to influence product sustainability issues at an early stage, as our own design, procurement, and production processes largely determine the product's environmental impacts, the implementation of social responsibility, and the sustainability requirements of the supply chain.

OUR DOWNSTREAM VALUE chain consists of the use, consumption, and care of products, as well as the reuse, repair, recycling, and disposal of the product (e.g., textile waste). These stages determine how long a product will remain in use and how its materials can be reused at the end of its life cycle. Solutions in the downstream value chain therefore have a significant contribution to the environmental impact of a product throughout its life cycle, as extending its service life and directing it into circulation can significantly reduce the amount of waste and the need for new materials. Through design, material choices, and product structures, we aim to promote the longevity, repairability, and recyclability of our products and to reduce the environmental impact at the end of their life cycle.

Key Impacts and Risks in the Value Chain

AS PART OF our sustainability work, we assess the actual and potential sustainability impacts of our entire value chain on the environment and people, as well as the risks and opportunities related to our business operations. The assessment of impacts and risks is carried out as part of the company’s double materiality assessment, a more in-depth human rights risk assessment, and risk assessments related to production and procurement. Based on these, the most significant impacts are found particularly in the upstream value chain and in long supply chains.

THE PRODUCTION OF materials and products consumes large amounts of resources, energy, water, and chemicals. Manufacturing processes can also have environmental impacts, such as greenhouse gas emissions, wastewater discharges, and local air, water, and soil pollution, which can contribute to climate change and biodiversity loss, for example. In relation to primary production and manufacturing, we have identified human rights risks typical of the industry, such as the risk of forced labor and child labor, risks related to occupational safety and health, working hours, and wages, as well as

challenges related to freedom of expression and association. In addition, impacts arise in our own operations, such as in social responsibility issues related to the occupational health and safety and the wellbeing of our own employees. Impacts also arise in the downstream value chain through, for example, logistics emissions, product safety, product life cycle, and recycling and disposal.

WE WORK PURPOSEFULLY and systematically to prevent, eliminate, and reduce risks and adverse impacts and to promote and strengthen positive

impacts throughout our value chain. A key part of this work is the continuous development of our company’s due diligence process from the perspective of both human rights and environmental responsibility. In the following section, we expand on the stages and measures of the process in more detail.

The following diagram illustrates the key actual and potential environmental and human rights impacts of our value chain.



Due Diligence Process

RESPECT FOR HUMAN rights and the environment is an integral part of our company's sustainability strategy and management of the entire value chain. Our aim is to develop our operations in the long term in accordance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct in order to identify, prevent, mitigate, cease, and monitor, and monitor the actual and potential adverse impacts of our operations.

WE HAVE DEVELOPED our due diligence process by strengthening our policies and operating principles and their implementation, developing our processes, and deepening our understanding of the risks in our value chain. Our work is based on a risk-based approach, taking into account the findings of the double materiality assessment, the results of the human rights risk assessment, industry-specific human rights and environmental risks, as well as information generated by supplier audits, stakeholder dialogue, and other sources. Our goal is to ensure that any potential adverse impacts are identified at an early stage and that their prevention, mitigation, and monitoring are integrated into our core processes, such as procurement, production control, and supplier cooperation.

IN THE FOLLOWING sections, we describe in more detail the key steps in our due diligence process and the related methods and measures.

1. Our Commitments and Policies

WE ARE COMMITTED to respecting all internationally recognized human rights and ensuring that these principles are implemented both in our own operations and throughout our value chain, among our own employees, value chain workers, local communities, customers and consumers. Our commitment is based on, among others, the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines. These international frameworks guide the assessment of risks, the development of operating principles and processes, and the cooperation with our stakeholders.

OUR COMMITMENTS ARE reflected in our company policies and guidelines, such as our human rights commitment, Labor Rights Policy, and Supplier & Partner Code of Conduct, which apply to our own personnel as well as to our suppliers and partners. The aim of these policies is to ensure respect for employee rights, safe and healthy working conditions, equal treatment, responsible chemical and environmental management, and ethical business practices. The policies are approved by the company's senior management and are regularly reviewed to ensure they remain up to date. Read more about our policies, sustainability management, and management systems [here](#).



THE PRACTICAL IMPLEMENTATION of these commitments is an integral part of our company’s due diligence process. Our guidelines require that all our suppliers and business partners comply with our company’s sustainability principles and ensure that they are also implemented in their own sub-contracting chains. We communicate our requirements clearly, provide training when necessary, and engage in ongoing dialogue with our partners to ensure that our policies are understood and implemented in practice. In addition, we use audits and monitoring mechanisms to monitor compliance with our policies. Our policies form the basis for preventive measures and remedial mechanisms and guide the responsible actions of our personnel, suppliers, and partners.

2. Identification and Assessment of Adverse Impacts

AS PART OF our due diligence process, we regularly and on a risk-based basis identify and assess the actual and potential human rights and environmental impacts and risks of our value chain. The identification and assessment of impacts and risks covers our own operations, operations in the upstream and downstream value chain, and affected groups, such as our own and value chain employees, communities, consumers and end users, animals, and the environment. The impact assessment is based on several processes and sources of information, such as the double materiality assessment, human

rights risk assessment, environmental impact assessment, industry- and country-specific risk analyses, international studies and standards, stakeholder dialogue, and information produced by audits and partners. As part of the assessment, we engage with stakeholders where possible, for example through feedback channels and by gathering information from employees, partners, and local teams. The aim of the assessment is to identify both actual and potential impacts and to allocate resources to those risks that may be most serious for people and the environment.

WE HAVE CONDUCTED a human rights risk assessment that takes a closer look at the risks in the upstream value chain, as the manufacturing of materials and products, particularly in risk countries, involves challenges that are typical for the industry. Our current human rights risk assessment focuses on China, which is currently our company’s most significant production country and where most of the supply chain impacts occur. In the assessment, we consider both the severity of the impacts (scope, irremediability, and scale) and their likelihood. Our aim is to expand our comprehensive human rights risk assessment to other production countries and value chain tiers in the future, so that we can understand the overall impacts comprehensively and target our measures more effectively.

THE IMPACT ASSESSMENT serves as a basis for preventive and corrective measures. Based on

the results of the assessment, we identify priority human rights and environmental issues that guide our development measures. This ensures that we focus on the risks that have the greatest potential impact on employees, communities, consumers, and the environment, and that our sustainability work is based on up-to-date and comprehensive information from across the value chain.

3. Preventing, Mitigating and Ceasing Adverse Impacts

OUR DUE DILIGENCE process aims to end, prevent, reduce, and remedy adverse human rights and environmental impacts associated with our value chain and to promote positive impacts. The work is based on a risk-based approach and the prioritized human rights issues identified in our human rights risk assessment. In line with these priorities, we target measures to those risks that are assessed to have the greatest severity and significance for employees, communities, and other affected groups.

IMPACT MANAGEMENT CONSISTS of several mutually supportive processes, such as operating principles and policies concerning suppliers and partners, audits, monitoring, training, stakeholder dialogue, and remedial measures. These methods are developed and applied in accordance with the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct and form a practical

management system that enables us to monitor the implementation of requirements and ensure that any issues are addressed systematically, proportionately, and without delay.

THE FOLLOWING TABLE presents the prioritized human rights issues identified in our human rights risk assessment and the key processes and measures related to them in our company. The table specifies how we manage different impacts in practice and which areas we will focus on in our development work in the coming years. In addition to human rights risks, we also assess the environmental impacts of our value chain as part of our processes. We provide more detailed information on the related measures in the environmental section of our sustainability review.

Affected Community	Prioritized Human Rights Issues	Current Processes and Measures
Own Employees	- Occupational safety and health - Reasonable working hours and wellbeing at work - Prevention of discrimination and harassment	- Personnel policies and guidelines (e.g. Code of Conduct, non-discriminatory recruitment policy) - Occupational health and safety processes, occupational health care - Promotion and monitoring of wellbeing at work, working time practices, employee surveys, early intervention model - Employee induction and training - Collective agreements - Fair pay and annual salary review - Regular dialogue - Anonymous grievance mechanisms
Value Chain Workers	- Risk of forced labor and child labor - Working conditions, occupational safety and health, social security - Working hours and living wages - Freedom of speech, freedom of association, and freedom of assembly	- Supplier & Partner Code of Conduct and supplier requirements - Production and procurement processes (North Star) - Third-party audits (BSCI, SA8000/SMETA) - Wage survey, action plan for living wages and implementation - Dialogue, training, regular visits, and remedial measures together with suppliers - Industry initiatives and stakeholder collaboration (EIS pilot)
Communities	Environmental and health impacts on local communities (e.g. access to clean water and food, impacts of climate change on natural habitats)	- Environmental responsibility, production and procurement processes - Climate targets and transition plan - Environmental guidelines and requirements for partners (Code of Conduct and environmental policy) - Chemical management - Environmental certifications and audits (e.g. OEKO-TEX® STANDARD 100, OEKO-TEX® STeP, bluesign®, ZDHC, GOTS, GRS, Amfori BEPI)
Customers and End Users	Product safety	- Product design and testing - Chemical management and product safety processes - Customer feedback and surveys - Anonymous grievance channels

4. Remedial Measures and Grievance Mechanisms

REMEDIAL MEASURES AND grievance mechanisms are designed to ensure that any adverse human rights impacts are identified and addressed in an appropriate, timely, and secure manner. We are committed to taking action in situations where adverse impacts occur and strive to continuously improve our processes so that any shortcomings can be prevented, mitigated, and, where necessary, remedied more effectively. In these situations, we act in accordance with the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance, and we always take into account the views and safety of those affected when taking remedial measures.

OUR COMPANY HAS several grievance and feedback mechanisms in place through which both internal and external stakeholders can report their concerns. The Group’s shared whistleblowing channel enables anonymous reporting in different languages and is open to all stakeholders. Our organization in China also has local feedback channels, such as anonymous feedback boxes and employee forums. In our supply chains, we also utilize international mechanisms, such as the amfori Speak for Change channel, which provides employees with an accessible and secure way to report their concerns in their local language.

REPORTS ARE MONITORED regularly and responded to in accordance with defined processes. Where necessary, we work with our suppliers and other partners to remedy a situation and identify any root causes. Developing grievance mechanisms, improving accessibility, and expanding reporting options are key targets for us so that every employee in our value chain can raise concerns safely and confidentially.

WE ARE CONSTANTLY looking for new solutions and cooperation models that enable effective remedial measures to be taken if adverse impacts occur. For example, we are participating in the Employment Injury Scheme (EIS) pilot project, which is being implemented by the Government of Bangladesh in collaboration with the ILO and GIZ, and which secures the livelihoods of employees at the factories we use in Bangladesh and their families in the event of serious occupational accidents.

5. Monitoring of Measures

WE REGULARLY MONITOR the effectiveness of measures using our own inspection and monitoring processes as well as information provided by our suppliers and partners. Monitoring includes, among other things, analyzing audit results, following up on remedial measures, implementing training, occupational health and safety indicators, and feedback received through grievance mechanisms.

The information we collect helps us assess how well measures aimed at preventing and mitigating risks are being implemented in practice and in which areas additional measures are needed.

THE MONITORING PROCESS is continuously developed to ensure the quality and comparability of information and to identify and respond to risks and impacts in the value chain more effectively and at an earlier stage. Cooperation with suppliers plays a key role, and we require our partners to provide us with updates on, for example, audit results, certification status, and factory-level development measures. In our own operations, we monitor, for example, the wellbeing and safety of personnel as part of the Group’s HR processes. The results of the monitoring are reported internally to management and the Board of Directors and as part of our annual sustainability reporting.

6. Communication and Reporting

WE REGULARLY COMMUNICATE with both internal and external stakeholders about the implementation of our due diligence and the progress of our human rights work. We publish an annual sustainability report describing key risks, measures, audit results, prioritized human rights issues, and key findings from monitoring. We also report on our progress in the UN Global Compact’s Communication on Progress report and on our website.

THE AIM OF communications is to increase transparency and ensure that our stakeholders have an up-to-date understanding of our company’s activities and impact. We are constantly developing our reporting to meet regulatory, market, and international framework requirements, and we strive to communicate our sustainability work in a clear, comparable, and easily accessible manner

Stakeholder Engagement in the Due Diligence Process

MEANINGFUL CONSULTATION AND engagement with stakeholders is a cross-cutting part of our company’s due diligence process, and we utilize information obtained from stakeholders in all stages of the due diligence process – from identifying and assessing impacts to preventive measures, monitoring, communication, and implementing remedial measures. Our aim is to ensure that the views of affected and other key groups are taken into account in decision-making and in risk management.

IN CONNECTION WITH impact assessment, our aim is to regularly collect feedback from various stakeholders, such as our own personnel, supply chain employees, suppliers, our local teams, communities, and customers. We utilize feedback channels, audit findings, surveys, and direct dialogue with interested parties, among other methods. Consulting stakeholders is particularly important in supply chains, and we utilize both our own and third-party grievance mechanisms. In our own operations, stakeholder engagement is implemented through, e.g., employee surveys, occupational health and safety observations, employee forums, and anonymous feedback channels.

FEEDBACK FROM STAKEHOLDERS also plays an important role in the planning and implementation of remedial measures. In adverse situations, we

listen to those affected by the impacts and take their views into account to ensure that remedial measures are proportionate and effective. We continuously develop stakeholder dialogue in order to improve our processes and measures.

Due Diligence Process Development and Action Plan

WE ARE CONTINUOUSLY developing our due diligence process with the aim of strengthening its effectiveness at all stages of the value chain. Our goal is to develop our processes to better meet stakeholder expectations and international frameworks, such as the UN Guiding Principles and the OECD Due Diligence Guidance. Our development work is based on a risk-based approach, which enables us to identify the most material impacts, direct resources to the right areas, and ensure that our sustainability work is based on up-to-date and comprehensive information.

WE HAVE CREATED an action plan to develop our due diligence process. The focus areas of our action plan for the coming years relate to deepening risk identification in all production countries, harmonizing due diligence processes across different business areas, and developing supplier cooperation and auditing procedures. Our aim is to strengthen the implementation of remedial measures, increase the accessibility of grievance channels, and develop reporting to better meet international requirements and stakeholder needs.

We will continue to develop the process so that it forms an even more effective and transparent part of the company’s sustainability management and value chain management.

IN 2025, WE continued to develop our due diligence process with several concrete development measures. We strengthened our internal resources by hiring a dedicated sustainability professional for our team in Suzhou, who will implement and develop our social and environmental responsibility processes locally. We developed our internal policies and guidelines and trained our personnel and suppliers on topics related to human rights and sustainability. In addition, all our personnel in China completed our Code of Conduct training. We continued to develop our North Star process and created a plan to promote living wages in our supply chain. We started a collaboration project with SASK to analyze supply chain risks more deeply and strengthen our due diligence process.

Living Wages in our Value Chain

ENSURING LIVING WAGES is one of the key human rights issues to be prioritized in our value chain. After assessing the human rights impacts and risks of our business, we have identified that wages that are insufficient to live on are a significant risk in the context of global and multitiered supply chains. Wage levels are low in many production countries, and poverty is widely recognized as one of the root causes of social and environmental problems.

Ensuring a living wage is therefore one of the most effective ways to promote employee wellbeing, supply chain sustainability, and broader social development.

Our Commitment to Living Wages

WE ARE COMMITTED to ensuring fair pay and gender pay equality for all our employees and to promoting living wages throughout our value chain.

A LIVING WAGE differs from the statutory minimum wage. We define a living wage in accordance with the GLWC’s Anker methodology as the minimum income that covers a reasonable standard of living and basic needs for an employee and their family, such as food, housing, health care, education, transportation, and other essential expenses, as well as provisions for unexpected expenses. A living wage should be earned within normal working hours without the need for overtime.

Promoting Living Wages in the Value Chain

WE HAVE LAUNCHED a wide-ranging development program to ensure that living wages can be achieved throughout our supply chain in the long-term. This development work will continue in a systematic manner in cooperation with the suppliers, industry, organizations, and other stakeholders.

AT OUR SUBSIDIARY in Suzhou, we started conducting annual wage-level surveys in 2021 to ensure that the wages we pay are above the living wage-level defined by the Global Living Wage Coalition’s (GLWC) Anker methodology. If the annual review shows that the level falls below the recommended level, we take remedial measures in cooperation with local management.

FOR OUR SUPPLIER network, we require compliance with at least the statutory minimum wage through our policies and audit practices. However, we recognize that the minimum wage often does not correspond to a living wage. Therefore, we are actively researching and developing solutions to support our suppliers in implementing living wages, e.g. through responsible procurement practices, supplier collaboration, and multi-stakeholder collaboration.

IN 2025, WE created an action plan to promote living wages in our value chain.

DURING 2025, WE started to map out the wage data of our supply chain more extensively and further developed a more detailed action plan to promote living wages in our supply chain. Internally, we strengthened our company’s understanding of living wages and increased resources to promote development work. In addition, we started to develop our internal production and procurement policies, processes, and practices to better take into account employee wages in, among other things, the North Star process, contract and price negotiations, and production planning.

IN OUR INDUSTRY in general, as well as at our company, there is still work to be done in mapping wage data more comprehensively, developing calculation models for living wages, and systematically utilizing data to improve wage levels. Progress requires close cooperation between different actors, and as a company we are committed to moving this work forward step-by-step with determination.

Key Measures and Road Map to Promote Living Wages for 2021-2026

2021–present:

- Annual wage-level surveys at Suzhou subsidiary using the GLWC methodology. Remedial measures as necessary.

2023:

- Updating human rights policies and adoption of the Board-approved human rights commitment.

2024:

- Implementing human rights risk assessments and identifying living wages as a prioritized human rights issue.
- Mapping of living wage levels and current wage levels in the supply chain.

2024–2025:

- Training procurement and production organizations on human rights and living wages; strengthening internal competence.

2025–2026:

- Implementation of a development plan to promote living wages in the value chain.
- Identification of living wage levels in all key production countries and systematic collection of wage data from suppliers.
- Development of responsible procurement practices to support suppliers (pricing, delivery times, capacity needs).
- Including living wages in the North Star process and supplier assessment.
- Strengthening multistakeholder collaboration (e.g. organizations, labor market actors, business networks) to promote structural changes.

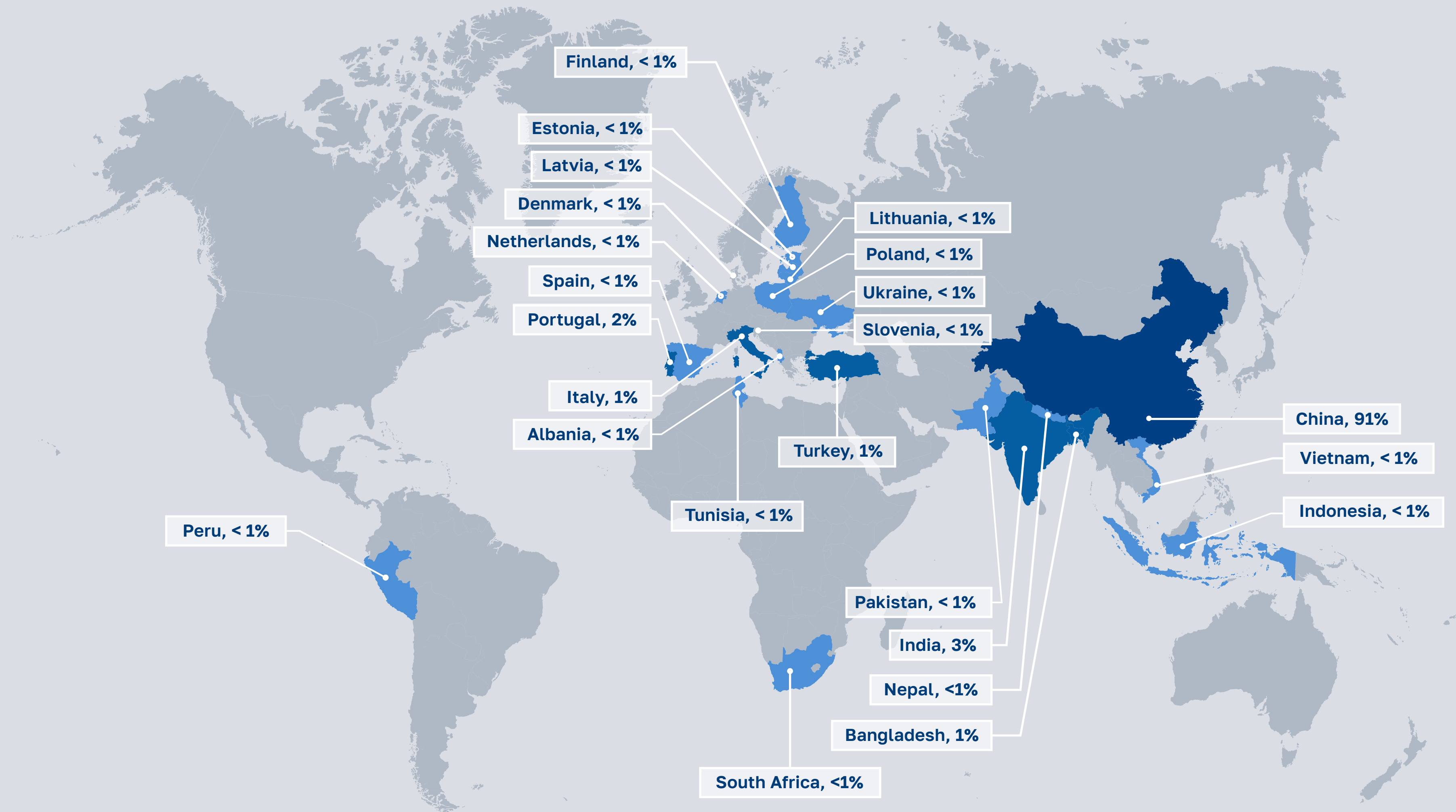
Supply Chain Management

OUR SUPPLY CHAIN is a global and multitiered entity, the management of which is a key part of our business and sustainability work. Most of our production is located in China, where our local organization oversees production and ensures the implementation of business practices. The supply chain is managed in close cooperation between the teams in Finland and China and includes the coordination of production and procurement, quality monitoring, and the management of sustainability-related risks. Long-term cooperation with suppliers and factories, our internal North Star production and quality control process, and third-party certifications and audits increase the transparency to our supply chain and support its responsible development.

Production Countries in 2025

APPROXIMATELY 91% OF our company’s production takes place in China, with additional production in, e.g., Bangladesh, India, Pakistan, Turkey, Vietnam, and certain European countries. Our production countries and their relative shares are illustrated on the accompanying map.

MOST OF OUR production is located in countries that are classified as risk countries, such as China, Bangladesh, India, Pakistan, Turkey, and Vietnam, according to amfori’s WGI-based classification.



PRODUCTION IN RISK countries accounted for approximately 96% of total production in 2025 and 4% in European countries that are not classified as risk countries. We identify and assess the human rights and environmental risks associated with these countries and take these risks into account as part of our annual production and procurement processes.

WE PUBLISH AN annually updated list of our contract manufacturers to increase transparency about where our products are manufactured and by whom. We update the list annually on our website, and it is available [here](#).

Production and Procurement Processes

THROUGH OUR PRODUCTION and procurement processes, we coordinate and monitor our supplier network, monitor the implementation and quality of production, and manage and verify sustainability risks. The production and procurement team operating in Finland is responsible for production and procurement control, coordination, and guidance of production and procurement. Our organization in Suzhou, China, which employs more than 300 experts, implements operations locally. The team’s tasks include supplier cooperation, production monitoring, quality control and testing, factory visits, and monitoring and assessing the implementation of the principles of the Supplier & Partner Code of Conduct. In addition, the team participates in sustainability development projects and plays an important role in the practical implementation

of due diligence process development measures as part of its own area of responsibility.

THE PRODUCTION PROCESS includes the supplier and factory selection and assessment stages, en-

suring production capacity, approving models and technical materials, managing orders, and monitoring quality during production. We review the requirements related to certifications, operating practices, working conditions, and environmental

impacts with new suppliers. Suppliers are required to disclose their manufacturing locations and any subcontractors, as well as to submit documents related to their operations and the required inspection reports. Our experts in China support suppliers

Own Factory Operation in China

Our company has its own factory in Suzhou, China, established in 2006. The factory’s production focuses on Rukka Motorsport riding gear and other Gore-Tex products, and its operations include fabric inspection, cutting, laser cutting, embroidery, sewing, taping, product labelling, and packaging. The factory is also responsible for quality control and testing activities, such as waterproof testing, pattern and model production, and technical support at various stages of production. In monitoring our own factory, we utilize the internal North Star production control and quality management process, through which we monitor product quality, working conditions, and the implementation of environmental responsibility. In addition, the China organization’s own EHS team is responsible for factory safety and environmental issues and their continuous development. Our factory has also been audited in accordance with the independent amfori BSCI standard, which complements our company’s own North Star monitoring and supports transparent operations.



WITH GUIDANCE AND conduct factory visits at the start of and during production as part of our internal audit process.

MATERIAL PROCUREMENT IS a key part of our production and procurement processes and is closely integrated with product development, procurement, and supply chain planning. Material choices are based on an assessment of suitability for intended use, as well as on technical properties, availability, origin information, and verification documents collected from suppliers, and they are always made within the framework of compliance and regulatory requirements applicable to products and materials. Product development determines the materials required for the collections. If necessary, the procurement team identifies alternative suppliers and compares the properties of materials, supplier capacity, and delivery reliability. The procurement and production teams in China support material procurement by reviewing the background information, production capabilities, and technical requirements of material suppliers. They also ensure that material suppliers provide the necessary information and documentation, such as composition data, proof of origin, and any certificates and testing reports. Material procurement is based on internal company guidelines and policies that define minimum requirements for material quality, traceability, and available verification, among others. Read more about material sourcing [here](#).

WE ANALYZE THE control process of our supply chain and continuously develop our operations. We work closely and engage in open dialogue with our suppliers and factories, and we train our partners. We provide feedback on areas for development and guide operations as part of the North Star process. During 2025, we also developed several areas of the production and procurement process. The work included, among other things, developing the company’s procurement policy and North Star process, as well as supplementing supplier policies and requirements. In addition, we integrated the procurement and production processes of our sister company Balmuir into our company’s operations, which has expanded the totality of factories and production countries and has required the harmonization of processes. The aim of the development measures was to clarify guidelines, harmonize operating practices, and improve supply chain monitoring in different production areas.

Supplier & Partner Code of Conduct

OUR SUPPLIER & Partner Code of Conduct sets out the principles and requirements for suppliers and business partners regarding human rights, working conditions, environmental practices, and ethical business conduct. The Code also includes supplementary policies that specify requirements concerning, among other things, chemical management, environmental protection, and animal welfare.

Sustainability Themes Emphasized in our Supplier & Partner Code of Conduct

 Respect for Human Rights	No forced labor, no child labor Occupational health and safety Prohibition of discrimination, violence and harassment Fair remuneration Reasonable working hours Freedom of association and collective bargaining Protection of young workers No precarious employment Right to work-life balance Right to religion
 Protection of the Environment	Energy and climate Water and wastewater discharges Resources and waste Chemicals
 Animal Welfare	Ensuring animal rights and welfare
 Ethical Business Practices	Prohibition of corruption and bribery Respect for intellectual property rights Avoiding restrictions on competition and conflicts of interest Transparent communication Personal data protection

*This table does not include all the detailed requirements for our partners. Luhta’s Code of Conduct and policies can be found in more detail on Luhta’s website.

WE REQUIRE SUPPLIERS and factories to commit to compliance with the principles and requirements of the Supplier & Partner Code of Conduct and to ensure that these are also implemented in any subcontracting chains they may have. We require suppliers and factories to sign the Supplier & Partner Code of Conduct, disclose their manufacturing locations and subcontractors, and submit documents and audit reports related to their operations. We also provide suppliers with a concise manual that clarifies the content of the Code of Conduct and its practical application. Our aim is to ensure that every supplier and factory has accepted and signed our company’s Supplier & Partner Code of Conduct. In 2025, all of our major partners signed our company’s Code of Conduct and committed to complying with its terms. The number of signatories covered 97% of all suppliers and factories, which accounted for over 99% of total procurement. We will continue to develop our process and ensure that each of our partners accepts and signs our Code of Conduct in the future.

OUR TEAM IN China supports suppliers in implementing the Code of Conduct and engages in regular dialogue with them on the content of the requirements, their application, and any changes to legislation or company policies. To ensure the understanding of suppliers and partners, we have organized guidance and training on the content of the Code of Conduct and policies, requirements,

and their practical application. Our Finnish sustainability team organizes annual training for our Chinese organization, and we also regularly train our contract manufacturers and material suppliers on the sustainability issues. We will continue and expand our training in 2026 so that we can support our suppliers’ understanding and ability to comply with our requirements and develop their operations.

WE MONITOR COMPLIANCE with the Supplier & Partner Code of Conduct as part of our North Star process and through third-party audits. Based on the monitoring results, we make recommendations where necessary and require corrective measures in cooperation with our suppliers.

Audit Systems in Risk Countries

OUR AIM IS that all (100 %) of manufacturers operating in risk countries have successfully completed an independent third-party social responsibility audit or our own North Star audit. In 2025, 81% of production in risk countries had a social responsibility audit or certification approved by us, taking into account both third-party and North Star process audits. Of the audited factories in risk countries, 47% were audited by third parties; North Star process audits covered 53% of factories. 11% of factories had both third-party and North Star audits. The different audit percentages can be explained

by the fact that several audit methods are used in parallel with some manufacturers. Third-party audits provide independent assessment data, while North Star audits supplement them with more frequent and detailed monitoring during production. Parallel methods are used in particular in factories where the need for monitoring or the risk level has been determined to be higher than average.

WE WILL CONTINUE to work systematically to improve the coverage of our audits. In 2025, increasing the coverage of third-party audits was set as one of our sustainability strategy’s key targets, and we have also set coverage of audits and certifications as a KPI target to measure the development of our sustainability work.

THROUGH THIRD-PARTY AUDITS and North Star audits, we identify areas for improvement, propose necessary measures, and monitor their implementation in cooperation with our suppliers and factories. We utilize the findings of these audits in our company’s risk management process, in the implementation and monitoring of remedial measures, and in the long-term development of supplier-specific cooperation. In addition to audits, Chinese government officials regularly conduct factory inspections to monitor, among other things, the wages and working hours of factory employees, occupational safety, and chemical management.

Third-Party Certification Systems and Audits

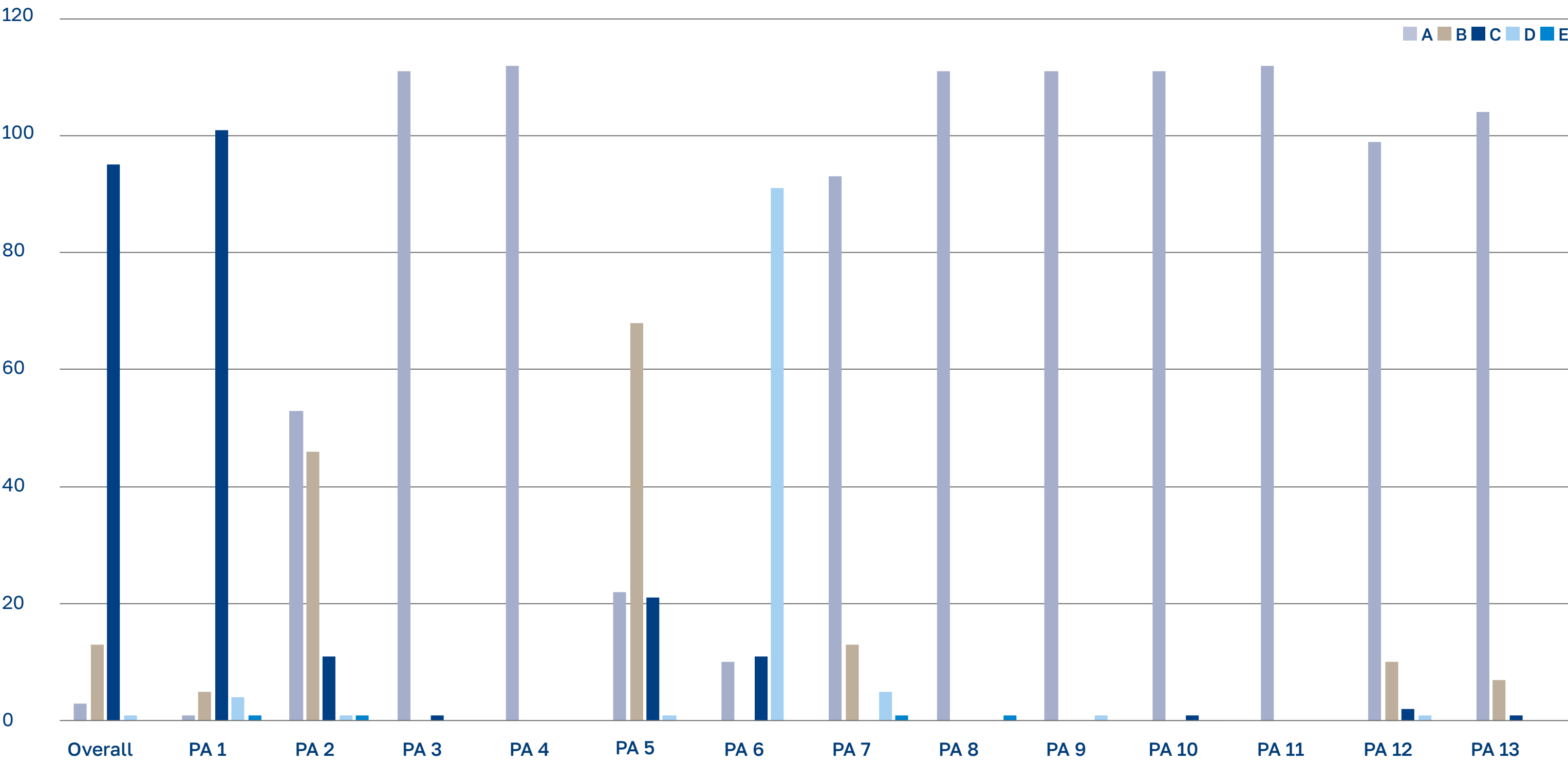
THE USE OF third-party auditing and certification systems is a key part of our company’s supply chain monitoring. They support the assessment of the realization of the requirements we set for suppliers and factories in addition to our own North Star process. We are a member of amfori and primarily use the amfori BSCI auditing system to assess and verify social responsibility in risk countries. We also accept other independent social responsibility assessment systems, such as SA8000 and SEDEX/Smeta audits, provided that their criteria meet the amfori BSCI level requirements. We review third-party audit results as part of our supply chain management and development.

MOST OF THE third-party audited factories are inspected in accordance with the amfori BSCI standard. In 2025, production at a total of 114 factories had a valid, approved amfori BSCI audit. The results of the audits are described in the diagram below. At some of the factories we use, amfori BEPI assessments are also carried out to evaluate environmental-related practices. Our aim is to expand environmental responsibility audits in the coming years.

AMFORI EMPHASIZES CONTINUOUS improvement, which is why factories must submit and implement development plans to address shortcomings identified

WE ASSESS THE effectiveness of the North Star process on an annual basis and continuously develop it. In 2025, we continued to reform the process as part of the due diligence process development plan. During the year, we updated the North Star process guidelines, developed and harmonized the assessment criteria and review procedures for factory audits, and developed information management systems to ensure that production data supports supply chain assessment and decision-making. As part of the process development work, we also took into account our aim to analyze and monitor the development of factories in a more systematic manner than before, as well as to make development proposals and address necessary remedial measures in cooperation with the factories. The phased implementation of the revised process in the Chinese supply chain will continue in 2026-2027.

Amfori BSCI Factory Audit Results in 2025



*Data based on the amfori BSCI results of the factories we used in 2025, covering amfori’s 13 social responsibility assessment categories (Performance Area, PA). A = Excellent, B = Good, C = Acceptable, D = Fair, E = Fail

Environment

Environmental Responsibility

AS PART OF the textile and fashion industry, our company's value chain has significant environmental impacts. The material environmental impacts we have identified relate to climate change and emissions, biodiversity, the use of materials and resources, chemicals, water withdrawal and water emissions, microplastics, and waste. We also recognize that environmental impacts have social impacts, for example, on surrounding communities and global society.

MANAGING ENVIRONMENTAL IMPACTS is an integral part of our corporate responsibility strategy. We work purposefully to reduce harmful environmental impacts and strive to promote positive impacts. We take environmental responsibility into account as part of our company's policies, processes, and daily practices throughout our operations and processes. We have set climate and circularity goals in our responsibility strategy and are systematically developing our operations to achieve these goals.

WE PAY ATTENTION to the environmental impact of our products throughout their entire life cycle. By designing and manufacturing high-quality, durable products, we extend the life cycle of materials and prevent waste. We pay particular attention to the selection and procurement of materials, and our goal is to increase the proportion of materials

that have a lower environmental impact, such as recycled, renewable, and organic materials, in our production. We continuously strive to optimize our production processes and volumes. We work closely with our suppliers to mitigate environmental impacts, for example by setting restrictions on the use of harmful chemicals and with an active dialogue. In addition, we pay attention to our own operations and emission reduction measures, and we are developing our circularity measures. In 2025, we began a comprehensive assessment of our environmental impacts and risks, and we will develop our operations to prevent and reduce harmful environmental impacts. We recognize that these measures only solve part of a systemic problem, the root causes of which are overproduction and overconsumption beyond the planet's carrying capacity.

IN THIS CHAPTER, we describe in more detail our company's goals, plans, and measures related to climate, circularity, material procurement, and the assessment of environmental impacts.



Climate and Carbon Accounting

CLIMATE CHANGE IS an existential global crisis that requires immediate, structural changes from individuals, companies, and society. The textile industry bears huge responsibility for the climate crisis, as it accounts for 10% of all greenhouse gas emissions globally. We have identified climate change as one of our company's key responsibility themes, and mitigating climate change and the related goals are a key part of our sustainability strategy. We have set science-based climate goals and are working systematically to mitigate climate change.

Our Climate Goals

WE HAVE UPDATED our climate goals and set short- and long-term climate goals in line with the Science Based Targets initiative (SBTi). Our targets were approved by the SBTi in 2025. Our climate targets cover greenhouse gas emissions in Scopes 1, 2, and 3. We have excluded Scope 3.11 – Use of sold products from our SBTi targets, as our means of reducing emissions in this category are very limited. Our SBTi targets cover all our other emission categories. SBTi validation ensures that our climate targets are aligned with the goal of the Paris Agreement, namely to limit the global temperature rise to 1.5 °C. We recognize that achieving

the Paris Agreement’s goals would have required setting ambitious targets at the time the agreement was adopted in 2015, and that recent climate research indicates it is increasingly likely that the 1.5 °C warming threshold will be exceeded. Against this backdrop, the need to limit warming to well below 2 °C – considered a critical safety threshold for global stability – is underscored. We have set our targets based on the SBTi’s 1.5 °C criteria, and they guide us in advancing the limitation of global warming in a science-based and internationally comparable manner. Our SBTi-approved official climate targets are:

ACHIEVING NET ZERO by 2050 requires innovation, commitment to continuous development, concrete measures, and close cooperation with our value chain partners and stakeholders.

"Climate change is a challenge we all face together – and solving it requires action. At Luhta Sportswear Company, we want to do our part by reducing emissions both in our own operations and throughout the value chain. The targets set by SBTi give us a science-based and internationally comparable metric that allows us to show that we are moving in the right direction. It also reassures our customers and partners that we are serious about taking responsibility for the climate."

- Juha Luhtanen, CEO of Luhta Sportswear Company

Near-Term Targets

- Luhta Sportswear Company commits to reduce absolute scope 1 and 2 GHG emissions 54.6% by 2033 from a 2023 base year.
- Luhta Sportswear Company also commits to reduce scope 3 GHG emissions 61.1% per MEUR value added within the same timeframe. *

Long-Term Targets

- Luhta Sportswear Company commits to reduce absolute scope 1 and 2 GHG emissions 90% by 2050 from a 2023 base year.
- Luhta Sportswear Company also commits to reduce scope 3 GHG emissions 97% per MEUR value added within the same timeframe. *
- Overall Net-Zero Target: Luhta Sportswear Company commits to reach net-zero greenhouse gas emissions across the value chain by 2050.

*The target is an intensity target, i.e., it takes into account the growth or decline of business operations. Value added is calculated as the sum of EBITDA and personnel expenses.

Climate Actions in 2025

- Over the past year, we have advanced our climate action through the following measures:
- We got SBTi approval for our updated climate targets
- We developed and refined our emissions calculations
- We installed solar panels at our Suzhou offices
- We replaced part of our company car fleet with electric and hybrid cars
- We continued to develop materials with lower emissions, which will be reflected in our carbon footprint in the coming years
- We trained our suppliers in carbon footprint calculation and climate action, and set a requirement for our key suppliers to set science-based emissions reduction targets
- We implemented a climate project in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) framework, which includes an assessment of financial risks and opportunities in two different climate scenarios (1.5 and 3 °C warming) and a cash flow analysis. The work will continue in 2026.
- We trained our own staff on climate action and carbon footprint calculation.

IN PREVIOUS YEARS, we have, among other things, drawn up a transition plan to mitigate climate change in line with our climate goals, analyzed climate-related impacts, risks and opportunities,

increased the use of renewable energy in our operations, and updated policies and guidelines to reduce our emissions.

Transition Plan to Mitigate Climate Change

WE HAVE CREATED a transition plan to mitigate climate change. Our transition plan guides the implementation of our climate goals and ensures our progress toward our SBTi-approved short- and long-term climate targets. The transition plan brings together key actions to reduce emissions in our own operations and value chain. The plan covers the most important emission reduction measures until 2033, and we will continue to update the plan to achieve our long-term goals. The transition plan is integrated into Luhta's business strategy, financial planning, and risk management, and it is updated regularly.

WE AIM TO decouple our emissions from our value added indicator. Currently, our value added, material consumption, and emissions are strongly linked to each other, meaning that as our value added grows, so do our emissions. The successful decoupling required by our climate targets means a situation where our emissions are not linked to our economic performance but decrease and remain low regardless of our financial results.

SINCE THE MAJORITY of our emissions are generated through the production processes of materials

and products, our climate actions focus on reducing emissions from materials and production. The most effective way to reduce emissions is to reduce the total volume of materials used, which we aim to achieve by optimizing manufacturing processes and avoiding overproduction. In addition, we aim to increase the use of materials that have a lower impact on the climate (e.g., recycled, organic, and innovative materials).

WE ALSO RECOGNIZE that our current material base is largely fossil-based and that both production and logistics rely heavily on fossil fuels. We are taking this into account as we continue to develop our transition plan, and we will seek even more effective ways to reduce our dependence on fossil fuels in order to achieve our long-term net-zero goal.

OUR CONTRACT MANUFACTURERS play a key role in this transition, and our goal is for 70% of our suppliers to have set science-based climate targets by the end of 2028 and to have reduced their emissions by 90% by 2050. Emissions from production processes can be mitigated in particular by switching to renewable energy and improving the energy and material efficiency of production. The most important way to mitigate emissions from logistics is to avoid air freight. Optimization in both logistics and packaging also helps us achieve our goals.

IN OUR OWN operations, we plan to switch to renewable energy sources in all properties we own and lease by 2033. In 2025, we advanced this goal by installing solar panels at our Suzhou office, and solar panels have already been installed at our Nastola logistics center. We prevent refrigerant leaks in our properties and are switching our company cars to electric power.

ACHIEVING OUR CLIMATE goals is not solely in our hands or those of our value chain operators. Our goals require a society-wide sustainability transition in terms of values and lifestyles as well as energy production, logistics, and the circular economy.

The Economic Impacts of Climate Change

OUR GOAL IS to take climate-related risks into account in our strategic planning and financial decision-making. In 2025, we began assessing the financial impacts of climate change in accordance with the TCFD recommendations, which included an analysis based on climate scenarios (1.5 °C and 3.0 °C), a preliminary financial and cash flow-based impact assessment, and a review of the long-term resilience of our business. The scenario analysis was based on the NGFS climate scenarios and the SSP framework. The analysis also drew on the Doughnut Economics framework, which supports the examination of economic impacts in relation to ecological limits and the social environment. The results of the analysis were preliminary, and we will develop and refine the analysis during 2026 and develop our reporting.

THE 1.5 °C scenario highlights transition risks, such as tighter legislation, carbon tax, stricter supply chain requirements, and expanded producer responsibility. The impacts are particularly focused on material costs, emission-intensive product groups, and product design. The analysis showed that maintaining competitiveness requires proactive preparation for regulation, reducing the emission intensity of materials, and designing in line with the circular economy.

IN THE 3.0 °C scenario, physical risks become a dominant factor. As climate conditions deteriorate in this scenario, the availability of raw materials declines, price volatility increases, and extreme weather events cause more disruptions in supply and logistics chains. Changes in land use, water shortages, and heat waves will have a particularly devastating effect on the production of materials. Changing weather conditions will also be reflected in demand, especially for winter-oriented product groups. Strengthening the resilience of our business requires managing geographical risks in our supply and production chains, developing alternative materials, and preparing for disruptions in delivery capacity and logistics chains.

BOTH SCENARIOS INVOLVE transition and physical risks, but their emphasis varies between scenarios. Both scenarios highlight the importance of material strategy, adaptation of product groups to climate change, delivery reliability, and proactive product design. Both transition risks and physical risks affect economic conditions and operational capacity, and it is essential to take them into account in order to ensure long-term competitiveness. Both scenarios also offer opportunities in the areas of materials, services that support the circular economy, and product development.

THE TCFD INITIATIVE also highlights the opportunities created by our company’s long history, strong networks, long-term partnerships, and skilled workforce, combined with modern management and strategic, board-level collaborative support. Identifying risks and opportunities supports both our sustainability efforts and the development of profitable business operations. Our company’s long-term commitment to sustainability is also evident in the TCFD process, where existing plans can be leveraged and risks can be turned, at least in part, into opportunities.

THE PROJECT RESULTED in the creation of a preliminary model for assessing economic impacts, which will be refined in 2026 and onwards as new data, market information, and regulations become available. The work will continue as an iterative process in which scenarios, assumptions, and risk assessments will be refined and integrated into strategic and financial planning. The TCFD analysis forms a key basis for our company's climate transition plan and guides the development of resilience, risk management, and long-term competitiveness.

Management and Monitoring

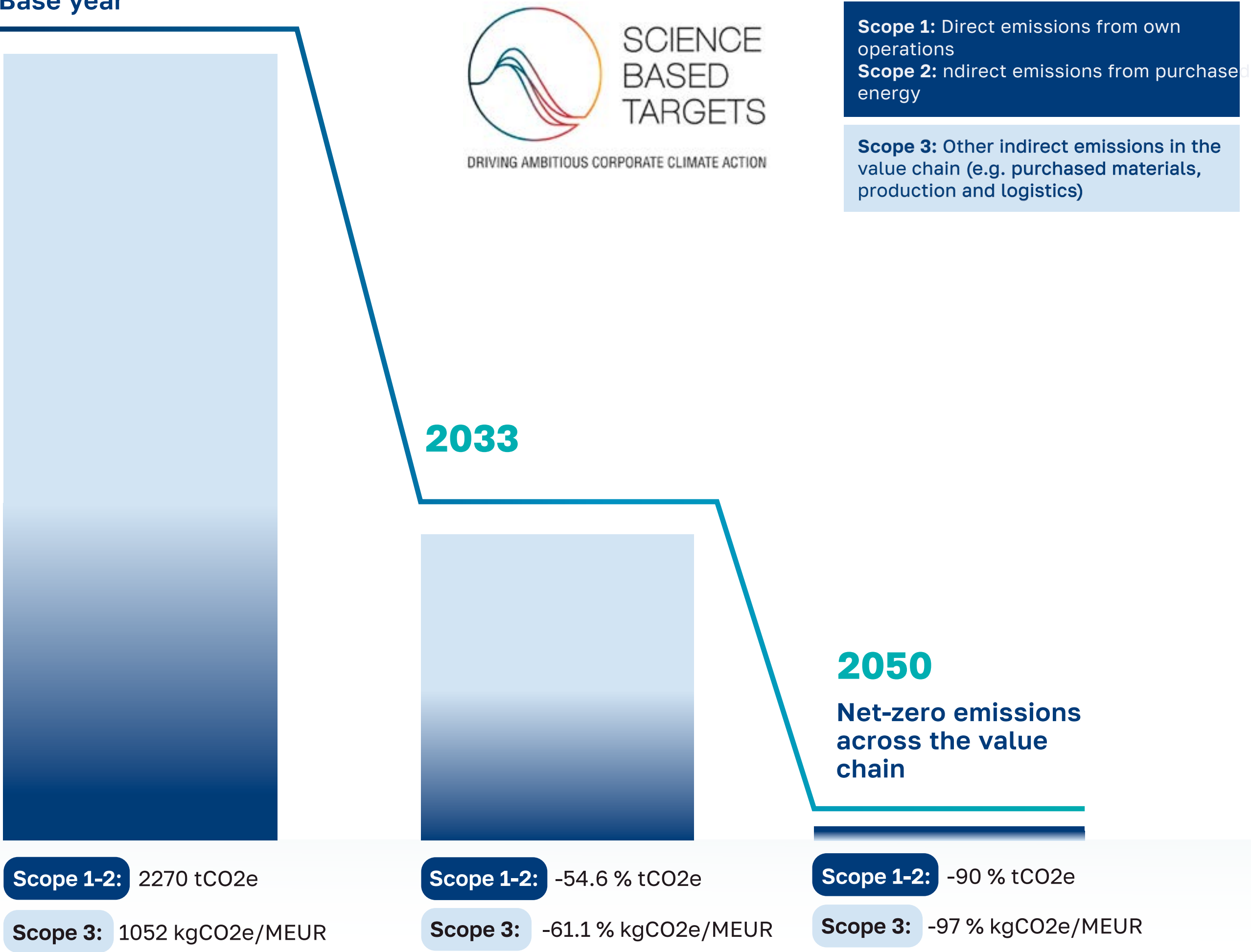
THE BOARD OF DIRECTORS approves the climate targets and transition plan and monitors their implementation through annual reporting. The

management team is responsible for implementation and resourcing, and the responsibility team coordinates emissions accounting, climate actions, and TCFD analysis updates. The finance team assesses climate-related costs and investment needs as part of budgeting and decision-making. Progress is monitored annually using key indicators such as scope 1–3 emissions, material development, renewable energy use, and logistics development. The transition plan is regularly updated based on new information, regulations, and changes in the business environment.

Luhta Sportswear Company’s Climate Transition Plan

2023

Base year



Emission Reduction Measures

Materials and Packaging:

- Increasing the use of materials with lower climate impact (e.g. recycled, organic and innovative materials)
- Optimising material use and reducing overproduction
- Transitioning to renewable energy and improving energy efficiency in material production
- Increasing the use of innovative packaging materials and reducing overall packaging use

Production:

- Engaging contract manufacturers to set their own science-based climate targets
- Transitioning to renewable energy and improving energy efficiency in production
- Optimising production and reducing overproduction

Logistics:

- Minimising air freight and replacing it with sea freight
- Optimising logistics (e.g. improving local deliveries, consolidating shipments, reducing packaging sizes)
- Developing e-commerce operations and reducing product returns

Own and Leased Properties:

- Transitioning to renewable energy sources globally across all properties (including the installation of solar panels)
- Reducing and optimising energy consumption and preventing refrigerant leaks

Company vehicles:

- Transitioning to electric cars

The chart is illustrative in nature: Scope 1–2 and Scope 3 targets are based on different units of measurement, and the visual does not reflect their actual relative scale. The presented transition pathway does not represent linear progress in practice but serves as a directional visualization of the targets.

Carbon Accounting Calculation

A **KEY PART** of our environmental work is Luhta Sportswear Company's emissions calculation, which began in 2021 for Scope 1 & 2 greenhouse gas emissions. We conducted our first carbon footprint calculation covering the entire value chain in 2022. We use 2023 as the baseline for monitoring our climate work, as it includes a comprehensive and comparable emissions inventory to subsequent years. We have developed our emissions calculation annually and recalculated our emissions from 2023 onwards for updates. Starting in 2025, our emissions also include Balmuir’s operations following the signing of a licensing agreement with Balmuir Oy. Only the brand’s Brands Store and outlet stores remained under Balmuir Oy, and have not been included in our emissions calculations. Due to the updates, the figures for emissions and energy differ slightly from those previously reported. Our emissions calculation complies with the Greenhouse Gas Protocol Corporate Standard. For more information on calculation methods and other details, please refer to Appendix 1.

IN CONNECTION WITH the 2023 emissions calculation, we calculated the emissions generated by land use and land use change in our value chain, which turned out to account for less than 1% of our total emissions. Due to the small share of land use emissions, we have not continued to monitor them, and they are not included in the results describing our emissions inventory. The low share of land use emissions in our operations is due to the fact that

we mainly use synthetic fibers, whose emissions are largely fossil-based.

Energy Use

OUR ENERGY CONSUMPTION fell by 40% compared to the previous year. In 2025, 67% of the energy we consumed was produced with renewables, which is a significant increase from the previous year's 38%. Energy consumption has decreased particularly in district heating, although there is considerable uncertainty in the energy data specifically for district heating. This year, we were able to collect direct consumption data for most of the premises we use, whereas in previous years we had to estimate consumption for most properties based on floor area and specific heat consumption. The properties we use appear to be significantly more energy efficient than the Finnish average, and we have probably overestimated consumption in previous years as a result. However, our energy consumption also decreased in terms of fuel consumption as we electrified our vehicle fleet, which also contributed to the increase in the share of renewable energy. On the other hand, our total electricity consumption has increased compared to previous years.

OUR ENERGY INTENSITY relative to turnover and personnel decreased significantly compared to previous years, mainly due to a decrease in our estimated energy consumption.

Energy consumption 2023-2025

	2025			2024			2023		
	MWh	GJ	share	MWh	GJ	share	MWh	GJ	share
Fuels	530	1 908	3 %	1 543	5 553	6 %	1 494	5 378	7 %
Renewable	55	198	10 %	137	492	9 %	172	618	11 %
Non-renewable	475	1 710	90 %	1 406	5 061	91 %	1 322	4 760	89 %
Electricity	7 742	27 871	47 %	6 716	24 176	24 %	7 128	25 661	32 %
Renewable	5 509	19 831	71 %	4 265	15 354	64 %	4 722	16 999	66 %
Non-renewable	2 233	8 039	29 %	2 451	8 822	36 %	2 406	8 662	34 %
District heating	8 226	29 613	49 %	19 464	70 071	70 %	13 663	49 187	61 %
Renewable	5 370	19 333	65 %	6 070	21 851	31 %	5 830	20 988	43 %
Non-renewable	2 855	10 279	35 %	13 394	48 220	69 %	7 833	28 199	57 %
District cooling	139	502	1 %	205	736	1 %	178	641	1 %
Renewable	139	502	100 %	205	736	100 %	178	641	100 %
Non-renewable	0	0	0 %	0	0	0 %	0	0	0 %
Total	16 637	59 894	100 %	27 927	100 537	100 %	22 463	80 866	100 %
Renewable	11 073	39 864	67 %	10 676	38 434	38 %	10 902	39 246	49 %
Non-renewable	5 564	20 029	33 %	17 251	62 102	62 %	11 561	41 620	51 %

Energy intensities 2023-2025

	2025	2024	2023	Muutos 2023-2025
kWh/€	0,09	0,15	0,11	-13 %
MJ/€	330	530	381	-13 %
MWh/fte	18,4	30,5	22,1	-17 %
GJ/fte	66	110	80	-17 %

OUR TOTAL EMISSIONS for 2025 increased by 2.5% compared to 2024 and by 2.7% compared to 2023. Scope 1–2 intensity decreased in relation to net sales due to more accurate district heating consumption data. The 21% increase in emission intensity across the entire value chain is primarily explained by the increase in Scope 3 emissions as calculations became more accurate (mainly considering 1st tier manufacture) and by the fact that net sales decreased by 4.8% to EUR 181.2 million. The slight increase in emissions and the simultaneous decrease in net sales together increased the intensity significantly more than changes in emissions alone would explain.

OUR LONG-TERM SBTI target, measured by Scope 3 emissions in relation to value added, has increased by 23% from the reference year. The increase in the indicator is explained by the simultaneous growth in Scope 3 emissions and decline in value added. Our goal is to reduce this figure by 97% from the 2023 level by 2050. Our emissions intensity relative to material consumption has remained similar in recent years.

WE DEVELOPED OUR emissions calculations again last year and this year. We supplemented the calculations with regard to materials, logistics, purchased services, and the final processing of sold products. In total, the changes increased our overall emissions by approximately 3%. Updates were also calculated for 2023 and 2024, which cor-

respondingly increased emissions for those years as well.

Scope 1-2 Emissions

OUR SCOPE 1 emissions have remained similar to previous years. The electrification of our vehicle fleet has reduced emissions, while refrigerant leaks in our properties have increased emissions compared to last year.

OUR SCOPE 2 emissions, i.e., emissions from purchased energy, have decreased as a result of reduced consumption. More detailed information on consumption can be found in the section Energy use. Two-thirds of the premises we use are covered by a carbon-free electricity contract. The remaining one-third either do not have a carbon-free electricity contract or no information was available from the landlord. We use only renewable energy in our own properties in Finland.

Greenhouse gas emissions 2023-2025

tCO2e	2025	2024	2023	Change 2023-2025
Scope 1	464	441	601	-23 %
Scope 2 (market-based)	1 397	1 531	1 669	-16 %
Scope 2 (location-based)	1 518	1 697	1 499	1 %
Scope 3	63 095	59 607	59 139	7 %
Purchased goods and services	50 440	48 404	49 475	2 %
Capital goods	1 696	1 447	incl. above	-
Fuel- and energy-related activities not included in Scope 1-2	388	335	803	-52 %
Upstream logistics	2 866	3 884	3 920	-27 %
Waste generated in operations	256	251	259	-1 %
Business travel	856	849	774	11 %
Employee commuting	1 016	870	725	40 %
Upstream leased assets	-	-	-	-
Downstream logistics	663	569	714	-7 %
Processing of sold products	-	-	-	-
Use of sold products*	1 803	1 780	1 359	33 %
End-of-life of sold products	1 252	1 218	1 110	13 %
Downstream leased assets	-	-	-	-
Franchising	-	-	-	-
Investments	-	-	-	-
Total emissions	63 095	61 579	61 408	2,7 %

Scope 3 Emissions

97% OF OUR emissions are scope 3 emissions, i.e. indirect emissions in our value chain. 61% of all our emissions come from the materials in the products we sell. With ‘materials’ in our carbon footprint we mean the materials that arrive at our first-tier suppliers, mainly different types of fabrics. Hence, ‘materials’ includes emissions from the primary production of fiber and the various manufacturing stages into fabric, or equivalent production stages for non-textile materials. The manufacture of clothing and other products, i.e., the production of our first-tier suppliers, is our second largest source of emissions, accounting for 14% of our total emissions. The logistics chain from our first-tier suppliers to the sale of products to end users accounts for 6% of our emissions. Product use and end-of-life disposal account for approximately 5% of emissions. For outdoor clothing, this share is lower than the average for the clothing industry due to less frequent washing. In total, products and their logistics account for 86% of our total emissions. The rest of our emissions come from travel, energy use, the procurement of services and office supplies, and waste management at our own facilities.

THE LARGEST INCREASE in our emissions has occurred among Tier 1 suppliers, which can be explained by more accurate data. We have observed that as our suppliers report more accurate data year after year, the reported emissions increase. We believe that the increase in emissions reported

by our Tier 1 suppliers is due to more accurate data rather than an actual increase in emissions, but this is difficult to verify because equally accurate data is not available for previous years, for example because our suppliers have not collected data with the same level of accuracy in the past. There is also no explanatory factor for an actual increase in emissions. It is more likely that our suppliers' emissions have actually decreased in recent years as a result of the clean-up of electricity production in China. For the purposes of emissions accounting, we collected data from 155 factories, of which 138 were found to have reported sufficient data for emissions accounting. These factories accounted for 64% of our purchases, and we estimated the remaining share based on the reported data.

FOR OTHER EMISSION sources, the changes between years are small in relation to our total emissions. Our logistics emissions have decreased thanks to the optimization of routes, equipment, and transport space by our partners. After the COVID-19 pandemic, business travel has increased moderately, and commuting has increased due to changes in remote working practices. However, overall travel emissions have decreased as our vehicle fleet has become more electric. The estimated emissions from the use of products sold have increased because the proportion of outdoor clothing in our sales has decreased and indoor clothing is washed more often than outdoor clothing.

Emission intensities 2023-2025

	gCO2e/€				kgCO2e/fte			
	2025	2024	2022	Change 2023-2025	2025	2023	2023	Change 2023-2025
Scope 1-2	10	10	11	-8 %	2 063	2 150	2 334	-12 %
Scope 1-3	348	324	288	21 %	69 950	67 152	60 347	16 %

	2025	2024	2023	Change 2023–2025	
Scope 3/ value added (SBTi)	1 296	1 231	1 052	23 %	kgCO2e/M€
Emissions/kg material	15,0	14,6	15,0	-0,2 %	kgCO2e/kg

Largest emission sources

	2025	2024	2023	2025 share	Change 2023-2025
Materials	38 626	39 695	39 188	61 %	-1 %
1st tier	9 148	5 927	6 766	14 %	35 %
Logistics	3 529	4 453	4 634	6 %	-24 %
Use & end-of-life	3 054	2 999	2 590	5 %	18 %
Travel	2 149	2 256	2 469	3 %	-13 %
Energy in premises	1 984	1 770	1 883	3 %	5 %
Other	4 620	4 479	3 878	7 %	19 %
Total	63 110	61 579	61 408	100 %	3 %

Promoting a Circular Economy

AS ONE OF Europe's largest sportswear companies, we are developing our operations in line with circular economy principles, and we want to be an industry leader in the circular economy revolution. Circular economy has been recognized throughout the industry as an effective means of reducing the environmental impact of value chains and the over-consumption of natural resources, while promoting social wellbeing. For these reasons, circular economy has been incorporated into our company's sustainability strategy, key operations, and processes. For us, circular economy means comprehensive management of the product life cycle and solutions that extend the life of products and support the continuous circulation of materials.

Aiming for Circular Economy-Aligned Collections

ONE OF OUR key strategic targets is to transition to circular economy-aligned collections by 2040. This covers the entire value chain, from design and material selection to production, use, and end-of-life solutions. We pay particular attention to the material impacts throughout a product's life cycle and to measures that can prevent and reduce adverse environmental impacts. We review the composition of collections and the entire product life cycle to ensure that products and materials can remain in circulation for as long as possible and at the highest possible value.

IN THE TEXTILE industry, circular economy refers specifically to the efficient use of materials, the long service life of products, and the return of materials for reuse or recycling. We advance our targets by developing long-lasting products that are easy to maintain, repair, and recycle, and by establishing business models that enable product maintenance, return, reuse, and material circulation. We accelerate development by monitoring the industry's technologies and innovations and by collaborating with our stakeholders and partners.

WE ANNUALLY MONITOR the progress of circular economy measures and trends in material consumption. In 2025, we again participated in the Textile Exchange's Material Benchmark survey, which we use to monitor our use of fibers and materials and our overall sustainability and circular economy activities in relation to the industry-recognized reference framework. We aim to develop our processes for monitoring and measuring the circular economy of our collections based on the ISO 59020 standard. The standard-compliant approach helps us to identify, measure, and assess the circularity of the collections, supports the development of operations, and enables the monitoring of key material flows and the share of recycled and renewable materials. We will continue to systematically develop circular economy-driven product design and also invest in other circular economy business models, such as resale and repair.

Our company's circular economy activities take into account the entire product life cycle, from design and product use to post-use material reuse and recycling.

POST CONSUMER

Product Sorting Operations

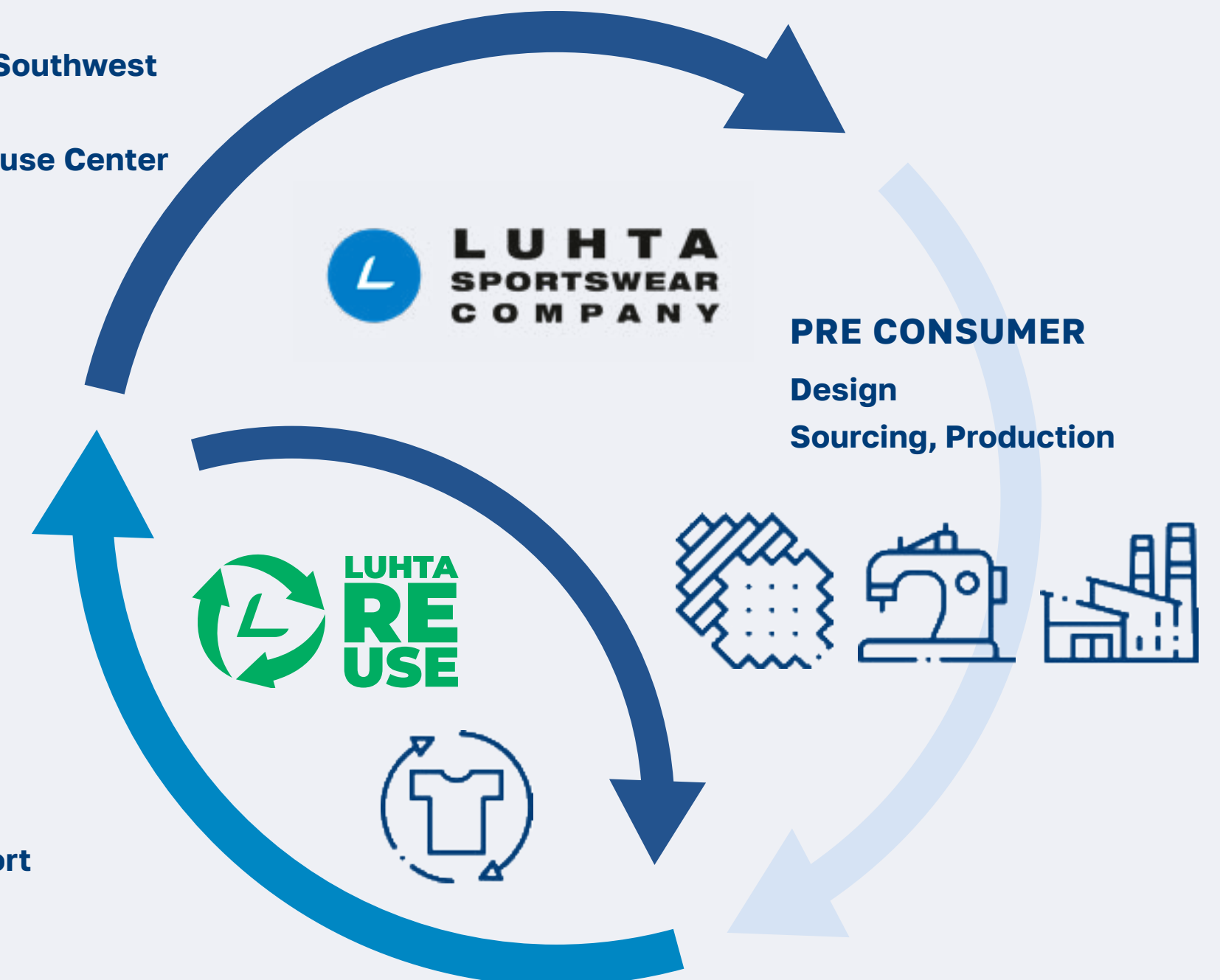
Circular Economy Partners

- Lounais-Suomen Jätehuolto (Southwest Finland Waste Management)
- Helsinki Metropolitan Area Reuse Center
- Rester Oy



USE

Life: Everyday Life, Activity, Sport
Multifunctionality
Maintenance & Repair



**Planning and production phase
(pre-consumer)**

Product Design

ENABLING CIRCULAR ECONOMY-ALIGNED collections starts with careful product development. Our design philosophy is based on creating durable and long-lasting products that are worth maintaining and repairing when necessary. We approach design from a circular economy perspective through three elements: physical, visual, and emotional durability. We strive to design and manufacture our products to be physically durable, i.e. robust, and we ensure this through material testing, by selecting reliable component suppliers, and continuously improving product quality in collaboration with our suppliers. Taking emotional and visual durability into account in design supports the long-term use of products, as they are not only functional but also timeless, visually appealing and easy to maintain.

PRODUCT DEVELOPMENT PLAYS a significant role in the later stages of a product’s life cycle. The maintainability, repairability, and recyclability of a product are largely determined by design solutions. All our products undergo a rigorous product development process, which includes testing, fittings, and model series assessments carried out by both product development and production. After the model series, any shortcomings and errors can still be addressed before actual production, if necessary. Our aim is to enable a long product

life through design by creating solutions that facilitate clothing alterations and repairability, such as the ease of replacing a zipper. Our product development team works closely with production and utilizes customer feedback as part of the development process so that we can create even higher quality, more functional products for our customers.

MATERIAL CHOICES ARE a key part of design and directly affect the functionality, quality, and service life of a product. We always select materials according to the requirements of their intended use, and we test all essential materials in our own laboratory, mainly using methods that comply with ISO standards or by using external service providers. Testing enables us to ensure that the materials meet our predefined standards for durability, for example, in terms of fabric abrasion resistance and tear strength, color bleeding, water proofing, light fastness, breathability, fraying, frost resistance, pilling and chafing. We carefully assess the durability, appearance, quality, functionality, and composition of the material to ensure that the product is as durable and usable as possible. We also take product safety into account on a risk basis and, if necessary, we require additional testing depending on the intended use of the material.

THE EU IS preparing ecodesign requirements for textiles, which are expected to come into force in 2027 through a delegated regulation. The requirements will set minimum levels for a product’s physical durability, structural quality, repairability,

recyclability of materials, and service life of components, for example. The focus of design is shifting increasingly towards solutions that enable repairability, replaceability of spare parts, easy disassembly, and material recycling at the end of the life cycle. In addition, future requirements will call for material choices that support recyclability, for example by avoiding complex multi-material compositions and by favoring recyclable fiber blends. In addition, the regulation will set requirements for recycled material content and restrictions on substances that impair reuse or recycling. We are monitoring the development of the regulation, actively participating in commenting on it with other industry players, and anticipating its requirements in our operations.

Sourcing and Production

IN MATERIAL SOURCING, we aim for a sustainable transition towards recycled, innovative, and renewable material choices that enable us to reduce the climate and environmental impacts of materials. An important part of our circular economy target is to reduce the use of virgin raw materials, such as polyester, and replace them with recycled materials, as well as to maintain, reuse, and recycle used materials. We also favor monomateriality and the design of monomaterial products whenever possible, depending on the type and quality of the product. In this way, we aim to enable the recyclability of materials at the end of the product life cycle. Read more about material sourcing [here](#).

IMPROVING RESOURCE EFFICIENCY is an important part of promoting the circular economy. We aim to use materials and resources as efficiently as possible in production and sourcing, and to minimize waste, loss, and the generation of waste, while ensuring the highest possible quality and sustainability of the end product. Producing fabric in the largest possible batches maximizes resource efficiency, so we strive to combine material purchases across our brand collections. In addition, by optimizing production, we can reduce surplus and waste. Most of our production is based on preliminary sales orders from our retailers, which helps to reduce overproduction and thus supports the promotion of the circular economy.

WE DO NOT destroy or dispose of usable products that remain unsold. Through our network of Outlet stores, we sell products from previous seasons and products that cannot be sold elsewhere due to minor aesthetic flaws, for example. We strive to repair defective products or find solutions with our partners for the reuse of products and materials.

Use

Product Maintenance and Repair

THE LONG SERVICE life of products requires that they can be easily maintained and repaired. Through our website and customer service, we offer instructions and support on the maintenance and repair of our products. If a product incurs a structural or aesthetic flaw, customers are instructed to preferably have the repair made by a service provider of their choice in accordance with our warranty guidelines.

WE PARTNER WITH Menddie, a repair service that offers an easy way to have our products repaired, altered, or otherwise modified. In addition, we have several long-term partners in our store network areas, such as local tailors and cobblers. We utilize their expertise in both warranty claims and customers' individual repair and alteration needs.

OUR OWN REPAIR shop in Lahti focuses specifically on repairs to Rukka Motorsport and Gore-Tex products, both as warranty claims and as regular repair services. The demanding nature of these products requires special expertise, which is why we have chosen to keep this function within the company. Close cooperation between product development and repair functions ensures that solutions meet the products' technical requirements and customers' needs as accurately as possible.

Luhta ReUse

LUHTA REUSE IS one of our operating models focused on extending the life cycle of our products. Launched in 2022, the service offers customers the opportunity to return our branded products they are no longer using to our stores and to purchase used clothing in good condition both online and in stores. The aim of the service is to keep products in use for as long as possible and prevent usable materials from being prematurely removed from circulation.

WE ACCEPT OUR branded clothing from consumers at all our stores in Finland. All returned products are transported from the stores through our sorting facility in Lahti to the ReUse point, where we assess their condition, wash, sanitize, and maintain them as necessary, and prepare them for sale. Products that are not suitable for sale through ReUse are sorted and sent to our circular economy partners. In 2025, the ReUse service was used 1,248 times. The number of items with each return varies from one to several, so we received around 3,500 products through the program.



BECAUSE WE MANAGE the ReUse service ourselves, we are able to track the product’s journey from return to possible resale and to direct the materials back into circulation as efficiently as possible. The ReUse service also deepens our understanding of the second-hand process and related business models, which helps our company to develop products and services that are better aligned with the circular economy.

OUR AIM IS to expand our operations so that we can promote the availability of the services, support keeping the materials in circulation, and advance our circular economy-related targets in the long term. In 2025, we expanded our second-hand sales by bringing selected ReUse products to the brick-and-mortar stores of our Your & More store concept. This improved the availability of used products and made it easier for customers to find second-hand bargains while shopping in our stores.

Post-use phase (post consumer)

Product Sorting

ALL PRODUCTS RETURNED to us are sorted in Lahti as part of our efforts to take care of the entire life cycle of our products. In sorting, we follow the principles of the waste hierarchy and strive to direct products to reuse and recycling so that they can remain in circulation for as long as possible. After sorting, the products are directed to Outlet stores, Luhta ReUse resale, donations or, if nec-

essary, to our circular economy partners who can utilize the products as they are or repurpose them. Our primary aim is to put products and materials to use as they are. Recycling as textile waste into fiber or disposing of them as energy waste is considered the final option.

IN 2025, WE sorted more than 1.7 tonnes of clothing, shoes, and accessories. By adding repair functions to the sorting process, we succeeded in increasing the share of products going to ReUse resale to 24% from 12% in the previous year. In addition, we were able to return 25% of the flow back to our outlet stores as II-quality products after they had been repaired, serviced, and the defect marked on the product. This has received positive feedback from our customers and our stores, and we will continue to develop the process in 2026.

SOME PRODUCTS THAT end up in sorting are not suitable for the ReUse selection, but their condition is still too good for material recycling. With the help of our partners, we look for alternative channels for these products to enable the highest possible value from recovered products and materials. That is why we are expanding our cooperation network so that we can respond to various reuse and recycling needs on the clothing, footwear, and accessories market.



L LUHTA SPORTSWEAR COMPANY		BUSINESS REVIEW	SUSTAINABILITY REVIEW	FINANCIAL REVIEW	CORPORATE GOVERNANCE STATEMENT		ANNEXES	79 / 137
		YEAR 2025	SUSTAINABILITY STRATEGY	VALUE CHAIN	ENVIRONMENTAL	PEOPLE	GOOD GOVERNANCE	REPORTING PRINCIPLES
IN 2025, WE delivered 26% of sorted materials to the Helsinki Metropolitan Area Reuse Center and 25% to a pilot project carried out in cooperation with Southwest Finland Waste Management (Lounais-Suomen Jätehuolto). Only products that are not suitable for any other type of processing,		such as moldy and otherwise soiled products, personal protective equipment, and broken shoes, end up as energy waste. The amount of energy waste in 2025 was minimal and only involved occasional products.		OUR SORTING PROCESS is constantly evolving, and we are improving our processes and our reporting as our operations progress. Our sorting practices comply with the principles of the EU Ecodesign Regulation (EU 2024/1781), including requirements to minimize disposal and compliance with the waste hierarchy. Disposal applies only to products that are deemed unsuitable for reuse due to damage, safety risks, or other quality anomalies that cannot be repaired with reasonable resources. We do not destroy outdated seasonal products, but always seek the best possible reuse for them, either through our partners or charitable organizations.		and materials that are not suitable for our own ReUse selection. In 2025, we conducted a year-long trial with LSJH (Southwest Finland Waste Management), in which LSJH sorted and delivered products for upcycling and sale through both B2B and B2C channels. Although the collaboration ended when LSJH discontinued its textile sorting operations, the trial provided valuable information on suitable alternative continuation paths for products.		
Case: Collaboration with the Helsinki Metropolitan Area Reuse Center The Helsinki Metropolitan Area Reuse Center (Pääkaupunkiseudun Kierrätyskeskus) and Luhta Sportswear Company have been collaborating with used and surplus textiles since 2024. The collaboration is guided by a shared goal of extending the life cycle of textile products and reducing textile waste by directing usable products to the highest possible value recovery. We deliver items that are unsuitable for our company’s ReUse selection, but are clean and in good condition, primarily to the Reuse Center for further processing and reuse. When products arrive at the Reuse Center, they are weighed and sorted into different product categories. Products in need of care or repair, such as clothing, accessories, or shoes with minor manufacturing or wear marks, are refurbished as much as possible to make them saleable. Refurbished products are either sent to the Reuse Center’s 14 stores or to The Most Wanted collection, which consists of products of particularly high quality and interest. Products that are not economically viable to repair, but still have some usable value, are delivered to the free sections of the Reuse Center stores for customers to discover. However, Luhta Sportswear Company does not send broken products to the Reuse Center unless there is a pre-agreed repair plan for them. Maximizing reuse and minimizing textile waste from both an environmental and social responsibility perspective are at the core of the Helsinki Metropolitan Area Reuse Center’s operations. The Reuse Center is a non-profit company whose profits are directed towards employment, development of operations, and environmental work. This cooperation offers an alternative and effective path for products that are not suitable for ReUse sales but still have life left in them either as they are or with some minor care.		Partnerships		THE POST-USE PHASE is based extensively on cooperation, as the circular economy requires the combined expertise of several actors. Partners play a key role, as they complement our own processes and enable diverse end-of-life options for products and materials. Partners offer alternatives when products require special expertise, wider distribution, or forms of reuse or repurposing that we do not implement in our own operations. This allows us to ensure that as many products as possible remain in circulation for as long as possible.		AS PART OF our circular economy strategy, we also collaborate with educational institutes. We provide materials from the sorting process to students and novice designers so that they can develop new solutions and business models that promote the circular economy. This strengthens expertise in the field and creates new opportunities for utilizing materials in design and product development.		
				WE COLLABORATE WITH the Helsinki Metropolitan Area Reuse Center (Pääkaupunkiseudun Kierrätyskeskus), which is also able to utilize products				

Sustainable Material Sourcing

SUSTAINABLE MATERIAL SOURCING is a key part of our company’s sustainability strategy. Material choices have a significant impact on the environmental and human rights impacts of products, and therefore we purposefully develop both our selection criteria and sourcing processes. Our aim is to make transparent and well-founded material choices, promote the use of more sustainable material alternatives, and ensure that the materials we choose support product longevity, quality, traceability, circular economy, and our climate targets.

Assessing the Sustainability Impacts of Materials

THE PRODUCTION OF materials accounts for a significant portion of our company’s Scope 3 greenhouse gas emissions and other environmental impacts, such as water consumption, wastewater emissions, chemical use, and waste streams. In addition, material choices may involve risks related to animal welfare and social responsibility. We have assessed the impacts and risks associated with materials as part of the company’s double materiality assessment and the nature impact assessment carried out in 2025, in which we analyzed

the risks and related impacts of our key materials (read more about the analysis [here](#)). The results of the assessment help us to target development measures and guide material sourcing.

OUR AIM IS to further strengthen materials-related assessments and expand the review to include the environmental impacts of our products throughout their entire life cycle using the LCA method. We are currently exploring solutions to integrate required data for LCA calculations into our new PLM system. At the same time, we are ensuring that the product information obtained from the PLM system supports the Digital Product Passport requirements and enables the disclosure of essential product and material-technical information, as well as sustainability and environmental information to consumers

Targets and Metrics

MATERIALS-RELATED TARGETS AND their monitoring are a key part of our sustainability work. Our brands have defined their own strategic material targets, which are regularly updated and aligned with our SBTi climate targets. The targets include,

in particular, more sustainable sourcing of volume materials. We aim to replace polyester as extensively as possible with recycled polyester and, with regard to cotton, to switch to organic and recycled cotton, while also taking into account other innovations and sustainable solutions. In addition, we are increasing the share of recycled materials, particularly for volume materials in common use, such as waddings and lining fabrics. In line with our climate transition plan, our aim is that by 2030 at least 60% of polyester will be recycled and at least 80% of cotton will be organic or recycled. At the same time, we are developing our range of materials towards lower-emission and innovative alternatives, optimizing material quantities for production needs, and reducing overproduction. We aspire to define all our material targets using the SMART approach: specific, measurable, achievable, realistic, and time-bound.

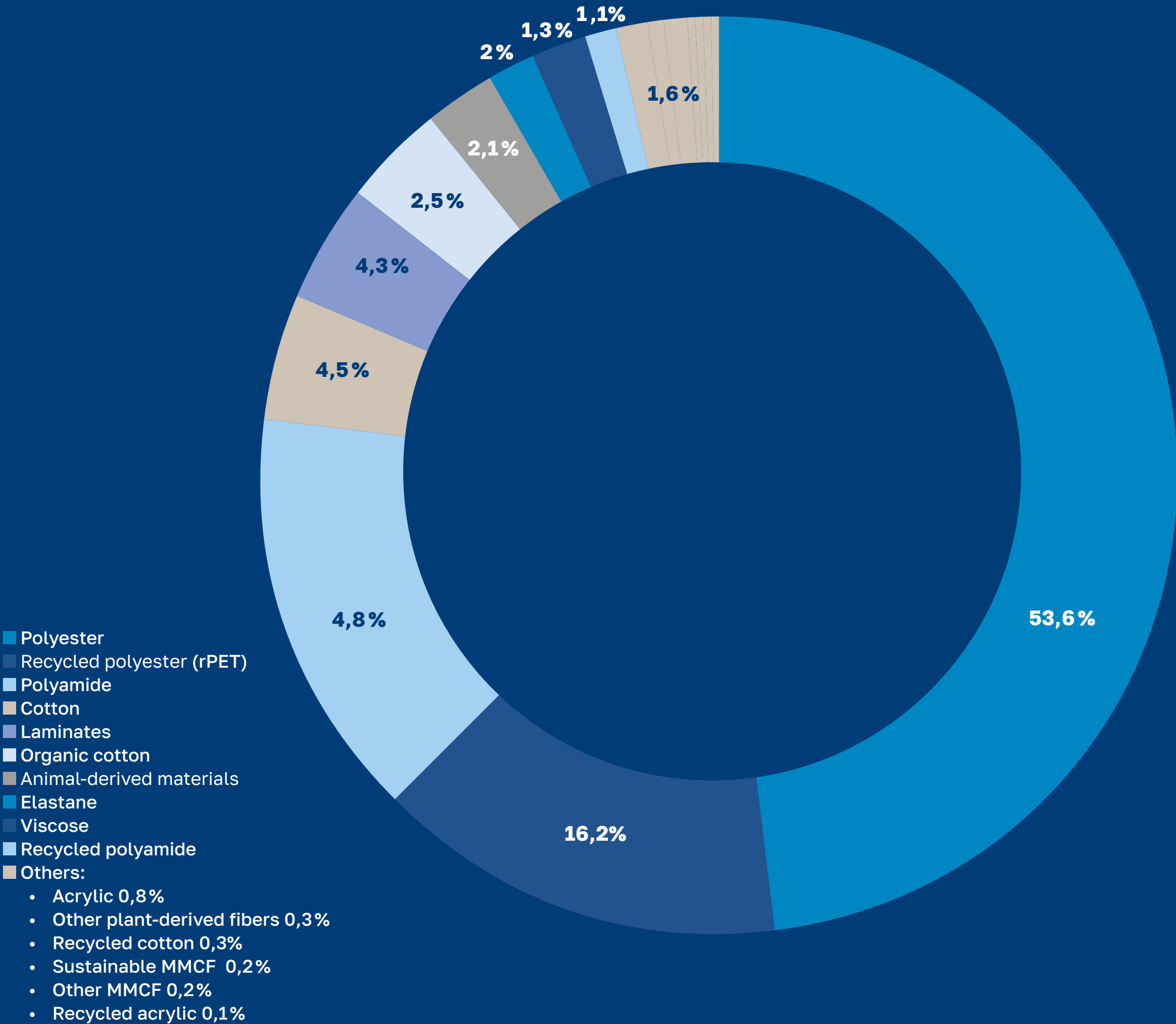
WE MONITOR MATERIAL level developments annually on a seasonal basis. We calculate greenhouse gas emissions from materials in accordance with the GHG Protocol as part of our emissions inventory. Since 2024, we have also participated in Textile Exchange’s Material Benchmark comparison,

which tracks the use of fibers and raw materials and evaluates the company’s strategic approach in accordance with the industry’s recognized framework. Our aim is to continue participating in the comparison as part of our long-term development monitoring.

Materials Used and Development in 2025

IN 2025, APPROXIMATELY 70% of the materials used by our company were polyester. Calculated across all product categories, recycled polyester accounted for approximately 23% of the polyester used, and recycled materials accounted for approximately 18% of all materials and volumes used. In terms of cotton, organic and recycled cotton accounted for approximately 38% of all cotton used. Partially biobased materials classified as innovative materials accounted for approximately 0.08% of all materials. In product packaging and hangtags, recycled materials accounted for approximately 50% and renewable materials for approximately 89%.

Main Materials in 2025:



MATERIAL	CATEGORY	SOURCE	TOTAL KG	SHARE
Polyester	synthetic	non-renewable	1 554 026	53,6 %
Recycled polyester (rPET + Textile Waste)	synthetic	Post (pre)-consumer recycled	469 505	16,2 %
Polyamide	synthetic	non-renewable	140 394	4,8 %
Recycled polyamide	synthetic	pre-consumer recycled	32 277	1,1 %
Acrylic	synthetic	non-renewable	22 248	0,8 %
Recycled acrylic	synthetic	pre-consumer recycled	1 894	0,1 %
Elastane	synthetic	non-renewable	59 395	2,0 %
Laminates	synthetic	non-renewable	123 380	4,3 %
Viscose	semi-synthetic	renewable	36 534	1,3 %
Other MMCF	semi-synthetic	renewable	6 791	0,2 %
Sustainable MMCF	semi-synthetic	renewable	6 513	0,2 %
Cotton	natural	renewable	130 939	4,5 %
Organic cotton	natural	renewable	72 574	2,5 %
Recycled cotton	natural	pre-consumer recycled	9 010	0,3 %
Other plant-derived fibers	natural	renewable	7 906	0,3 %
Animal-derived materials	natural	renewable	61 476	2,1 %
Other natural materials	natural	renewable	22 021	0,8 %
Other synthetic materials	synthetic	non-renewable	141 230	4,9 %
Biobased innovations	synthetic	renewable (37%)	2 278	0,08 %
TOTAL			2 900 391	

*The table provides material data for all of the company's product categories.

THE COUNTRY OF origin of the materials varies depending on the material, and most of the materials are sourced from Asia. The diagram below shows the distribution of the outer and lining materials for textile products by country of origin.

Country of Origin of Materials

Country	Percentage of material purchases
China	92.4 %
India	5 %
Europe	1.7 %
Other Asia	0.7 %
Other countries	1 %

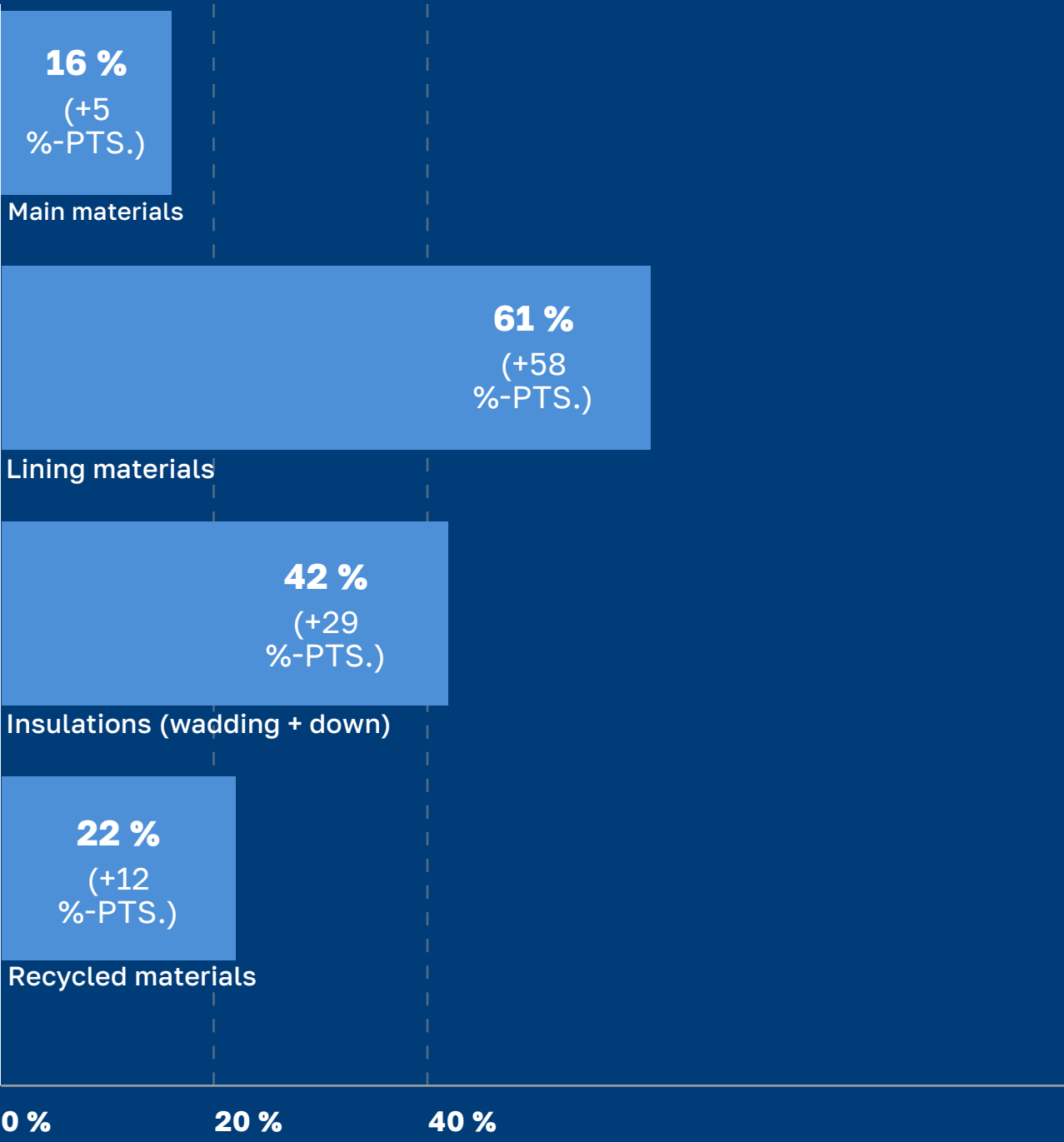
WE TRACK THE proportion of more sustainable materials in our total material usage. Our aim is to increase the share of recycled and organic materials and the innovative and responsibly sourced materials in our products. We recognize that in order to achieve our material targets, we must continue our systematic long-term development work. Collections and material strategy decisions are typically planned about two years before products are manufactured, so changes are gradually reflected in the production and results.

Development of Responsible Material Sourcing Group-wide in 2024-2025

Responsible Sourcing Category	Percentage of Materials Used	Comparison Year 2024 (% points)
Recycled materials (all)	17,7 %	↑ +9,8
Recycled polyester (polyester)	23,2 %	↑ +12,7
Recycled polyamide (polyamide)	18,9 %	↑ +13,9
Recycled acrylic (acrylic)	7,8 %	New
Recycled leather (leather)	5,4 %	New
Recycled laminates (laminates)	0,4 %	New
Organic and recycled cotton (cotton)	38,4 %	↘ -4,9
Responsibly sourced MMCF	13,1 %	↘ -3,3
Elastic biobased polyester (elastane)	3,7 %	↑ +2,2
Responsibly sourced animal-derived material	30,4 %	↑ +18,8
Sustainable sourcing * total (all)	21,3 %	↑ +10,1

*Responsible material sourcing means raw material choices and sourcing practices that minimize environmental impacts and ensure the wellbeing of people and animals throughout the production chain. We aim to promote resource efficiency and utilize solutions that reduce dependence on virgin and non-renewable raw materials and support sustainable production methods. All our responsible sourcing is based on certified or licensed processes, which ensures transparency and compliance with international standard criteria.

Share and development of Sport Apparel sustainable sourcing:



Sport Apparel accounts for approximately 77% of the Group’s total material volume. The change is reported compared to 2024.

Managing the Sustainability Impacts of Materials

THE MATERIAL CHOICES we make and the production processes we use play a significant role in the value chain’s impacts on the environment and people. We manage and reduce the materials-related sustainability impacts by developing procurement practices, ensuring the traceability and verifiability of materials, and taking into account environmental and social responsibility requirements across the entire materials sourcing chain. In addition, we pay attention to chemical safety, product longevity, and circular economy principles. Our aim is to ensure that best available technology (BAT) is applied in the production processes of materials and that the choice of materials meets the due diligence requirements of EU and international regulations.

RECYCLED MATERIAL

We use recycled fibers in our products to reduce the need for virgin raw materials and the environmental impacts related to the production of materials. Recycled materials can come from either products that have been used and discharged by consumers (post-consumer) or from production waste and side streams (pre-consumer). The recycled materials we use are certified in the value chain at the material or product level. Our aim is to increase the share of recycled materials wherever it is feasible, with a primary focus on our main material groups, such as polyester.

ORGANIC MATERIAL

The use of organic materials, such as organic cotton, supports farming methods that reduce the need for synthetic pesticides and fertilizers, thereby reducing cultivation phase environmental impacts. Organic production is governed by international certification standards. We aim to increase the share of organic materials in our product range. Our goal is to increase the number of GOTS-certified products in particular, but all products containing organic materials have at least material-level certification, often yarn-level certification.

INNOVATIVE MATERIAL

We are developing our range of materials towards options with less environmental impact and better circular economy properties. We actively monitor market developments and identify new materials that can reduce environmental impacts. Our goal is to increase the use of innovative materials in our products in the future. Innovative materials include, for example, textile-to-textile recycled fibers, Carbon Capture fibers, and biobased synthetic fibers. The availability of these materials has increased, although there are still challenges associated with their use in terms of minimum quantities, technical properties, and cost. We strive to increase the use of innovative materials in collection development in collaboration with our partners.

RESPONSIBLY SOURCED

We monitor the share of responsibly sourced material internally, and our aim is to increase it consistently. This means that the product’s material is made from either plant-derived or animal-derived natural material, the sourcing of which is certified or licensed in accordance with responsible and ethical sourcing principles. Social, land use, forest management, and biodiversity aspects may be taken into account in the responsible sourcing of plant-derived raw materials. The use of certified animal-derived material promotes animal welfare and issues associated with land use.

Use of Material Categories in Marketing

IN 2025 WE solidified three material categories for product marketing: Recycled Materials, Organic Materials, and Innovative Materials. Their use requires certificates or licenses, as well as compliance with our company’s own thresholds. We do not use misleading symbols or environmental claims, and we base all claims on verifiable information. This is how we are preparing for the upcoming EU regulations, such as the requirements of the Empowering Consumers Directive and the Green Claims Directive.

WE HAVE DEVELOPED a product-specific material sustainability calculation method called Product Sustainability Percentage (PSP), which we use to determine the sustainability percentage of a product based on its certified and/or licensed materials and their weight proportions. The method takes into account all the main materials – such as the main fabric, lining, thermal insulation, and technical laminate layers – in multicomponent products. We use the PSP calculation method both in monitoring internal development work and in product marketing. If the materials used in the product meet the criteria (such as the required certifications) and exceed the responsible sourcing

thresholds, claims regarding the use of recycled materials, e.g., can be made in connection with the products. We use QR codes on product hangtags and care instructions, which consumers can scan to learn about our criteria for responsible sourcing of raw materials.

WE ARE PREPARING for the introduction of the Digital Product Passport and launched a Digital Product Passport pilot project in the Luhta Smart Sportwear collection in 2025. In the pilot, 22 products were given a QR code that provides information on sustainability, traceability, product care, and recycling. The product passport included breakdown of certified materials, as calculated with the PSP method, which compiles with the ES-PR’s current method of determining the percentage of recycled material. The lessons learned from the pilot support the expansion of the solution to other product categories

Managing Chemicals and Water Use in the Production Chain

IN THE TEXTILE industry, the production and processing of materials consume large amounts of water and chemicals. We aim to reduce water consumption, manage the use of chemicals, and

ensure the proper treatment of wastewater at different stages of the value chain. We do this in collaboration with our material suppliers and partners by developing processes and exploring solutions to reduce adverse environmental impacts and water consumption. Our material choices, such as using recycled and organic materials instead of raw materials, can also reduce water consumption and minimize the adverse environmental impact in the production of materials.

WE WORK WITH selected suppliers and have set requirements for our partners regarding water consumption, chemical use, and water wastewater treatment. We require our material suppliers to comply with our Supplier & Partner Code of Conduct and policies, as well as practices that comply with standards. We ensure chemical safety through third-party certifications, such as OEKO-TEX® STANDARD 100.

WE COMPLY WITH EU chemical legislation, such as the REACH and POP regulations, and we closely monitor updates to the list of Substances of Very High Concern (SVHC) and take them into account our operations. In 2025, we used the AFIRM Group’s RSL list of restricted substances to guide our procurement and to control the use of harmful

substances in the production of materials. As part of our chemical management, we pay special attention to preventing the use of PFC and PFAS substances in the production of our technical outdoor products. We continuously monitor and assess the impact of legislative changes related to chemical restrictions on our processes and supply chain.

MANAGING PFAS COMPOUNDS

IN TECHNICAL OUTDOOR products, we focus on eliminating PFAS compounds from water repellent treatments and technical membrane structures. We require our suppliers to provide alternative solutions that do not contain these compounds. We emphasize the PFAS compliance of our products, as under the proposed law, the EU total ban would be expanded to a wide range of chemicals groups and will increase requirements for supply chains and products.

Chemical Management During Production and ZDHC Requirements

IN 2025, WE started mapping chemical management during production for our main material suppliers and for their dyeing and finishing factories. Over 90% of our main suppliers meet at least the

ZDHC MRSL SUPPLIER to Zero Level 1 requirements, which demonstrates their commitment to eliminating harmful substances and developing chemical management. The level 1 assessment is based on self-assessment and development actions, and it creates a foundation for transitioning to higher, audit-based levels. The ZDHC (Zero Discharge of Hazardous Chemicals) program defines the Manufacturing Restricted Substances List and provides tools to improve chemical management, which supports environmental responsibility across the supply chain and reduces chemical risks in the end product.

Management of Microplastics and Microfibers

MICROPLASTICS AND MICROFIBERS released from textile products can end up in ecosystems during the manufacturing, production processes, use, and end of life of materials. Microplastics have been found to cause harm to environmental protection and ecosystem services and to affect the condition of waterways, air, and soil. We aim to address the reduction of risks posed by microplastics as part of material selection, production processes, and consumer guidance.

WE MONITOR DEVELOPMENTS in EU textile regulation, such as the ESPR ecodesign requirements and the Apparel & Footwear PEFCR guidelines, which may provide methods for assessing the release of microfibers. We have added alternatives to traditional fleece materials to our material library, investigated the possibilities of microplastic testing, researched ways to reduce microfiber emissions during washing, and developed guidelines for consumers on the proper care of products.

Management of Natural Materials

THE IMPACTS ASSOCIATED with plant- and animal-derived materials extend to land use, water and chemical use, farming and grazing practices, and the state of natural biodiversity. We take natural materials and their environmental impacts into account in our internal sourcing guidelines and policies, for example. Natural materials are part of our company’s nature impact and risk analysis, and we will continue to conduct more comprehensive assessments in the coming years so that we can target actions and find more effective ways to manage impacts and risks.

THE EU’S DEFORESTATION Regulation (EUDR) requires comprehensive traceability for wood-based

and other commodities at risk such as cow leather. Although the regulation only applies to a limited part of our product range, we are preparing for its full implementation by identifying risk products at the product development stage, by ensuring that origin and certification requirements are met, and by developing processes for creating DDS declarations in the TRACES portal.

ANIMAL-DERIVED MATERIALS ACCOUNT for approximately 2% of the materials we use. We include animal welfare criteria in our internal sourcing guidelines and require our material suppliers to comply with animal welfare criteria in our Supplier & Partner Code of Conduct and policies. We updated our Animal Welfare Policy in 2025 to go beyond the Five Freedoms criteria and to include the Five Domains model, which emphasizes the overall wellbeing of animals. We strive to ensure third-party certification for animal-derived materials where applicable.

Case: Milan–Cortina 2026 Olympics Collection

The Luhta collection for the Milan-Cortina 2026 Winter Olympics represents product design based on the principles of the circular economy and innovative materials technology. Each product in the collection is designed so that the materials used support a more closed loop cycle and reduce the need for virgin raw materials.

The collection makes extensive use of certified recycled materials, such as recycled polyester, recycled polyamide, and recycled down, as well as certified organic cotton and responsibly sourced wool. The vests worn at the opening ceremony are GRS-certified at the product level, and their filling and outer materials are entirely recycled. The RENU® recycled down has a unique QR code to check the origin and properties of the material.

The main thermal insulation used in the quilted products is innovative THERMOLITE® EcoMade wadding, which is made from production cutting waste instead of traditional recycled material based on rPET plastic bottles. In addition, some of the collection utilizes the biobased Sorona® polymer, which offers long-lasting elasticity and shape retention without elastane. Elastane is known for its poor recyclability, whereas Sorona® is recyclable with polyester and is therefore suitable for monomaterial solutions.

The collection uses fluorine-free, plant-based RUCO-DRY® BIO CGR finishing made from food industry by-products to achieve water repellency in outdoor products. The active component of the finish has a bio-based content exceeding 87%, which innovatively supports the use of renewable raw materials and reduces chemical load.

The technical laminations of the products are made from recycled TPU. Chemically recycled textile waste polyester is also used in the small parts of the products, such as the woven inner labels, reinforcing the consideration of circular economy principles in every part of the product.



Nature Impacts and Biodiversity

Assessment of Nature Impacts

AS PART OF our development work in line with our sustainability strategy, in 2025 we launched a broad assessment of nature impacts and risks to strengthen our understanding of the nature dependencies within our value chain, the pressures on the environment, and the risks related to biodiversity and water. The nature impact assessment provides a foundation for the development of nature work and guides actions to reduce and prevent adverse impacts and risks.

THE ASSESSMENT COVERED our own operations (offices, stores, and logistic centers) as well as the key production stages in our value chain – from the origin of materials to product manufacturing (tiers 1 – 4) – taking into account production for 2025 and around 80 % of the materials used for the winter season collections. The analysis was based on our company’s own location data and data collected from the supply chain, as well as industry-specific estimates and models. The geographic information was mostly at the coordinate or city level, but for some materials the accuracy was limited to country of origin. To support the assessment, we used international tools (ENCORE, WWF Risk Filter, Textile

Exchange Material Impact Explorer), which helped to form an overall picture of the nature impacts and risks based on the industry and geographic location.

AS THIS IS our first broad nature impact assessment, the results are still preliminary and require further refinement and supplementation in the coming years. The tools used in the assessment are based on extensive, globally compiled databases rather than more detailed operator-specific data. In addition, the accuracy of location data varied across different value chain tiers, which introduces uncertainty, particularly when assessing the upstream supply chain impacts. For these reasons, the current analysis provides an indicative, though not yet comprehensive, overview of the nature impacts of our value chain. Going forward, we will strengthen our knowledge base, develop our methods, and refine our location data so that we can produce an even more accurate and reliable assessment of the nature impacts. The work will continue in 2026, with the goal of completing a more detailed assessment.



Analysis Results

Key Nature Dependencies and Pressures

BASED ON THE assessment, the key nature dependencies in our value chain relate to water availability and quality, biomass provisioning, soil function, genetic material provisioning, pollination, the stability of local climate and weather conditions, and the natural purification of air and water. The degradation of these ecosystem services can have a direct impact on our business operations, for example by increasing production and raw material costs, reducing the availability of materials, or increasing operational disruptions in the supply chain, for instance due to water scarcity, extreme weather conditions, or soil depletion. Nature dependencies therefore pose a risk factor related to both environmental and business continuity, which is why identifying and managing them is important for our company.

BASED ON THE assessment, the most significant nature pressures in our value chain manifest themselves particularly in changes in land use and degradation of habitats, deforestation and deterioration of forest health, water consumption and water scarcity, chemical pollution of water bodies and soil, emissions affecting air quality, the generation of solid waste, and environmental impacts caused by logistics, such as the risk of invasive species spreading, and pressures on ecosystems from maritime transport. Generally, the impacts of the company's own operations are limited and

focus on emissions and logistics chains, whereas the production tiers of the value chain and the manufacture of materials account for the largest share of the overall nature impacts. Understanding nature pressures is important because they reflect the impacts of business activities that can degrade the state of ecosystems and, consequently, the functioning of ecosystem services provided by nature as well as biodiversity. From a business perspective, these pressures can increase risks related to regulation, availability, costs, and supply chain reliability. Identifying nature pressures helps target actions that can mitigate impacts and manage business-related risks.

Location-specific Biodiversity and Water Risks

IN OUR ANALYSIS, we examined the risks to biodiversity and water in our value chain on a location basis, taking into account risks related to the state of the natural environment and how the local environment may impact our business. Based on the results, risks related to biodiversity and water are highly location-dependent and are particularly pronounced in areas where ecosystems are already under stress, environmental pressures are high, or water resources are scarce. The highest risk levels were observed particularly in relation to production processes, for example in China, India, and Bangladesh, as well as in certain regions of Europe and at locations of our own logistics operations. Key factors contributing to biodiversity risks included changes in land use, deterioration of forest health, pollution, the risk of invasive species spreading,

and the proximity of operations to protected areas and other ecological significant sites. In addition, physical environmental risks, such as extreme heat, wildfires, landslides, and tropical storms, were identified in several regions; these risks can disrupt operations and increase the vulnerability of these areas.

AMONG THE WATER-RELATED risks highlighted in some production countries were water scarcity, drought, flooding, deteriorating water quality, and regulatory and infrastructure challenges related to managing water resources. The analysis identified reputational risks related to both biodiversity and water; these risks are particularly heightened in areas where environmental and social oversight is strong or where operations are located in sensitive or protected environments. In addition, we identified potential social risks related to, for example, resource scarcity, labor and human rights challenges, and impacts on indigenous peoples and local communities.

THESE IDENTIFIED RISKS could impact our company's operations, for example, by disrupting production and logistics chains due to extreme weather conditions, by increasing costs and regulatory obligations, by hindering the availability of materials, or by compromising supply chain reliability. Identifying risks supports our development work and helps us to target actions on those parts of the value chain and geographic locations where environmental vulnerability is greatest.

Impacts Related to Materials

AS PART OF the nature impact assessment, we also conducted a detailed analysis of material-specific impacts and evaluated the environmental impacts of key fiber and material choices. Our value chain's most significant nature impacts stem from the production of fibers and materials. For example, in the case of cotton, the greatest impacts were related to water consumption and water stress, pollution of water bodies and soil due to pesticides and nutrient runoff, and soil depletion. Synthetic fibers, such as polyester and polyamide, burden the environment through high energy consumption and air emissions from fossil-fuel-based production; the manufacturing of these fibers also involves impacts on water bodies caused by process chemicals, as well as microplastic emissions. Highlighted in the impacts of regenerated fibers, such as viscose, are the risks associated with the state of forests used as raw material and chemical-based pollution of waterways. The impacts of animal-derived materials, such as wool and leather, are particularly linked to grazing and changes in land use, the formation of methane and other greenhouse gas emissions, and nutrient loading.

ALTHOUGH THE MAGNITUDE of these impacts varies depending on the materials, production methods, and locations, materials as a whole account for the largest share of the nature pressures in our value chain and will require closer scrutiny in the future.

Next Steps in Nature Work Development

WE AIM TO reduce and prevent our value chain’s material nature impacts and risks and ensure that our operations are based on up-to-date and reliable information. The nature impact assessment we conducted provided a preliminary overview of the key nature impacts and risks associated with our operations and thus serves as a basis for planning further actions. Next, we will focus on refining our assessment so that we can set specific, measurable targets for the future and prioritize the most critical areas for improvement.

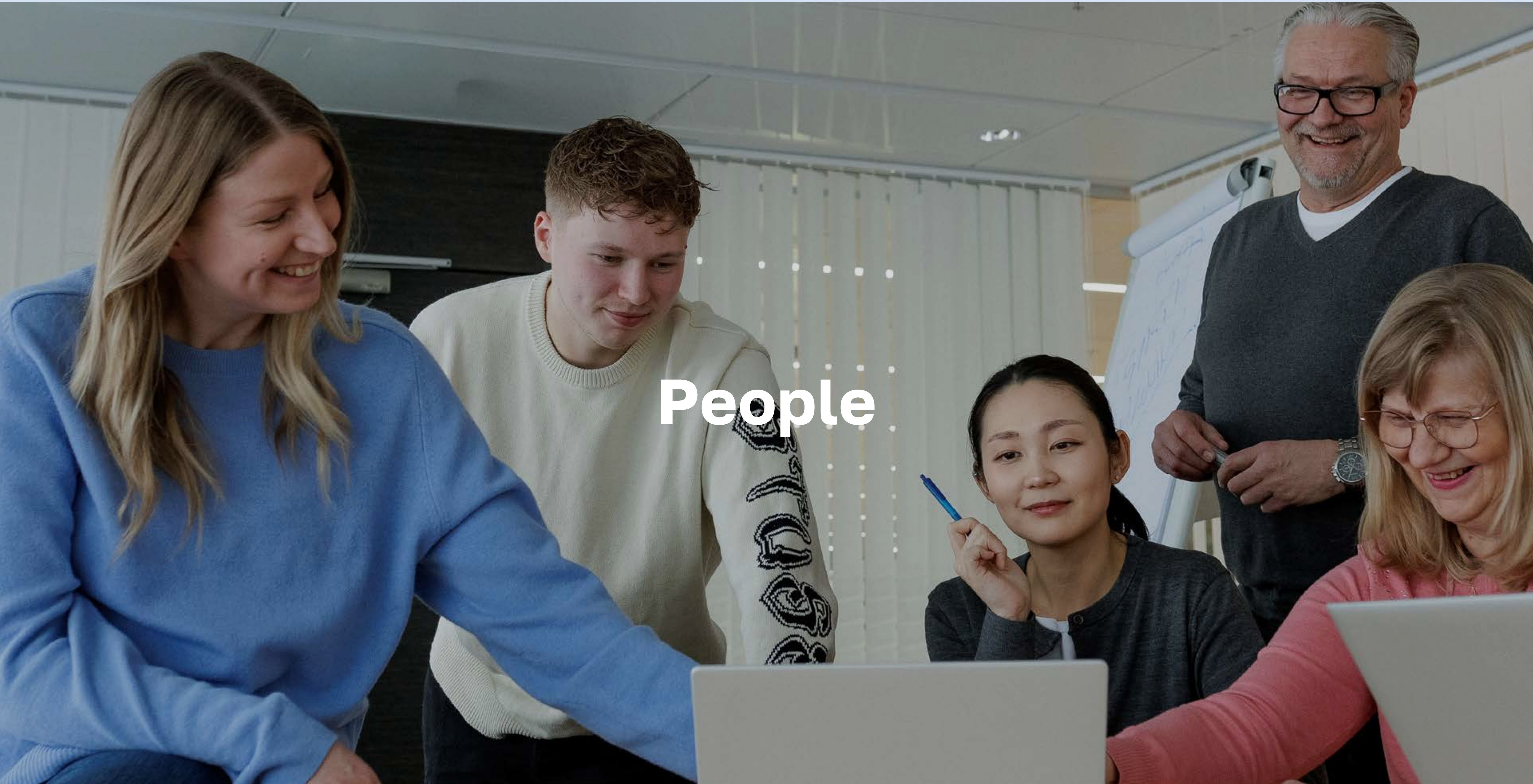
THE DEVELOPMENT OF nature work is progressing in stages: we will strengthen our internal expertise in 2026 by participating in the UN Global Compact Network’s science-based nature targets training program, which supports our company's assessment of nature impacts, target-setting, and long-term development of nature work. In addition, we will examine key international frameworks – in particular the Science-Based Targets for Nature (SBT-N) framework and the Taskforce on Nature-related Financial Disclosures (TNFD) framework – and explore how we can utilize them in structuring our company’s nature work and in developing the reporting of it.

OUR GOAL IS to strengthen our knowledge base by refining our data collection, improving supply chain traceability, and deepening our assessment

of nature impacts and risks. Based on these, we are prioritizing the most material themes, defining the related targets and metrics, and developing an action plan to mitigate adverse impacts and prevent risks. At the same time, we are strengthening our cooperation with value chain partners, particularly in risk areas, and enhancing the monitoring of nature impacts, for example through risk-based assessments and audits.



People



People

OUR PEOPLE ARE our company's most important asset and a key source of competitiveness. Our growth and operational continuity are based on skilled, professional, and engaged employees whose wellbeing, safety, and equal opportunities we promote over the long term in all countries where we operate. We have nearly 1,000 experts working in Finland, Europe, and Asia, all supporting our business growth and success.

OUR CULTURE IS shaped by our values and a strong employee experience. Occupational safety and health, wellbeing, and diversity, equity, and inclusion are at the core of our operations. We value meaningful work and strong team spirit. Each of us has an important role to play, and we treat one another with respect. The professionalism of our teams is reflected in strong competence, innovation, and commitment. We are a major employer

in the Finnish textile industry, and we want to support the continuous professional development of our employees.

OUR OPERATIONS EXTEND beyond our own employees. We engage and collaborate with customers, partners, external labor, and local communities, building meaningful long-term relationships that foster sustainable development and social responsibility across the value chain. Our aim is to ensure equality, equity, and inclusion in all interactions, and we take these principles into account in our daily operations and in our employee and stakeholder processes.



HR Processes and Policies

OUR HR MANAGEMENT is led by a unified, Group-level HR function that develops, implements, and monitors HR policies and processes across all countries where we operate. The HR function’s role is to ensure an equitable and healthy workplace, strengthen our company culture, manage the employee lifecycle, and support our organization in achieving sustainable success. Our employees in Finland, Europe, and Asia follow common HR principles, which are supplemented in accordance with local legislation and the operating environment. Our subsidiary in China has its own HR team, which works closely with and under the guidance of the Group’s HR function.

WE AIM TO provide all our employees with a fair, safe, healthy, and equal workplace, as well as opportunities to develop and succeed in their roles. This is supported by our HR policies and procedures that guide leadership, onboarding, competence development, working capacity, well-being, and HR management overall. The key HR management practices include:

- Code of Conduct, which defines our common rules of conduct and guides all our operations
- Onboarding plans and guidelines, which help

new employees adapt to the work environment and support role-specific competence development

- Leadership guidelines and training, which support high-quality management and equal leadership work
- Occupational health and safety principles, which ensure safe working conditions in all our units
- Occupational health and wellbeing policies and programs, which support and promote the health, working capacity, and wellbeing of employees
- Remuneration policy and annual salary review to ensure fair and transparent wages
- Career path and competence development practices, which provide support for personal and professional development
- Employee benefits and other HR policies, which support employee wellbeing and success at work
- Anonymous employee surveys and the related development processes, which offer everyone the opportunity to give feedback anonymously and improve operations

HR PROCESSES ARE continuously developed to respond to the changing operating environment, legislation, and personnel needs. In 2025, we

focused particularly on strengthening competence development, harmonizing HR policies, supporting leadership work, and improving the employee experience. We also got prepared for the requirements of the EU Directive on Pay Transparency.

Code of Conduct Defines Our Common Rules of Conduct

Our own operations and all employees are guided by the company’s common Code of Conduct. The Code of Conduct defines the principles we follow in all our activities and decision-making. Among other things, it outlines the principles of respect for human rights, equal and respectful treatment, ethical business practices, consideration of environmental impacts, and honest and transparent communication. Every Luhta employee has the right and the duty to act in line with the Code of Conduct. Knowing and following the Code of Conduct is a key part of our sustainability principles and helps us ensure that our operations meet legal and ethical requirements in all countries where we operate.

To ensure that these principles are implemented in day-to-day operations, we provide Code of Conduct training for our employees. In 2025, our employees in the Chinese organization received training in their local language, and we ensured that all new hires complete the training as part of onboarding. We monitor the training completion rate, and our target is 100% of our employees to complete the training.

Employee Figures for 2025

IN 2025, OUR Group had a total of 902 employees (2024: 917 employees). Our employees work in 13 countries in Europe and Asia in a variety of roles in branding, product development, sales and marketing, retail, production and procurement, logistics, and administration. Most of our employees work in Finland and China, where our Group’s key operations are located.

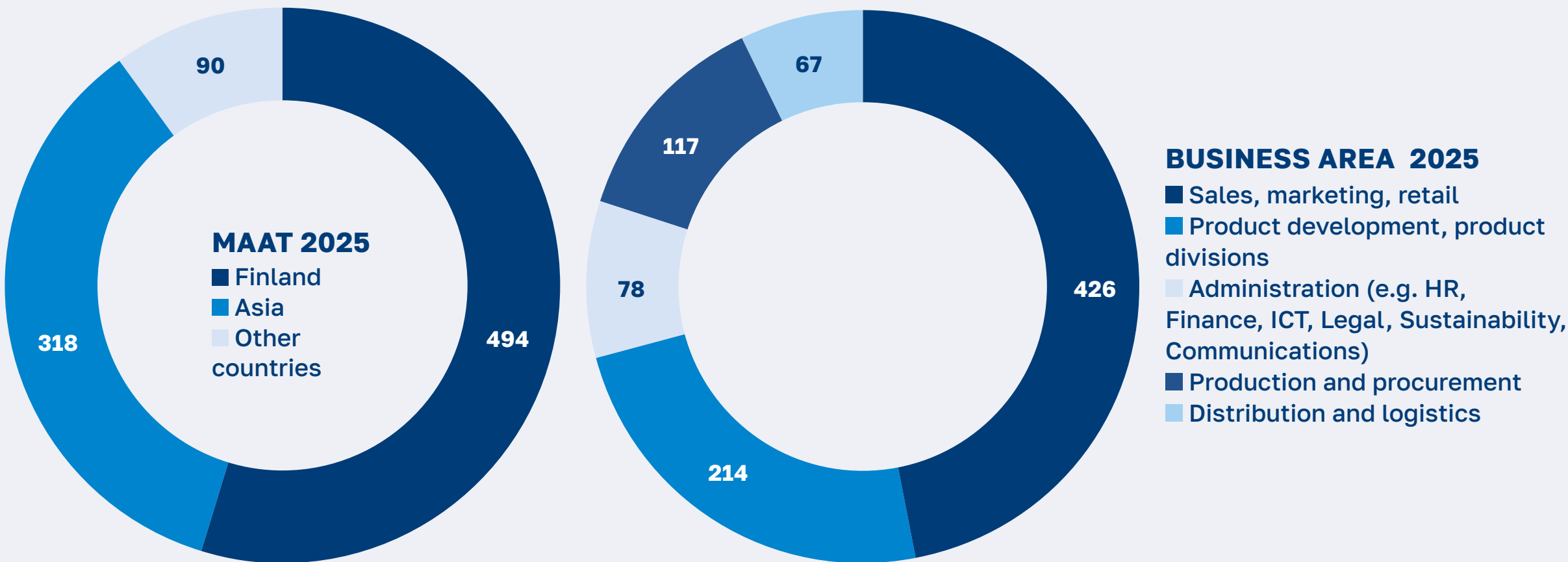
OUR GROUP’S PERSONNEL structure and headcount remained fairly stable overall compared to the previous year. The most significant changes affecting the personnel structure during the year were due to the change process in the retail chain structure in line with the company’s strategy. In 2025, we closed stores as part of the chain's restructuring, which affected the number of our employees working in Finland’s retail chains. As part of the Group’s chain transformation, we opened the first Your & More stores in 2025, and we will continue to expand the new fashion chain in the coming year.

IN 2025, OUR company had a total of 70 people (2024: 70) in Finland and Europe working in store positions under framework contracts. Employees under framework contracts are not included in the personnel figures presented in this report. We aim to develop personnel reporting as part of system

development and to transition to using the FTE method in the future so that we can provide an even more accurate picture of our total resources.

IN ADDITION TO our own employees, external labor was used in various functions. In Finland, outsourced labor was used in logistics and warehouse roles, where a total of 45 people worked in 2025 (2024: 58). In China, a total of 192 agency workers (2024: 187) worked in production, warehousing, and retail roles. In addition, external labor was used in sales and design roles in Europe, Asia, South America, and North America, totaling approximately 50 people.

Employees by Country and Business Area



Employees by Personnel Group

Personnel group	Finland	Asia	Other countries	Total 2025	Total 2024
Blue-collar	220	68	23	311	330
Women	208	45	18	27	292
Men	12	23	5	40	38
White-collar	206	222	58	486	457
Women	167	180	29	376	346
Men	39	42	29	110	111
Management and middle management	68	28	9	105	130
Women	40	14	1	55	87
Men	28	14	8	50	43
Total	494	318	90	913	917

The figures are reported on the basis of total headcount on 31.12.2025. Figures do not include people with framework contracts. The calculation method for personnel groups was clarified in 2025 so that the management category covers senior and middle management (previously, in addition to management, all leader roles were included); therefore, the figures are not comparable with the 2024 reporting.

Employees by Employment Contract Type

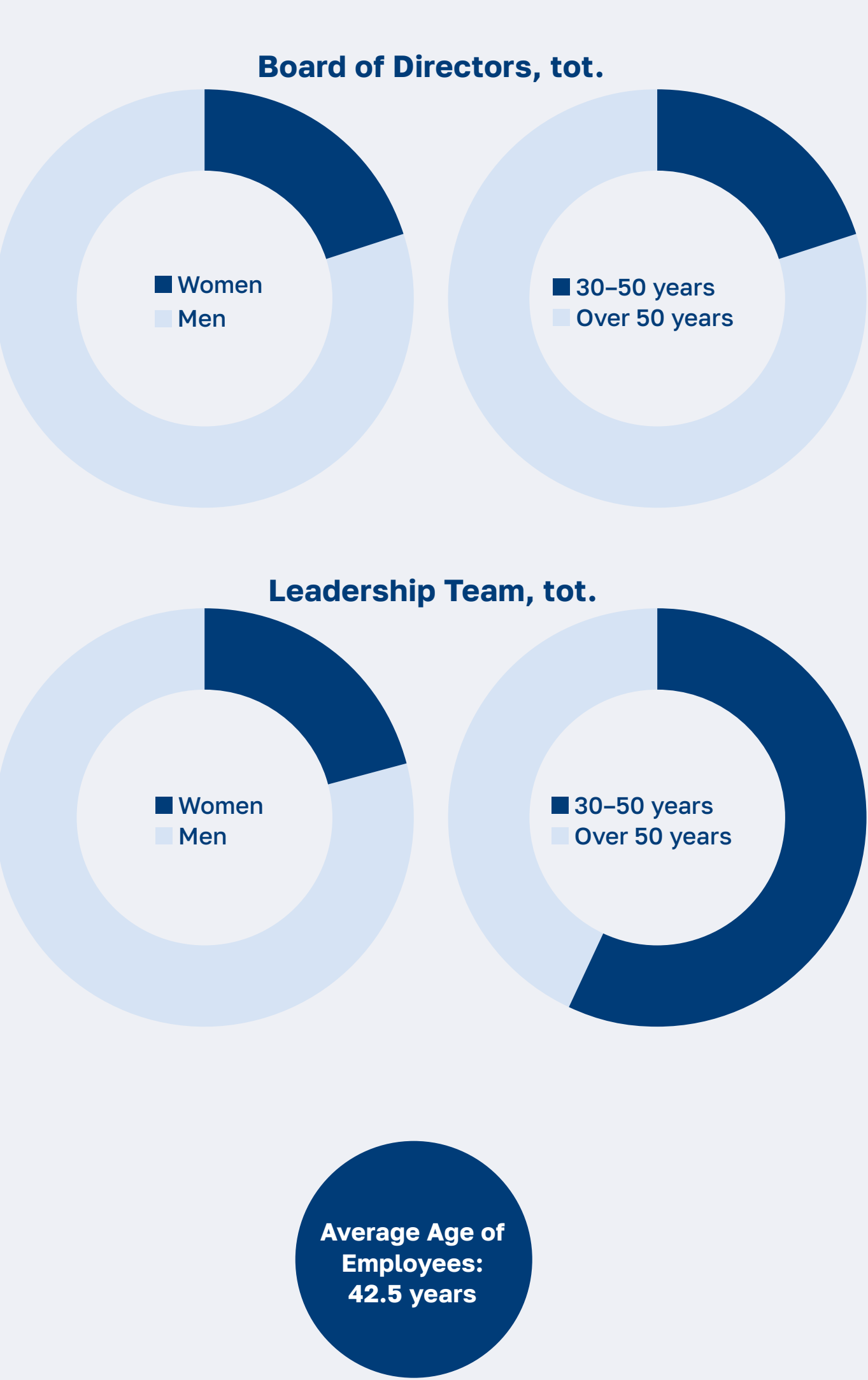
Contract type	Finland	Asia	Other countries	Total 2025	Total 2024
Permanent	447	127	88	662	624
Women	376	88	46	510	485
Men	71	39	42	152	139
Temporary	47	191	2	240	293
Women	39	151	2	192	239
Men	8	40	3	48	54
Full-time	261	318	71	650	660
Women	196	239	31	466	479
Men	65	79	40	184	181
Part-time	233	0	19	252	257
Women	219	0	17	236	246
Men	14	0	2	16	11

The figures are reported on the basis of total headcount on 31.12.2025. Figures do not include people with framework contracts. Of Finland’s part-time workers, about 90% worked in retail positions, where part-time contracts are typical.

Age and Gender Distribution of Employees

Age and gender distribution of employees	Finland	Asia	Other countries	Total
Women	415 (84 %)	239 (75 %)	48 (53 %)	702 (78 %)
Men	79 (16 %)	79 (25 %)	42 (47 %)	200 (22 %)
Under 30 years	89 (18 %)	42 (13 %)	10 (11 %)	141 (16 %)
30–50 years	252 (51 %)	244 (77 %)	46 (51 %)	542 (60 %)
Over 50 years	153 (31 %)	32 (10 %)	34 (38 %)	219 (24 %)
Total employees	494 (100 %)	318 (100 %)	90 (100 %)	902 (100 %)

Age and Gender Distribution of Management



Our Responsibility in Change Negotiations Affecting Personnel

WE ARE COMMITTED to acting responsibly in all financial- and production-related change situations affecting our employees. We always comply with

the notification and negotiation periods set out in local legislation and collective agreements. In Finland, we utilize a transition security model, which aims to support individuals in times of change and ensure the smoothest possible transition to the next stage of their career. The model includes job

search support, skills assessment, and training opportunities to help individuals continue their careers after change.

Implementation of Collective Bargaining Agreements and Labor Law Practices

COMPLIANCE WITH COLLECTIVE agreements and local legislation forms the basis for Luhta Sportswear Company’s HR management. We comply with local labor laws and collectively negotiate collective agreements in all our operating countries where such agreements are available. Collective agreements govern key terms and conditions of employment and ensure equal treatment of employees.

GLOBALLY, 50% OF our employees are covered by collectively negotiated labor agreements (2024: 51%). Coverage is typically high in Finland; in 2025, 72% percent of our employees in Finland were covered by collective agreements for various industries (2024: 75%). There are no collective agreements for senior and managerial employees in our industry. In positions where a collective agreement is not applied, we apply the terms and conditions of the collective agreement for the textile and fashion industry, where applicable, to ensure equal terms of employment for all personnel groups.

OUR EMPLOYEES’ REMUNERATION is based on local collective agreements, employment contracts, the

demands of the role, and individual performance. In addition, performance-based bonus and incentive schemes are used in some roles in compliance with local legislation.

IN COUNTRIES WHERE there are no collective agreements, we comply with the minimum requirements of local legislation and ensure that employment terms and conditions are clear and reasonable. In some countries, employees elect a representative from among themselves to participate in matters concerning employment terms and conditions and to monitor working conditions. In China, for example, employee representatives monitor compliance with local labor laws and support dialogue between employees and employers. The employment terms and conditions are based on local legislation and the company’s internal working practices, which include safe working conditions, fair pay, and the right of employees to participate in decisions that affect them.

Family Leave 2025

Family leave 2025	Finland	China	Total
Entitled to family leave	494	310	804
Women	415	237	652
Men	79	73	152
Took family leave	10	34	44
Women	6	28	34
Men	4	6	10
Returned to work	9	29	38
Women	6	23	29
Men	3	6	9
Returned to work, still employed 12 months after return	7	25	32
Women	5	19	24
Men	2	6	18
Return rate (%)	100 %	85.3 %	88 %
Retention rate (%)	63.6 %	83 %	74 %

Family leave is only reported in Finland and China, where the majority of our company’s employees are located. We aim to develop our data collection and reporting and to report the figures globally in the future. The return rate is calculated as the number of employees who returned to work from family leave in 2025 in relation to the number of employees who were scheduled to return to work from family leave in 2025. The retention rate is calculated as the number of employees who returned to work from family leave and were still employed 12 months after their return in relation to the number of employees who returned to work from family leave in 2024.

Occupational Health and Safety of Our Employees

THE OCCUPATIONAL HEALTH and safety of our employees are a top priority for our company. We want to ensure that every Luhta employee has a safe, healthy, and smooth working environment that supports their work ability and wellbeing. Promoting occupational health and safety is an integral part of our day-to-day operations and management practices, and these principles guide our work in risk management, employee onboarding, training, and continuous improvement. We take care of our employees’ occupational health and safety in all countries where we operate.

Occupational Health and Safety Management

OCCUPATIONAL HEALTH AND safety (OHS) are managed in line with the Group’s common policies, complemented by local practices and legislation. We actively ensure safe working conditions and invest in the health, work ability, and wellbeing of our employees by continuously monitoring and developing our processes. Identifying, assessing, and managing occupational health and safety risks is a systematic effort that we carry out in cooperation with our employees and stakeholders. We comply with local occupational health and safety legislation in all countries where we operate. All our employees and external labor working under our supervision are within the scope of our company’s occupational health and safety management system.

IN FINLAND, OCCUPATIONAL health and safety management is based on an established cooperation model in which HR, occupational health care, and occupational safety representatives are responsible for overall planning, monitoring, and continuous improvement. Occupational safety committees regularly address occupational health and safety topics and follow up on the progress of agreed actions. Our work is guided by occupational safety and occupational health care legislation, and the annual occupational health and safety plan defines the key targets, responsibilities, and actions. The risk management process is an integral part of the annual occupational health and safety management cycle.

IN CHINA, OCCUPATIONAL health and safety management is based on a legally compliant and standardized management system that covers all business units, functions, and personnel groups. In our Chinese organization, occupational health and safety is managed by a dedicated OHS department headed by an OHS manager. A safety committee and cross-functional working groups are responsible for implementing and developing the system. Occupational health and safety information is communicated systematically via e-mail, bulletin boards, and internal communication channels.

Identification and Management of Risks

THE GROUP’S RISK management is based on proactive hazard identification, regular inspections, and active employee participation in all countries



where we operate. Risk assessment is a key part of ensuring occupational health and safety, and it is carried out in both Finland and China according to similar principles, but using methods adapted to the local operating environment. Risk management throughout our company is based on the principle of continuous improvement: observations and information are used to develop processes, guidelines, and training, and personnel have the opportunity to provide feedback and make safety observations through various channels with a low threshold.

IN FINLAND, RISK assessment is carried out annually at all sites and is based on several sources of information: occupational health workplace surveys, employee surveys, occupational safety observations, occupational accident statistics, near-miss reports, threatening customer situations, feedback from occupational safety representatives and employees. Typical risks identified in Finland include both psychosocial and physical stress factors. Psychosocial risks include time pressure, fragmentation of work tasks, cyclical workloads, stressful interactions with customers, and working alone. Physical risks are caused, for example, by repetitive lifting in store and warehouse work, ergonomically challenging work postures, and working with display terminals. These risks are monitored and managed as part of risk assessment, and measures, owners, and schedules are defined for identified risks in the occupational safety and health committees.

IN CHINA, RISK identification and assessment are based on a systematic risk assessment method,

in which risks are divided into general risks and significant risks. Detailed action plans are drawn up for significant risks, and owners are appointed. Typical risk factors in Chinese operations include electrical safety hazards, the use of chemicals in workshops, and risks in storage and logistics environments, such as vehicle use and fall hazards. These are managed through technical solutions, replacing chemicals with safer alternatives, qualification requirements, equipment and electrical inspections, and regular emergency drills. In China, risk management was also strengthened in 2025 by extensive inspection programs, which included seasonal inspections, separate investigations of hidden hazards, inspections of special equipment, and measurements of work-related hazards. Based on these, corrective measures and development proposals are drawn up and incorporated into the annual improvement of the safety system.

Occupational Health Services and Promotion of Occupational Health

OUR AIM IS to enable effective and efficient occupational health care services for all our employees. We ensure that every Luhta employee globally receives appropriate occupational health care in accordance with the laws of the specific country.

IN FINLAND, WE offer all of our employees statutory preventive occupational health care as well as supplementary medical care and wellbeing services. We work closely with occupational health care, which is coordinated by HR. In cooperation

with the occupational safety organization, occupational health conducts risk-based workplace surveys, participates in development work, and supports employees in situations related to working capacity. We regularly collect feedback from our employees and monitor the effectiveness and quality of occupational health services in accordance with the action plan.

IN CHINA, OCCUPATIONAL health processes are led by local HR. Our employees undergo regular health checks in accordance with laws and regulations. A comprehensive risk management process has been established to support occupational health and working capacity with the aim of preventing and eliminating risks that affect health and wellbeing.

Engagement, Communication, and Training

EMPLOYEE TRAINING AND engagement are a central part of occupational health and safety management. We include our employees in the development of occupational health and safety, for example, by actively collecting feedback and occupational safety observations. In Finland, our employees can participate in development through occupational safety and health committees, workplace surveys and feedback channels (e.g. employee surveys). The Group’s various channels enable safety observations and feedback to be submitted with a low threshold.

AT THE START of the employment contract, every individual receives orientation in occupational

health and safety-related issues. In addition, targeted training is organized on a case-by-case and team-by-team basis. In 2025, we focused training specifically on challenging customer situations for retail personnel, and we organized additional occupational safety training in stores and leader training for the store manager network. In China, training was provided on topics such as chemical safety, fire safety, risk identification, and the prevention of work-related hazards.

WE ACTIVELY COMMUNICATE with our employees on topics related to occupational safety and health. In addition, our company’s leaders are responsible for communicating safety-related information to employees. We provide our leaders with guidance and training on occupational health and safety issues. Leaders are responsible for ensuring that each Luhta Sportswear Company employee is familiar with safe working practices and is committed to following our safety guidelines and contributing to the development of safe working conditions. All employees working at our company must report any safety-related situations, shortcomings, and development needs to their leader.

Accident Reporting, Investigation, and Continuous Improvement

OUR TARGET IS zero workplace accidents. Reporting and investigating accidents is an essential part of developing occupational health and safety at our company. In all countries where we operate, our aim is to collect reliable and up-to-date information

on accidents, hazardous situations, and working conditions so that we can identify risks, target measures, and ensure the continuous improvement of a safe working environment.

IN 2025, WE introduced a new reporting model in Finland, which we use to systematically collect information about near-misses, hazardous situations, and threatening customer encounters. The situations observed are analyzed together with HR and occupational health, and the information is used to update orientation, guidelines, and training. In 2025, a total of 11 near-misses were recorded in Finland, and we also collected information on the extent and nature of threatening customer situations to ensure the safety and wellbeing of our employees. The reporting model significantly improves transparency and understanding of the risks to personnel. Based on the information, we are better able to assess the danger and prevalence of incidents, target measures to reduce risks, and develop employee safety orientation. The reported observations led, among other things, to additional safety training in stores and separate training for store managers during the year.

IN CHINA, REPORTING is based on the company’s safety management system, which covers all accidents hazardous situations, and deviations. Each accident is documented and investigated in accordance with consistent procedures. The investigation includes an assessment of the scene, root cause analysis, interviews with individuals, and necessary technical inspections. Based on the

severity of the incident, corrective measures and possible changes to guidelines or working methods are determined. The results of the investigation are addressed by the safety committee, which monitors the progress of the measures.

CONTINUOUS IMPROVEMENT IS a key part of our occupational health and safety model in all countries where we operate. In Finland, development activities are guided by reporting data, strengthening orientation, and targeted training. In China, development work is supported by extensive safety and equipment inspections, occupational exposure measurements, and regular emergency drills, which are systematically linked to the improvement of safety processes.

Work-related Accidents in 2025

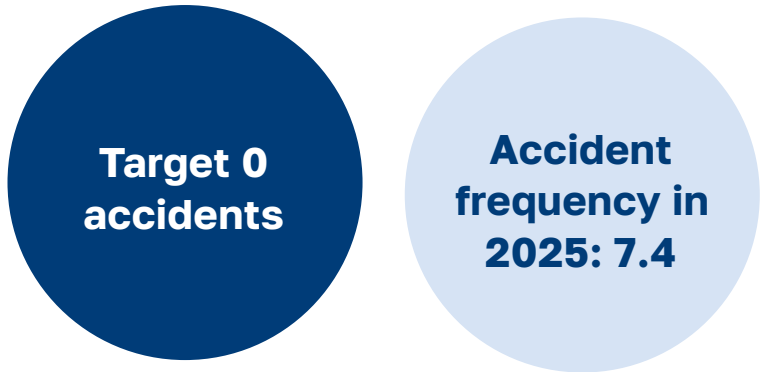
IN 2025, THERE were a total of 10 recorded work-related accidents at the Group level (2024: 20), which was half as many as in the previous year. There were no reported work-related accidents in China or other European countries during 2025. In Finland, four work-related accidents occurred in headquarters functions and six in retail operations. There were no fatal or serious work-related accidents or long-term sick-leave (absence ≥ 30 days) in any of the countries of operation in 2025. Accidents recorded were mainly related to commuting between home and work, warehouse work, and minor accidents at work (e.g. bruises). The Group’s total recordable accident frequency in 2025, taking into account all countries of operation, was 7.4 per

1,000,000 working hours (2024: 14.5). In addition, no cases of occupational disease were reported in the entire Group during the reporting year. All recorded accidents were handled in accordance with the process with the leader and anonymously within the company’s occupational health organization, and they were taken into account as part of the risk assessment process.

WORK-RELATED ACCIDENTS INVOLVING external labor working in facilities managed by our company are monitored by the company employing them, which is primarily responsible for the working conditions of the outsourced personnel. We work closely with the companies to ensure safe working conditions for all and, for example, we provide safety training for outsourced personnel and ensure that they receive appropriate orientation training. During 2025, there were no work-related accidents involving outsourced personnel at our sites in Finland or China (2024: four accidents, resulting in a total recordable accident frequency of 0 (2024: 9.6). In Finland, a total of two near misses by a subcontractor were identified in warehouse operations.

Employee Wellbeing

THE WELLBEING OF our employees is a key part of our company’s HR and sustainability strategy. Our aim is to support the working capacity, health, and overall wellbeing of every Luhta employee and to provide a working environment where everyone can succeed and thrive. Employee engagement, satis-



faction, and competence are key to developing our operations and maintaining our competitiveness in an ever-changing environment.

WE SUPPORT THE wellbeing of our employees through a number of processes and practices. These include an early intervention model, a substance abuse policy, systematic orientation, and services and guidelines that support working capacity. Wellbeing development is guided by cooperation with occupational healthcare, matters discussed in occupational safety committees, employee surveys, and the opportunity for employees to provide feedback through various channels. Wellbeing is also supported as part of the work of leaders, which aims to create a safe, encouraging, and inclusive working environment.

WE LISTEN TO feedback from our employees and respond to their wishes as part of our ongoing monitoring and development of wellbeing at work. The employee survey (Siqni) helps us to identify factors that are critical to our employees’ wellbeing and motivation at work, and the survey process supports the development work of teams in Finland. Based on the 2025 survey, our employees’ overall satisfaction increased from the previous year, and the Flame Index was 75, which reflects the employees’ strong commitment and positive experience of the

workplace. Based on the results, we are targeting development measures more appropriately and strengthening employee experience and our company culture.

IN 2025, WE strengthened the wellbeing of our personnel in line with our strategy and expanded many practices that support the resilience, health, and work-life balance of our employees. As part of our efforts to develop an active work community, our company was awarded Finland’s Most Active Workplace of 2025 at the Finnish Sports Gala. This recognition reflects our long-term and strategic work to promote working capacity and wellbeing at work. We will continue our development work to promote an active lifestyle and everyday activity in line with our company’s mission: “We inspire an active and healthy lifestyle from one generation to another.” The strong commitment and active participation of our employees have been key factors in this success.

WE IMPLEMENTED SEVERAL concrete measures in 2025 to support wellbeing. We introduced the versatile employee benefit service Epassi, which includes services that support health, exercise, wellbeing, and culture. The “Luhtaliikuttaa” (“Luhta encourages its employees to exercise”) concept continued to serve as the cornerstone of wellbeing, and in line with this, we organized two HeiaHeia fitness campaigns, opportunities to try out different types of physical activities, UKK walk tests, a family day at Tahto sports museum, and low-threshold activities at various sites during the

year. In addition, work ergonomics were improved with new work equipment.

OUR WELLBEING COMMITTEE “Virta” continued its active work by planning and coordinating wellbeing measures that support all personnel. Employees were also offered a wide range of wellness-related LuhtaLive webinars on topics such as mental wellbeing, sleep, recovery, and everyday wellness.

Talent and Competence Development

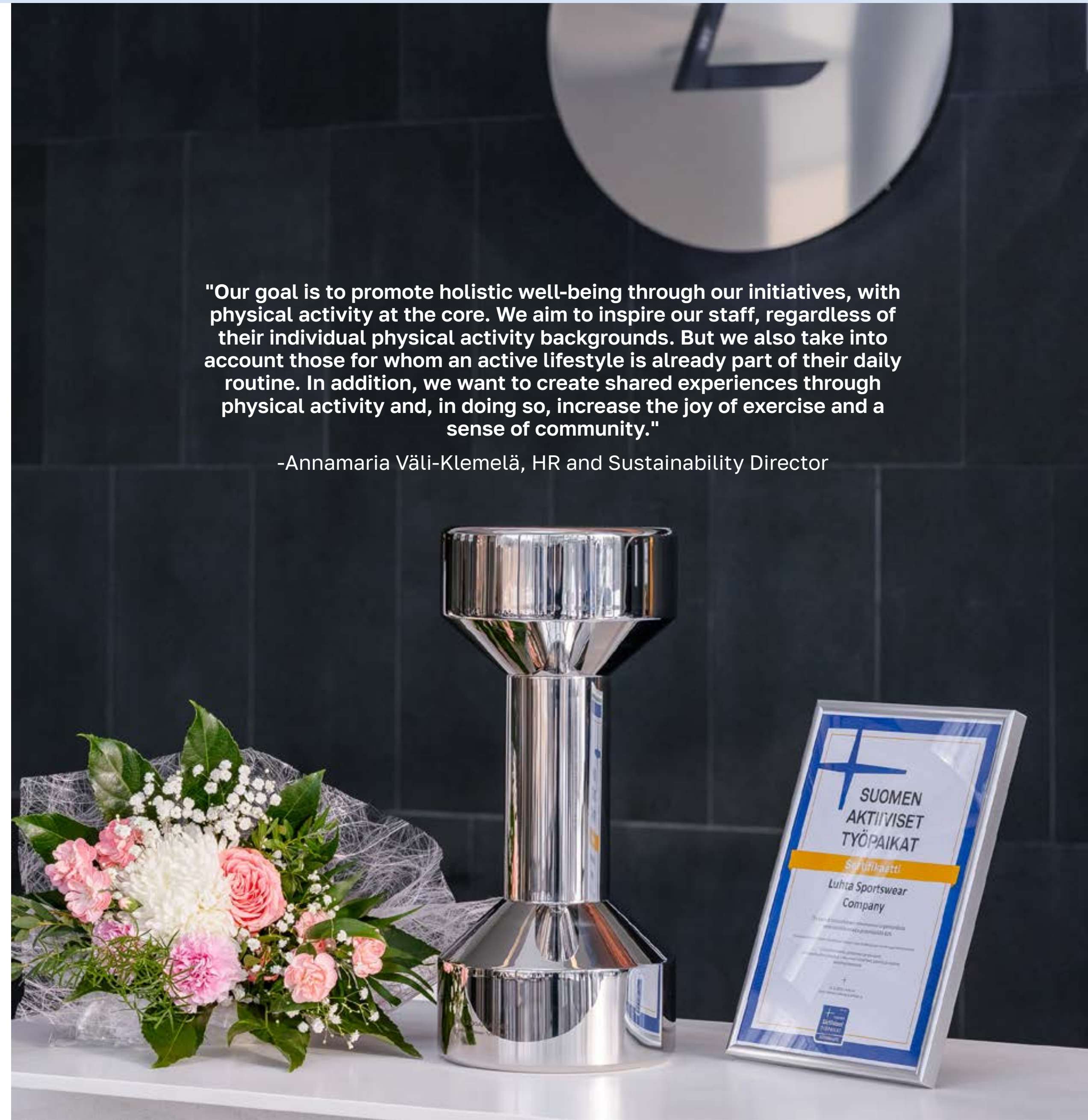
TALENT AND COMPETENCE development is a key part of our company’s personnel strategy. Our aim is to ensure that all of our employees have the best and most up-to-date skills to perform their duties, develop in their roles, and respond to the needs of a changing operating environment. Competence is developed through annual development discussions, orientation, on-the-job learning, and internal and external training. Leaders play an important role in identifying competence, setting targets, and supporting development.

Development and Career Discussions

IN FINLAND, DEVELOPMENT and career discussions are part of the annual performance management process in which leaders and team members assess the achievement of targets, competence needs, and career development opportunities. Our aim is for 100% of our employees to have a development discussion each year. In Finland, a total of

“Our goal is to promote holistic well-being through our initiatives, with physical activity at the core. We aim to inspire our staff, regardless of their individual physical activity backgrounds. But we also take into account those for whom an active lifestyle is already part of their daily routine. In addition, we want to create shared experiences through physical activity and, in doing so, increase the joy of exercise and a sense of community.”

-Annamaria Väli-Klemelä, HR and Sustainability Director



203 employees, or 41% of our employees in Finland, had a development and career discussion recorded in the personnel system in 2025. 45% of the discussions were with women and 22% with men. When examined by personnel group, 52% of blue-collar employees, 34% of white-collar employees, and 29% of management had a discussion. The figures reported include only the information recorded in the personnel system and do not currently include all discussions held. Our aim is to develop systematic documentation and report discussions throughout the company.

IN CHINA, COMPETENCE and performance management is based on a role-specific approach. The development of personnel competence focuses on discussions with leaders, orientation, on-the-job learning, and the development of technical skills. The competence and development of our employees are assessed in regular discussions with leaders, and everyone participates in an annual discussion with their leader.

Training and Learning

TRAINING IS AN important part of developing personnel competence and strengthening future capabilities. In Finland, training is organized as part of orientation, leadership work, and role-specific competence development. The two-year Luhta Talent Academy program, which started in 2024, continued as planned in 2025. The aim of the program is to develop the company's future experts and strengthen internal career paths. Several targeted

training courses were held for leaders and store managers to deepen leadership work practices in the retail environment. In addition, a significant part of the training in 2025 was related to the development and implementation of a new ERP system in Finland. A total of approximately 4,861 training hours were organized for personnel (covering training organized by HR or reported to HR). The average number of training hours recorded was approximately 9.8 hours per person, with women averaging 9.1 hours and men 13.7 hours. Our aim is to develop training reporting in the future so that we can monitor personnel training more systematically.

IN CHINA, COMPETENCE development is implemented on a role-specific basis through training, coaching, orientation, on-the-job learning, and strengthening role-specific skills. In China, employee training was extensive in 2025. Training organized in China totaled 6,061 training hours in the reporting year, and 1,667 training hours were organized separately for external labor. The average number of training hours was approximately 20 hours per person, with women averaging approximately 22 hours and men 13 hours. The training covered both role-specific and technical skills as well as company-level programs, such as leader training, strengthening basic digital skills, ERP system training, and sustainability and safety training. Training hours are collected and reported annually as part of overall competence development.



Diversity, Equity, and Inclusion

DIVERSITY, EQUITY, AND inclusion, DEI, are part of our company’s values-based sustainability work, through which we ensure that our operations in all countries are based on equal treatment and respect for human rights. Our aim is to promote diversity, equity, and inclusion both among our personnel and more broadly in communities and our stakeholder relationships. We strive to create an environment where every person – whether a personnel member, customer, partner, or service provider – can feel valued and treated fairly. Diversity, equity, and inclusion are part of our company’s core operating principles, such as our ethical guidelines, recruitment practices, training programs, and management processes.

AS PART OF the development of our sustainability work, we conducted a self-assessment on non-discrimination and equity in 2025 using the UN Global Compact’s Non-discrimination and Equality Analysis Tool. The assessment showed that we already have strong processes in place to support non-discrimination and equality; these processes include equal opportunity practices in recruitment, safe working environment principles, and harassment prevention. At the same time, we identified areas for development related to, among other things, diversity, equity, and inclusion targets, strategy and policies, equality and accessibility

in recruitment, and development work related to the supply chain and communities. The results of the assessment helped us to understand our most important areas for development and will also serve as a basis for developing our company’s DEI strategy and action plan in the future.

Diversity, Equity, and Inclusion in our Workplace

OUR COMPANY AIMS to provide a work environment where all our employees have equal opportunities, a safe workplace, and the experience of being treated with respect regardless of their background, identity, or life situation. Equality, non-discrimination, and inclusion are guided by our company’s Code of Conduct, local operating principles, and legislation, and are part of all our leadership work and HR management processes. In 2025, we signed the FIBS Diversity Charter, in which we commit to providing equal opportunities, recognizing and utilizing individual skills and needs, managing our own personnel and customer relationships fairly, and communicating our targets and achievements.

FIGURES RELATED TO the diversity of our personnel are presented in conjunction with the report’s personnel figures on [pages 94-95](#).

Non-discriminatory and Equal Recruitment

OUR RECRUITMENT IS based on principles of equality, which aim to ensure an open, transparent, and non-discriminatory process. All recruitment decisions are made on the basis of competence, experience, and job requirements. We use harmonized recruitment practices that ensure equal treatment of different groups of applicants. Recruiters for store and headquarters jobs as well as leaders are trained in the principles of diversity, equity, and inclusion as part of their recruitment training, and situations involving inappropriate treatment are monitored and dealt with consistently. We aim to use as diverse recruitment channels as possible, inclusive language in job descriptions, and clear evaluation criteria in interviews. The employees involved in recruitment receive training to ensure non-discriminatory and ethical assessment, and recruitment processes are continuously developed based on feedback.

Equal Treatment and Prevention of Discrimination

EVERY LUHTA EMPLOYEE has the right to a safe, respectful, and non-discriminatory work environment. The prevention of harassment is incorporated into management practices, orientation, and store and leader training. Workplace safety and

wellbeing are discussed regularly with employee representatives. No cases of discrimination were reported within our company in 2025. Any suspicions of inappropriate behavior, harassment, or discrimination can be reported with a low threshold to a leader, to HR, or through separate reporting channels. Each report is processed without delay, and the necessary support measures and remedial actions are taken in each situation. In addition, we train employees in safe and equal interaction – for example, training on challenging customer situations, cooperation, and preventing inappropriate treatment has been organized for retail personnel.

Equal access to family leave

WE SUPPORT WORK-LIFE balance. In all countries where we operate, our employees are entitled to family leave (pregnancy, parental, and childcare leave) regardless of gender. We strive to ensure that our employees have equal access to family leave, and we provide leaders with guidance and support in planning family leave. We want to ensure that all our employees can plan family leave without fear of hindering career development or changes in employment terms. We support employees in taking leave and returning to work in accordance with the company procedures.

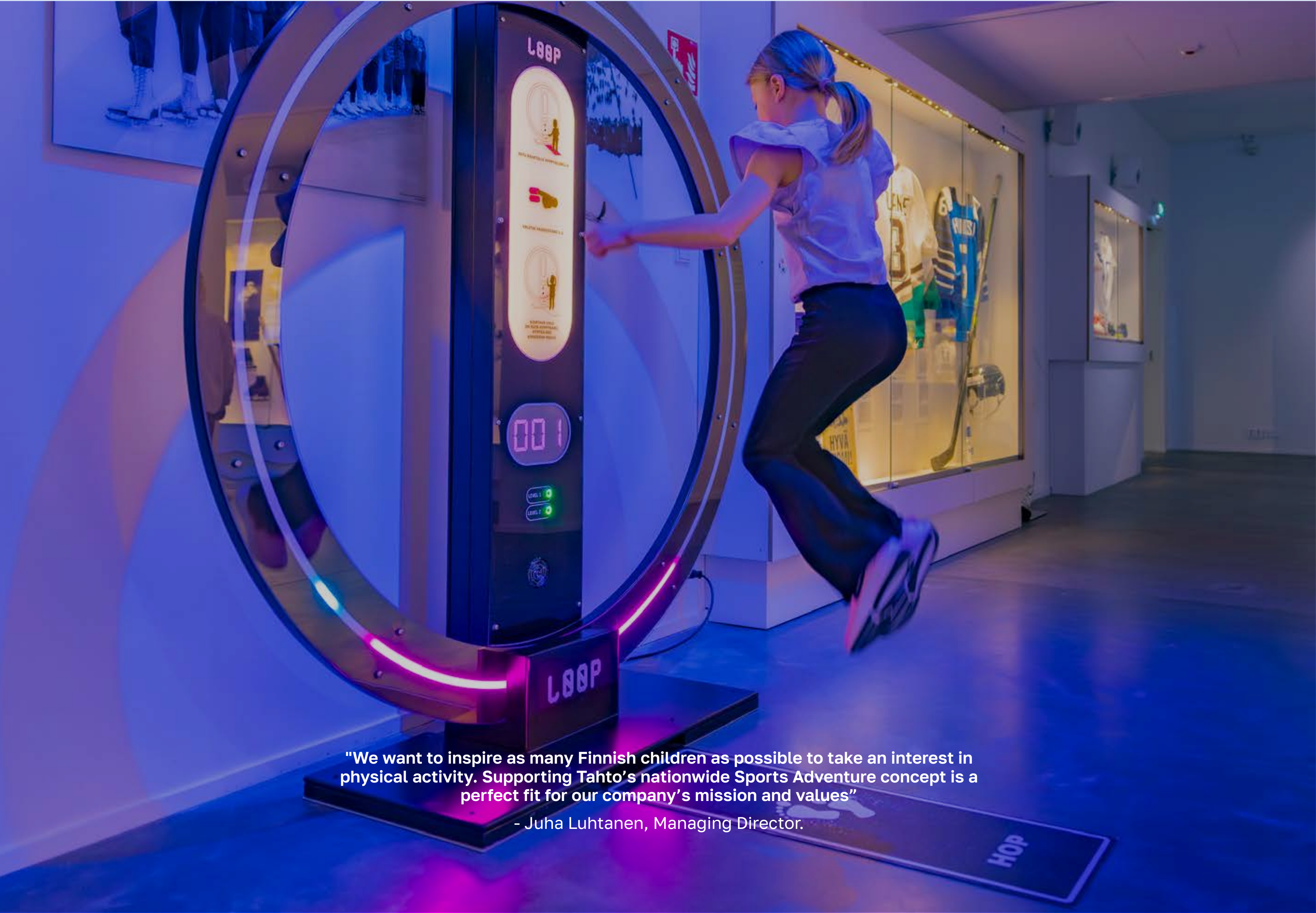
WE ARE A founding partner in Tahto Center for Finnish Sports Culture's nationwide Tahto Sports Adventure concept, which combines the joy of physical activity with curriculum-based learning content (healthy lifestyles, exercise, sports culture). In 2025, visitor numbers increased by 45%, and 95% of parents and guardians felt that the impact was positive. We also enabled nearly a thousand fifth graders from Lahti to experience Sports Adventure, and we offered the same opportunity to our employees' families.

Mental Wellbeing and Safety Nets

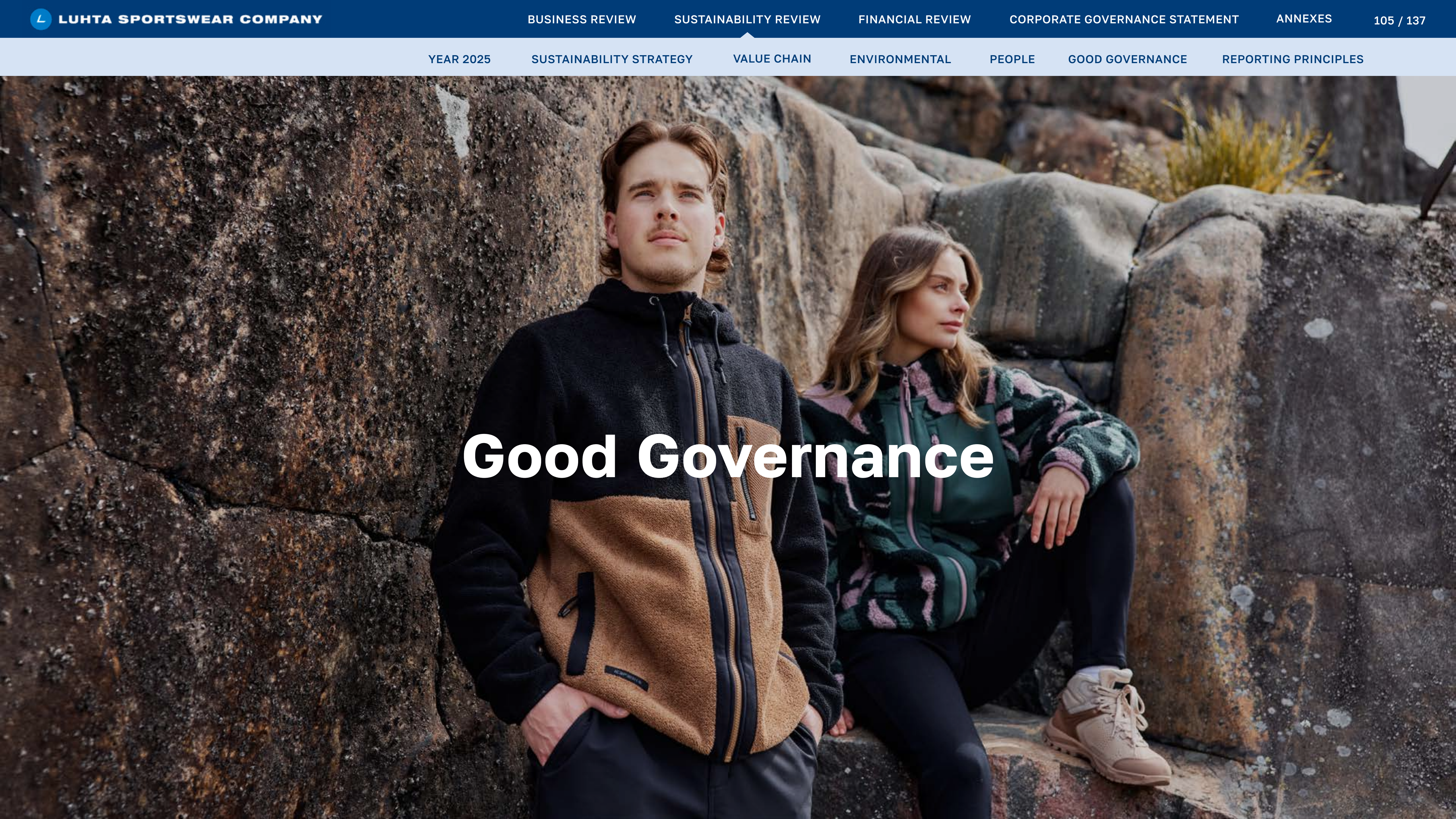
WE SUPPORTED MIELI Mental Health Finland’s work with children and young people through a charitable donation and made a product donation to the shelter Vantaan Turvakoti ry. Our employees organized a Christmas gift collection for underprivileged children through Lahden Ensikoti ry.

Local, Low-threshold Exercise Opportunities

WE SUPPORTED THE KindO indoor orienteering event held in Lahti, where our headquarters is located. The event is free of charge for people under 16, and it lowers the threshold for participation in the sport for both beginners and enthusiasts.



"We want to inspire as many Finnish children as possible to take an interest in physical activity. Supporting Tahto’s nationwide Sports Adventure concept is a perfect fit for our company’s mission and values”
 - Juha Luhtanen, Managing Director.



Good Governance

Sustainability Management

IN LINE WITH Luhta Sportswear Company’s values and sustainability strategy, our company’s policies, guidelines, commitments, as well as guidelines and requirements defined by external stakeholders and bodies, steer the development of sustainability work and the achievement of the set targets. We comply with local legislation in all countries where we operate. In the event of a conflict between local

law and our commitment, we will seek ways to ensure that international human rights principles are respected.

IT IS VERY important to us that we all act responsibly in line with our company values, common policies and operating principles. We manage the impacts our value chain has on the environment, people, and the economy through policies and by monitoring their implementation. Our company’s

Code of Conduct binds our own operations and all employees. In addition to our own operations, we expect all our suppliers and other business partners to act responsibly and to respect human rights and the environment. We work with responsible and ethical business partners, and we choose our partners carefully. We follow the principles of responsible sourcing in our procurement, and our procurement is guided by Luhta Supplier & Partner Code of Conduct and the related policies.

OUR COMPANY’S POLICIES and operating principles are approved by senior management and are designed to ensure that our operations at a global level and throughout our processes are in line with our values and applicable regulations. We review policies and our operating principles regularly on an annual basis and develop them as necessary. Our company’s policies were last updated in 2025. We have established processes by which we ensure that the policies are implemented for internal and external stakeholders. We ensure the implementation of internal policies as part of the employee induction and training process. We verify the effectiveness of the policies through regular training and feedback collection. All policies and guidelines are consolidated on the company intranet, where any changes to them are also communicated. We integrate the implementation of external policies and guidelines into the procurement process and include the policies as part of procurement contracts. We also educate key stakeholders on the policies and possible changes through separate training sessions.

WE ADDRESS OUR company’s sustainability targets and strategic measures both in Luhta Sportswear Company’s Sustainability Team and Leadership Team, and we approve them with the company’s Managing Director and the Board of Directors. Sustainability work is led by the Sustainability Director, who is a member of the Group’s Leadership Team and reports directly to Luhta Sportswear Company’s Managing Director. The Sustainability Director

In our operations, we are committed to a number of international agreements, the most important of them that guide our operations are:

- Universal Declaration of Human Rights
- UN Core Human Rights Treaties
- The ILO Declaration on Fundamental Principles and Rights at Work
- UN Guiding Principles on Business and Human Rights, UNGP
- UN Convention on the Rights of the Child
- UN Convention on the Elimination of All Forms of Discrimination Against Women
- OECD Guidelines for Multinational Enterprises on Responsible Business Conduct
- OECD Due Diligence Guidance
- UN Global Compact initiative and UN Sustainable Development Goals
- UN Convention Against Corruption
- Amfori Business Social Compliance Initiative’s (amfori BSCI) responsible procurement principles
- Rio Declaration on Environment and Development

Policies and operating principles guiding our operations:

- Luhta Code of Conduct
- [Luhta Supplier & Partner Code of Conduct](#)
- [Amfori BSCI Code of Conduct](#)
- [Luhta Human Rights Commitment](#)
- [Labor Rights Policy](#)
- [Environmental Policy](#)
- [Animal Welfare Policy](#)
- [Restricted Substance List \(RSL\)](#)
- [Manufacturing Restricted Substances List \(MRSL\)](#)
- Other internal policies and operating principles (e.g. HR and data security policies)

Luh​ta Sportswe​ar Company’s Sustainability Management and Leadership Model:

RESPONSIBILITY	DESCRIPTION OF AREAS OF RESPONSIBILITY
Board of Directors and Managing Director	- Approval and monitoring of the sustainability strategy and sustainability targets - Monitoring the implementation of sustainability and the due diligence process and development measures in the company’s operations - Approval of the Sustainability Report, and review and approval of the reported information
Sustainability Director	- Responsibility for the content of the sustainability strategy and monitoring its progress - Advancing the due diligence process in line with OECD Guidelines - Reporting on sustainability directly to the Managing Director and the Board of Directors - Regularly attending Board meetings, informing and educating the Board on current issues related to sustainability and regulatory developments as well as their impact on Luhta Sportswear Company’s operations - Supporting Luhta Sportswear Company’s operations in the implementation of the strategy - Sustainability communication policies and developing sustainability communications - Responsibility for sustainability reporting and its development - Heading and chairing the Sustainability team - Responsibility for Group-level stakeholder relations regarding responsibility and sustainability issues
Company Leadership Team	- Reviewing sustainability issues in Leadership Team meetings - Implementing the sustainability program, sustainability targets, and other sustainability-related development measures in the processes and practices of respective area of responsibility
Sustainability Team	- Addressing sustainability issues and meeting regularly - Examination of sustainability-related development projects and measures, responsibility area-specific reviews - Development work related to sustainability targets and other development of sustainable business
Business Units and Operational Level (Divisions and Functions)	- Implementing, managing, and monitoring the action plans related to the sustainability program at the process and procedural level - Complying with operating principles regarding sustainability in every Luhta employee’s role and identifying risks

reports regularly and at least twice a year on the progress of the sustainability strategy and on material sustainability issues also directly to the Board of Directors. The Board of Directors approves the sustainability reporting annually. In 2025, the Board was kept informed of the progress and changes in the sustainability regulation and changes affecting Luhta. In addition, the sustainability strategy roadmap was presented to the Board and future sustainability development measures were approved.

WITH THE HELP of our Sustainability Team, we ensure that sustainable practices cut across all processes. The Sustainability Team also coordinates initiatives at the Group level and shares best practices and up-to-date information on regulations affecting our industry. The composition of the Sustainability Team was updated in 2025. The Sustainability Team is chaired by the Sustainability Director and includes members from senior management, the business units, the product teams, the production and procurement teams, the Chinese subsidiary, communications, and administration. The Sustainability Team meets regularly at least twice a year, and the Sustainability Director reports on the progress made by the team to the Managing Director. In addition, smaller teams have been formed under the Sustainability Team, such as the responsible materials development team, which meets monthly, and other project-based teams that have worked on issues such as the due diligence process and the climate transition plan.

ON A DAY-TO-DAY level, the progress of the sustainability work is monitored by specialists in the different functions (e.g. Sustainability Specialist, Product Compliance Specialist, Circular Economy Coordinator, Sustainability Manager Asia Operations, Legal Counsel), who are responsible for the operational development of sustainability work and for reviewing and updating policies, guidelines, processes, and measures in their respective areas. Our company’s internal sustainability specialists are also responsible for supporting the brands and operations and for training in internal sustainability work; they also monitor the progress of the sustainability program targets for their area of responsibility and take care of ESG data collection and sustainability reporting to various stakeholders. The company’s Legal department is also responsible for implementation of the company’s Compliance function (e.g. competition law, sanctions, and data protection) and reports on significant compliance findings to the Managing Director and the Board of Directors.

OUR COMPANY’S OVERALL risk management process includes the management of risks related to sustainability and social responsibility, such as climate and human rights risks, as well as risks related to corruption and bribery. The risk management process is reported to senior management. Read more about the risk management process [here](#).

Compliance and Ethics in Our Operations

WE COMPLY WITH the laws and regulations applicable to our business activities and with various regulatory provisions in all our company’s operations. We do not tolerate improper means of influencing our business, such as bribery, corruption, or conflict of interest situations. We comply also with regulations on international sanctions. The internal Compliance function ensures that applicable laws are identified and complied with. The Compliance function is also responsible for ensuring compliance with corporate sustainability legislation. We prepare for future regulatory changes in sustainability through continuous training and by updating our processes and policies.

IN 2025, WE started a project to renew our new supplier agreement; the project will also take better account of the updated Supplier Code of Conduct.

THE LEGALITY AND ethics of our business operations depend on the actions of our entire organization and our employees. For this reason, the topics related to this theme are an important part of Luhta Sportswear Company’s internal Code of Conduct for all employees. Through the compliance guidelines and the annual plan derived from it, which is maintained by the Compliance function and approved by the Board of Directors, we help to ensure that the business operations are compliant with the applicable regulations at all levels of the organiza-

tion. The Compliance annual plan includes, among other things, findings and feedback collection, as well as regular training for employees on important legal and ethical topics. In 2025, we held training for our own employees on intellectual property rights and competition law, and we supported sustainability experts in areas such as practical implementation of the Deforest Regulation. The Group’s sustainability experts answer questions from employees and other stakeholders regarding the implementation and monitoring of the company’s responsible business policies and practices. Employees and other stakeholders have a low threshold to approach the Sustainability Director and sustainability experts to raise concerns about the company’s business operations and practices.

Whistleblowing Channel

IN COMPLIANCE WITH the Whistleblower Act, our company has a channel for reporting suspected misconduct and other irregularities, as well as a process for investigating reports. The reporting channel can be used by anyone. It is available in Finnish, Swedish, English and Mandarin Chinese. Our company is committed to ensuring that no retaliation of any kind is taken against anyone who reports to the channel. The reporting channel is implemented in a secure manner, and we comply with applicable data protection and other legislation in the management of the reporting channel. When a notification is received in the reporting channel, an e-mail alert is sent to the company’s Managing Director, General Counsel, and HR

Director. The notification is primarily handled by the General Counsel, unless the notification contains a personal conflict of interest. We respond to the notifier within seven days of receiving the notification. In 2025, we did not receive any notifications through the reporting channel that would have been subject to investigation under the Whistleblower Act. We received a total of seven notifications in 2025, including notifications about third-party websites that unauthorizedly use our trademarks to advertise their own products, as well as feedback, which we forwarded to customer service.

Findings in 2025

THE COMPLIANCE FUNCTION collects compliance findings and reports them to the Board. For each compliance finding, we prepare a corrective action plan and take immediate action to address the finding.

IN 2025, WE did not make any material compliance findings. A material compliance finding is defined as an instance of intentional or grossly negligent misconduct, non-compliance with regulations or guidelines, or damage that has a greater than minor impact on the company’s reputation, operations or finances, or that would result in fines, administrative penalties or other serious sanctions imposed by a public authority.

In particular, we note that during 2025:

- There were no findings of corruption cases leading to the termination of contracts of employees or business partners.
- There were no pending lawsuits concerning anti-competitive conduct or violations of antitrust and monopoly laws.
- There were no findings of non-compliance with regulations and/or voluntary codes concerning the health and safety impact of products or services.
- There were no findings of non-compliance with regulations and/or voluntary codes on information and labeling of products or services that would have led to a warning, fine or penalty.
- There were no findings of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, sales promotion and sponsorship, that would have led to a warning, fine or penalty.
- There were no findings of human rights violations.

Data Protection and Data Security

PROTECTING THE PERSONAL data of our customers, employees, and other stakeholders is important to us. We continuously develop our data protection by updating our internal guidelines and practices to improve data protection and security, and through training. Our data protection work is also supported by an external, independent data protection officer. Continuous training and development enable us to ensure that the processing of personal data is always lawful, fair, and transparent. We always process personal data in accordance with the purposes for which it is collected,

for as long as it is necessary and justified for the purposes for which it is collected.

Ensuring Data Protection and Data Security

IN 2025, WE have started cooperating with an external, independent data protection officer. Under the guidance of the external data protection officer, we started updating our internal data protection documentation and began updating documentation in accordance with our data protection accountability. In 2025, we updated nearly all of our privacy policies and, among other things, updated our data retention guidelines and, consequently, the terms and conditions of our online shops and customer

loyalty program. We also assessed the cookies and tracking technologies used on our Luhta.com website and ensured their compliance. In addition, we updated guidelines on the use of artificial intelligence and, in line with these, started to promote AI literacy among our employees as part of the requirements of the EU’s AI Act. The guidelines are reviewed regularly and updated as necessary.

OUR COMPANY’S DATA protection officer meets quarterly with Luhta Sportswear Cpmpany’s key stakeholders to review data protection needs and development projects. During these meetings, the data protection officer also provides training and ensures that stakeholders are aware of any new decisions or other changes related to the activities of their teams. Data protection developments and other important issues are regularly reported to the General Counsel, who reports on the key issues to the Board of Directors.

WE STORE AND process the personal data of many of our stakeholders, so we take data security seriously. Through Data Security Guidelines and training, we provide our employees and stakeholders with a foundation for secure use both internal and external parties. We update our guidelines as we identify new threats. As the business environment becomes more digital, we make sure that we invest sufficiently in the development of data security so that it constantly meets the set requirements. We developed data security processes, introducing a number of new technical improvements to the company’s data security and identity protection.

Data Protection Breaches and Anomalies

TO MINIMIZE DATA protection risks, we have embedded key data protection principles in the tools and software used by our company. We monitor and document any data protection complaints, anomalies, or data breaches, and report our findings to the Data Protection Authority as required by law. In 2025, our customer service received a total of 271 requests from our customers to exercise their rights in relation to the processing of their personal data, including the deletion of data from our systems (136 cases) and requests for the correction of data (126 cases). All contacts are handled promptly and, where appropriate, consulted with other business units. We also use external expert advice where necessary.

Currently, our operations are guided by the following:

- Internal Code of Conduct, for employees
- Supplier & Partner Code of Conduct
- Data Breach Procedure
- Whistleblower Channel Privacy Policy and Guidelines for Processors
- Camera Surveillance Privacy Policy
- Recruitment Privacy Policy
- HR Management Privacy Policy
- Luhta.com Online Shop Privacy Policy
- Luhta aClass Customer Loyalty Program Privacy Policy
- Balmuir.com Online Store Privacy Policy
- Privacy Policy for Personal Data of Business Customers
- Guidelines for Processors of Personal Data on Behalf of the Controller
- Guidelines on the Retention Period of Personal Data
- Cookie Policy
- L-Fashion Group’s Shareholder and General Meeting Privacy Policy
- Data Security Guidelines

Contacts from the data protection authority	0
Contacts from customers via customer service	271
Identified data breaches, theft, loss of customer data	0
Identified data protection breaches/ data breaches	0

Product Safety

THE SAFETY OF our products is a key part of Luhta Sportswear Company’s sustainability and the entire product development, procurement, and sales process. We design and manufacture products so that they are safe to use, in terms of their functional, mechanical, and chemical properties. We comply with all legislation and good international practices relevant to our operations, and we continuously develop our systems to meet the expectations of authorities and stakeholders.

Our operations are based on the EU’s General Product Safety Regulation (GPSR)

THE ADOPTION OF the European Commission’s General Product Safety Regulation GPSR (EU) 2023/988 further reinforced the importance of product safety. We have updated and refined our internal procedures to comply with the requirements of the regulation. Each of our products undergoes an individual risk assessment that looks at, among other things:

- design and material choices
- use of chemicals and chemical risks
- components and mechanical properties
- intended use and presumed ways it could be misused
- impact of marketing and instructions on the safe use of the product

THE ASSESSMENT IS based on reasonable consumer expectations of the safety of the product. Even the smallest risks are identified during both the design and production phases, and efforts are made to eliminate them through innovative design solutions and production quality assurance.

ALL ESSENTIAL SAFETY-RELATED instructions and warnings are provided on the product hangtags, packaging, and websites.

LUHTA SPORTSWEAR COMPANY acts as a manufacturer, importer, and distributor in compliance with the GPSR. As a distributor, we ensure that the products placed on the market meet all legal requirements, and that product-related documents, labels, and instructions are up to date. We require our distribution chain to operate in accordance with our product safety principles.



Product category-specific requirements

ALL PRODUCTS WE manufacture and import are subject to the General Product Safety Regulation, but our wide range of products also includes products subject to special regulations, such as:

- RUKKA Motorsport riding gear falls under the Personal Protective Equipment Regulation (EU 2016/425). The manufacturer and importer of the product must ensure that it is properly designed and manufactured to meet the essential health and safety requirements, its conformity has been demonstrated and documented (technical documentation and EU declaration of conformity), the protective equipment has been appropriately marked (CE marking), and only compliant products are placed on the market.
- Children’s clothing is regulated by the General Product Safety Regulation and by the harmonized standard EN 14682. This standard specifies in detail the requirements for cords and drawstrings on children’s clothing. In addition to the standard, we apply more stringent product safety controls to children’s clothing and remove risks in terms of chemicals, for example.

WE REGULARLY UPDATE the special requirements for product categories as necessary, as part of our continuous risk management. We monitor industry discussions, the latest information, research, and best practices that define the requirements for safe products for each product category.

Chemical safety and control of restricted substances

CHEMICAL SAFETY IS an integral part of our company’s product safety management. We have strict chemical safety requirements, which are included in the Supplier & Partner Code of Conduct and Environmental Policy that our suppliers must comply with. Our suppliers are bound by the international Restricted Substance List (RSL), which aims to ensure that finished products do not contain harmful substances in excess of permitted concentrations. If they do contain certain substances, we are required to report this.

OUR OPERATIONS ARE comprehensively guided by EU chemical legislation – including the REACH Regulation, the list of Substances of Very High Concern (SVHC), the POP Regulation on persistent organic pollutants, and the CLP Regulation on the classification, labelling, and packaging of chemicals – as well as other national and international regulations concerning chemicals. In addition, we take into account additional restrictions set by our customers, industry standards, and market specific testing requirement

WE CONTINUOUSLY MONITOR changes in key chemical legislation and ensure that our products comply with the requirements in force at any given time. We conduct the tests required by national chemical and safety laws and customer requirements in an appropriate manner. Read more about chemical management [here](#).

Product Recalls and Safety Observations in 2025

AS PART OF internal risk management, in line with the General Product Safety Regulation, we work with our stakeholders to continuously assess the potential safety risks our products may pose to users. All notifications we receive regarding potential safety-related issues with our products are investigated and responded to as necessary. Generally, the recorded cases do not require further action, but in 2025 one case exceeded the recall requirement. It was decided to recall the Rukka Pets Aramid Pro collar from the market due to a manufacturing error that could lead to a safety risk during use. We took immediate action in line with our standard procedure:

1. Identification of risk and assessment of severity
2. Recall from the market and inform stakeholders
3. Customer notification and instructions on discontinuing use and return of the product
4. Notification to authorities
5. Implementing remedial measures for suppliers and production

IN THIS CASE, the risk was identified at an early stage and potential damage was avoided. Since this was an error made by the contract supplier, we reviewed it together and strengthened our internal processes for similar situations in the future.

Marketing and Communication

OUR COMMUNICATION IS based on our company values and our shared vision and mission. We inform our employees, customers, consumers, and other stakeholders about changes and events that affect them, as transparently, timely, and clearly as possible. We are easy to reach, we respond to contact requests, and we act consistently with the promises we make.

THE “OUR LUHTA” intranet is our official channel for internal communications. It ensures that information and instructions reach all employees at the same time, supports common goals, is a means of orientation for new employees, and makes it easier to find and share information.

BUILDING THE REPUTATION of our company and our brands is our shared responsibility. As an international operator, we adapt our communications and marketing content to the needs of different market areas and take diversity into account in the photos and materials we produce. In price marketing, we follow industry best practices and ensure that communication is transparent and not misleading. We respect trademarks and copyrights and require the same from our partners. Media relations are handled by designated media relations officers. We follow the same principles in our social media. In 2025, we updated the company’s internal social media guidelines. Communication and mar-

keting guidelines are part of our internal operating principles and employee guidelines, as well as brand-specific policies.

SUSTAINABILITY COMMUNICATIONS IS an integral part of our corporate communications. We respond to questions raised by our stakeholders and strive to communicate as clearly, openly, and comprehensibly as possible. We use internal communication methods, such as training and sharing information, to increase employee awareness about our sustainability strategy, targets, and our progress. We also communicate the progress of our sustainability work to external stakeholders – such as owners, customers, organizations, and lenders – through our website, social media, reports, and personal dialogue. We report on sustainability annually in accordance with the GRI standard as part of our company’s annual report.

WE PROVIDE OUR stakeholders with fact-based and verifiable information about our products and operations. We monitor the progress of the Green Claims Directive and have ensured that our marketing communications are compliant with Empowering Consumers for the Green Transition Directive. We regularly train our marketing content producers to ensure that all sustainability claims are reliable, comparable, and verifiable. We openly communicate both our achievements and areas

for development. We have discontinued the use of unofficial eco-labels, and this was immediately visible in our online shop and digital materials, as well as on product hangtags starting with the spring 2025 collections. We only use official material- and eco-labels when the product and brand-specific license entitles us to do so, and we communicate about them in accordance with the guidelines.

WE ACTIVELY DEVELOP interaction with external stakeholders. Understanding stakeholder expectations is essential in order to focus our sustainability measures on the right priorities and support the long-term success of our company.



Reporting Principles

Reporting Principles

THIS SUSTAINABILITY REVIEW is Luhta Sportswear Company’s (L-Fashion Group’s) fifth sustainability report, and it is published as part of our Annual Report 2025. We publish a sustainability report annually to serve as a source of information for our key stakeholders in assessing our sustainability-related activities and the progress towards the sustainability targets set by the company. These stakeholders include owners, lenders, customers and retailers, consumers, employees, suppliers and other business partners, authorities, media, non-governmental organizations, local communities, and educational institutes.

THIS REPORT FOCUSES on our sustainability work in 2025, our key developments, the targets we have set, and our sustainability indicators. We also report on our main sustainability projects and our upcoming development projects for 2026.

Materiality Assessment and Material Sustainability Topics

DURING 2021-2025, WE have identified and assessed sustainability impacts significant to our operations as part of our efforts to develop our corporate sustainability work and reporting. The sustainability topics identified as material are

taken into account in our company’s sustainability strategy, our sustainability work priorities, and the topics covered in our sustainability report.

WE HAVE CARRIED out our company’s materiality assessment taking into account the requirements of the GRI standards and the double materiality assessment guidelines in accordance with Europe’s Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS). As part of the materiality assessment, we have defined our value chain and have identified the value chain-related potential and actual negative and positive impacts on the environment, people, and society. We assessed the severity and likelihood of these impacts and, based on the results, prioritized the material topics. As part of the materiality assessment, we also identified and analyzed the financial risks and opportunities impacting our company’s operations.

OUR MATERIALITY ASSESSMENT is based on our company’s various internal sources and data related to different processes, such as reports, studies, surveys, production-related audit data, our company’s risk assessments, and observations from reporting channels. We also draw on the expertise of our internal specialists and take into account the

views and feedback of our employees through, for example, employee surveys, interviews, and dialogue with our employee representative bodies. We extensively analyze industry-related research and data as part of identifying and assessing sustainability impacts. We engage in dialogue with external stakeholders and also utilize external experts in analyzing sustainability impacts and developing our sustainability work. In our company’s materiality assessment, we also utilize several surveys and interviews conducted with our stakeholders, including, e.g., customer surveys. Through these, we have sought to gather the broadest range of stakeholder perspectives on the significant impacts of the textile industry and our company's operations, as well as their expectations regarding our sustainability work.

WE REVIEW OUR materiality assessment annually and update it as needed. During 2025, we reviewed the results of the assessment and began a more detailed assessment of nature impacts as well as an assessment of economic risks related to climate change; we also incorporated the results of these into our materiality assessment. No changes to material topics were identified in 2025 compared to the previous year.

Material topics identified for Luhta Sportswear Company:

ENVIRONMENT AND ANIMALS
• Climate change • Use of materials and resources, and waste • Circular economy alignment • Water consumption and use of chemicals • Biodiversity • Animal welfare
SOCIAL
• Occupational health, safety and wellbeing of own employees • Competence development of own employees • Diversity, equity and inclusion • Human rights of value chain workers • Product safety
GOVERNANCE AND ECONOMY
• Legal compliance and ethical business practices • Value chain management and transparency • Economic responsibility (economic value creation and tax footprint)

We report on the management of material topics in our sustainability report in accordance with the GRI standards in conjunction with the various themes.

Units and Functions within the Scope of Reporting

THE LEGAL NAME of the Group is L-Fashion Group Oy, which uses the name Luhta Sportswear Company. This sustainability review applies to the entire Luhta Sportswear Company Group’s operations, covering all its units, functions, brands and subsidiaries, which are presented also in the Group’s financial statements and financial reporting. Our 2025 report also covers Balmuir’s operations following the signing of a licensing agreement with Balmuir Oy. We take into account the principle of materiality in our sustainability reporting, and some of the information reported is presented with an emphasis on our Finnish and Chinese organization’s operations, as they cover the most significant part of Luhta Sportswear Company’s activities, processes and employee numbers.

Reporting Period

OUR ANNUAL REPORT, like our financial statements, covers our company’s fiscal year 1.1.-31.12.2025. The sustainability review was published on 5 May 2026 as part of Luhta Sportswear Company’s annual report. We will publish the next sustainability report covering the 2026 fiscal year in the spring of 2027.

Reporting Standards

THIS REPORT HAS been prepared in accordance with GRI standards. Luhta Sportswear Company has been reporting on its operations in accordance with Global Reporting Initiative (GRI) sustainability reporting guidelines since 2022. Our sustainability report complies with GRI standards as comprehensively as possible, and topic-specific disclosures have been reported on the material aspects of our company’s economic, social, governance, and environmental responsibilities. The content of the GRI reporting is summarized in the GRI index in this report’s appendices.

THE REPORTED EMISSIONS calculation has been carried out in accordance with the GHG Protocol Corporate Accounting and Reporting standard, which is the most widely used international framework for calculating carbon footprints. The calculation covers the functions of the entire Luhta Sportswear Company for Scope 1–3. We publish additional information about the carbon footprint calculation in the appendix to the sustainability review.

Restatements of Reported Information

WE HAVE NOT made any significant restatements to previously reported information during the reporting period. The emissions calculations for

2023-2024 have been refined compared to the data reported for the previous year, as described in more detail in conjunction with the emissions reporting.

External Assurance

THE SUSTAINABILITY REPORT has not been assured by an external independent third party.

Contact Info and Feedback

WE WELCOME STAKEHOLDER feedback about our sustainability communications so that we can further improve it and our sustainability work. We are also happy to answer questions about the information reported. Questions and feedback can be sent to our sustainability team at sustainability@luhta.fi.

Financial review



LUHTA
SPORTSWEAR
COMPANY

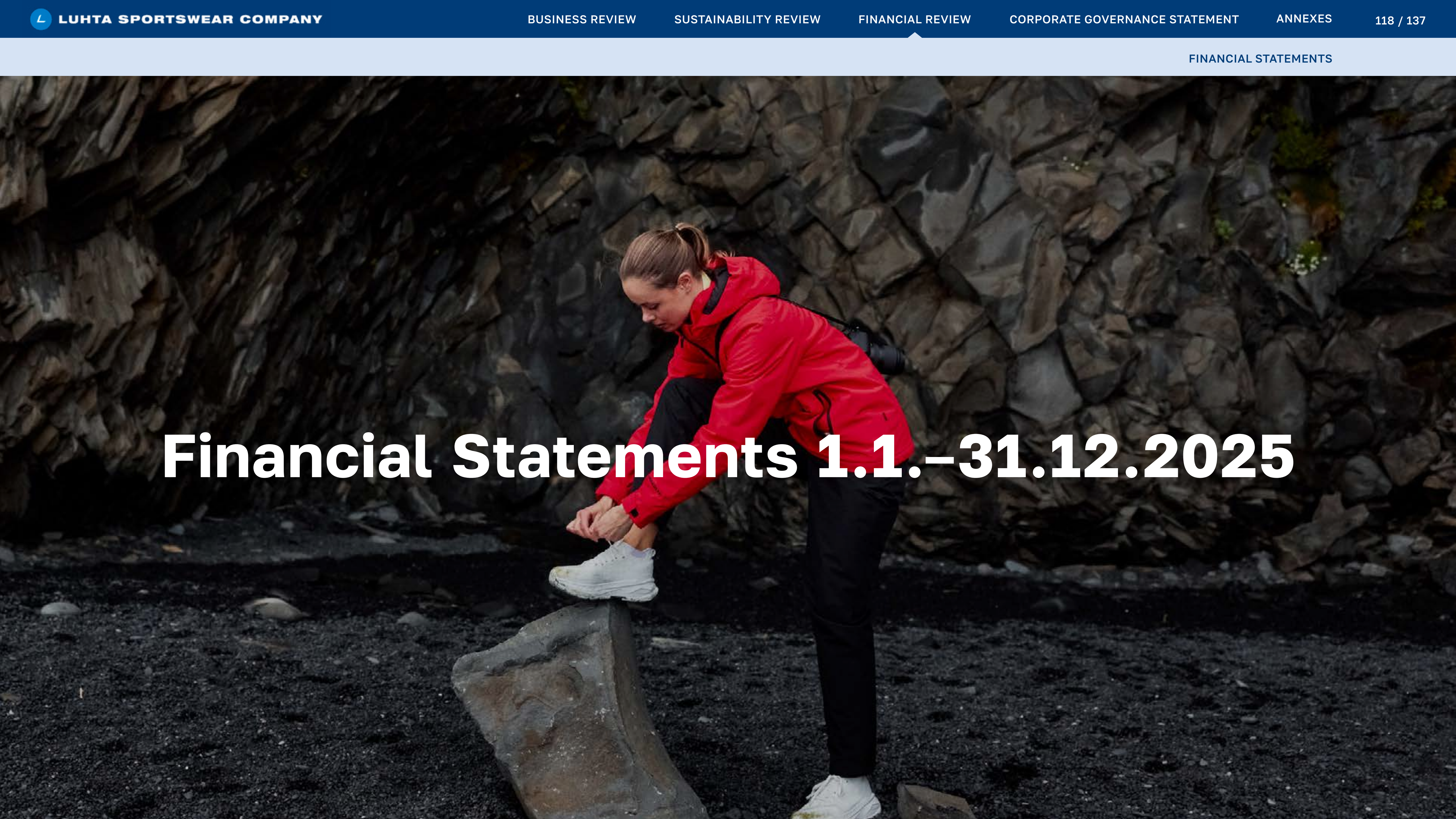
FINANCIAL REVIEW

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Financial Statements 1.1.–31.12.2025

FINANCIAL STATEMENTS

L-Fashion Group - Group

INCOME STATEMENT (1000 EUR)

	1.1.-31.12.2025	1.1.-31.12.2024
NET SALES	181 169	190 240
Other operating income	1 105	675
Materials and services		
Materials and supplies		
Purchases during the period	-89 107	-89 808
Stocks, increase or decrease	3 166	-2 037
External services	-36	-55
Materials and services	-85 977	-91 900
Personnel expenses		
Wages and salaries	-27 086	-28 241
Other social expenses		
Pension expenses	-3 673	-2 223
Other social expenses	-2 732	-2 618
Personnel expenses	-33 490	-33 082
Depreciation and write-downs		
Depreciation according to plan	-5 592	-5 213
Depreciation on consolidated goodwill and Group reserve decrease	-514	-514
Depreciation and write-downs	-6 106	-5 727
Other operating expenses	-50 440	-52 034
OPERATING PROFIT (LOSS)	6 261	8 171
Financial income and expenses		
Other interest and financial income	421	327
Interest expenses and other financial expenses	-1 936	-2 739
Financial income and expenses	-1 515	-2 411
PROFIT (LOSS) BEFORE TAXES	4 746	5 760
Income taxes		
Taxes for the current and previous periods	-875	-1 422
Deferred taxes	-90	-208
Other direct taxes	-19	-4
Income taxes	-983	-1 633
PROFIT/LOSS FOR THE YEAR	3 762	4 127

BALANCE SHEET (1000 EUR)

ASSETS

FIXED ASSETS

Intangible assets		
Intangible rights	151	106
Consolidated goodwill	1 541	2 055
Other intangible assets	17 767	11 619
Advance payments for intangible assets	-2	
Intangible assets	19 458	13 779
Tangible assets		
Land and water areas	2 447	2 772
Buildings and structures	34 838	37 928
Machinery and equipment	18 371	19 735
Other tangible assets	102	108
Advance payments and acquisitions in progress	760	698
Tangible assets	56 518	61 241
Investments		
Other shares and holdings	88	488
Investments	88	488
FIXED ASSETS	76 064	75 508
CURRENT ASSETS		
Inventories		
Raw materials and consumables	2 460	2 060
Finished products/goods	62 913	59 654
Inventories	65 374	61 714
Long-term receivables		
Accounts receivable	54	56
Loan receivables	5 000	3 000
Deferred tax asset	1 451	1 447
Long-term receivables	6 504	4 503
Short-term receivables		
Accounts receivable	41 698	42 725
Receivables from Group companies	1 007	815
Other receivables	3 191	6 008
Prepaid expenses and accrued income	2 858	2 422
Short-term receivables	48 754	51 970
Cash and bank balances	18 240	17 436
CURRENT ASSETS	138 872	135 623
ASSETS	214 935	211 132

BALANCE SHEET (1000 EUR)

	31.12.2025	31.12.2024
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FINANCIAL STATEMENTS

SHAREHOLDERS’ EQUITY AND LIABILITIES

SHAREHOLDERS’ EQUITY

Share capital	10 462	10 462
Share premium fund	103	103
Reserve fund	3 029	3 195
Other funds	28 683	30 864
Profit from previous periods	84 685	84 004
Profit/Loss for the year	3 762	4 127

SHAREHOLDERS’ EQUITY

130 725132 755

LIABILITIES

STATUTORY PROVISIONS

Other statutory provisions	158	122
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STATUTORY PROVISIONS

158122

Long-term liabilities

Loans from financial institutions	12 500	17 500
Deferred tax liabilities	1 938	1 659
Other liabilities	87	108

Long-term liabilities

14 52519 267

Short-term liabilities

Loans from financial institutions	31 760	22 148
Prepayments	85	12
Accounts payable	18 368	17 139
Liabilities to Group companies	686	430
Other liabilities	5 176	4 423
Accruals	13 454	14 835

Short-term liabilities

69 52858 987

LIABILITIES

84 21178 376

SHAREHOLDERS’ EQUITY AND LIABILITIES

214 935211 132

CASH FLOW STATEMENT (1000 EUR)

1.1.-31.12.2025

1.1.-31.12.2024

Cash flow from operations

Proceeds from customers	178 928	187 893
Payments to suppliers and employees	-172 122	-169 641
Operating cash flow before financial items and taxes	6 806	18 251

Interest paid from operations

-1 488-1 916

Interest received from operations

103219

Other financing items from operations

-51-674

Taxes paid from operations

-1 403-1 000

Cash flow from operations

3 96814 881

Cash flow from investments

Investments in tangible and intangible assets	-10 169	-9 703
Capital gains on tangible and intangible assets	1 200	104
Other investments		-400
Proceeds from other investments	400	
Short-term investments increase/decrease		1

Cash flow from investments

-8 570-9 999

Cash flow from financing

Withdrawal of short-term loans	17 000	4 929
Repayment of short-term loans	-4 731	
Repayment of long-term loans	-5 000	-5 000
Dividends paid	-2 064	-3 579
Short-term investments increase/decrease	9	18

Cash flow from financing

5 214-3 632

Change in cash and cash equivalents

6111 250

Cash and cash equivalents, opening balance

17 43616 501

Change in cash and cash equivalents

6111 250

Impact of exchange rate changes

192-314

Cash and cash equivalents

18 24017 436

FINANCIAL STATEMENTS

Notes to the Financial Statements

NOTES CONCERNING THE PREPARATION OF THE FINANCIAL STATEMENTS

Scope of consolidation

The consolidated financial statements include all subsidiary companies. The consolidated financial statements figures include L-Export Oy’s subsidiary OOO Luhta Fashion Group and OOO Nordic Fashion Retail, located in Russia, as well as L-Fashion Group GmbH in Germany, and Luhta Sportswear Japan in Japan.

Principles of consolidation

Mutual shareholdings

The consolidated financial statements have been drawn up using the purchase method.

Internal business activities and margins

The Group’s internal business activities, the unrealized margins from internal operations, internal receivables and payables, and internal profit shares have been eliminated.

Minority interests

No minority interests.

Exchange rate differences

The closing figures of the Group’s foreign companies have been converted into euros using the official average rates on the balance sheet date and in the income statement using the monthly average rates of the financial period. Exchange rate differences arising from the elimination of the foreign subsidiary companies’ shareholders’ equity have been recorded under unrestricted shareholders’ equity.

Valuation and allocation principles

Valuation of fixed assets

Fixed assets have been capitalized on the balance sheet at their acquisition costs. Depreciation according to plan has been calculated as straight-line depreciation based on the useful economic life of the asset.

Economic lifetimes:

Other long-term expenditures	3 - 10 years
Industrial and office buildings	20 - 30 years
Residential buildings	50 years
Structures	5 - 10 years
Machinery and equipment	4 - 8 years
Automated warehouse	20 years
Consolidated goodwill	10 years
Consolidated goodwill will be amortized over its useful life, which is 10 years.	

Valuation of inventories

Inventories are valued on the FIFO principle (first in, first out) as the lowest of acquisition cost, resale cost or probable sales cost.

Valuation of financial assets

Marketable securities have been valued at lower of cost or net realizable value.

R&D and long-term expenditures

Research and development costs are expensed in the financial period during which they are incurred. Costs accumulating income over a period of three or more years are capitalized as long-term costs and are amortized over 3-10 years.

Foreign currency items

Receivables and payables in foreign currency are valued in euros at balance sheet date exchange rates.

Allocation of pension expenses

Pension expenses have been presented following each country’s own legislation. The Parent Company’s own pension trust does not have uncovered liabilities.

Deferred taxes

Deferred tax assets and liabilities are determined for all temporary differences arising between the assessed taxation and the financial statements using the following years’ substantiated tax rate at the close of accounts. The balance sheet includes the total deferred tax liability and the estimated amount of the deferred tax asset.

Notes to the Income Statement (1000 EUR)

NET SALES BY MARKET AREA

Finland	56 079	70 833
Others	125 090	119 807
Total net sales	181 169	190 240

OTHER OPERATING INCOME

Rental income	199	196
Profit from sale of fixed assets, tangible assets	66	66
Profit from the sale of shares	840	412
Other operating income	1 105	675

DEPRECIATION AND WRITE-DOWNS

Depreciation according to plan, intangible (excl. goodwill and right of use)	37	39
Depreciation according to plan, other long-term expenditures	1 765	1 458
Depreciation according to plan, buildings and structures	1 401	1 392
Depreciation according to plan, machinery and equipment	2 389	2 324
Depreciation according to plan	5 592	5 213
Depreciation of consolidated goodwill	514	514
Depreciation and write-downs	6 106	5 727

OTHER OPERATING EXPENSES

Sales freight	4 626	4 820
Selling commissions	3 702	4 047
Rents	12 903	15 232
Other	29 209	27 936
Other operating expenses	50 440	52 034

AUDITORS’ FEES

To auditor: actual audit	185	164
To auditor: tax consultation	1	23
To auditor: other professional services	4	7
Auditors’ fees	189	194

FINANCIAL INCOME AND EXPENSES

Other interest income from others	94	220
Other financial income	327	107
Interest expense on liabilities to others	-1 568	-1 981
Other financial expenses	-368	-758
Financial income and expenses	-1 515	-2 411

INCOME TAXES

Income taxes on actual operations	873	1 422
Income taxes on non-recurring items	1	
Deferred taxes	90	208
Other direct taxes	19	4
Income taxes	983	1 633

FINANCIAL STATEMENTS

Breakdown of Fixed Assets (1000 EUR)	31.12.2025	31.12.2024
INTANGIBLE ASSETS		
Intangible rights		
Acquisition expense 1.1.	2 220	2 216
Exchange rate differences	-8	4
Acquisition expense 31.12.	2 212	2 220
Accrued depreciation and write-downs 1.1.	-2 114	-2 070
Exchange rate differences	54	-5
Depreciation		-38
Accrued depreciation and write-downs 31.12.	-2 060	-2 114
Book value 31.12.	151	106
Goodwill		
Acquisition expense 1.1.	3 146	3 146
Acquisition expense 31.12.	3 146	3 146
Accrued depreciation and write-downs 1.1.	-3 146	-3 146
Accrued depreciation and write-downs 31.12.	-3 146	-3 146
Book value 31.12.	0	0
Consolidated goodwill		
Acquisition expense 1.1.	6 792	6 792
Acquisition expense 31.12.	6 792	6 792
Accrued depreciation and write-downs 1.1.	-4 738	-4 224
Depreciation	-514	-514
Accrued depreciation and write-downs 31.12.	-5 251	-4 738
Book value 31.12.	1 541	2 055
Other intangible assets		
Acquisition expense 1.1.	35 213	28 739
Exchange rate differences	-100	74
Increases	5 407	6 458
Transfers between items	1 745	-58
Acquisition expense 31.12.	42 266	35 213
Accrued depreciation and write-downs 1.1.	-23 595	-22 084
Exchange rate differences	87	-52
Depreciation	-991	-1 458
Accrued depreciation and write-downs 31.12.	-24 499	-23 595

Book value 31.12.	17 767	11 619
Intangible assets	19 458	13 779
TANGIBLE ASSETS		
Land and water areas		
Acquisition expense 1.1.	2 960	2 770
Exchange rate differences	-131	190
Acquisition expense 31.12.	2 828	2 960
Accrued depreciation and write-downs 1.1.	-188	-211
Exchange rate differences	-165	-7
Accrued depreciation on decreases and transfers	-27	30
Depreciation	-2	
Accrued depreciation and write-downs 31.12.	-381	-188
Book value 31.12.	2 447	2 772
Buildings and structures		
Acquisition expense 1.1.	61 472	61 082
Exchange rate differences	-638	193
Increases	89	245
Decreases	-982	-48
Acquisition expense 31.12.	59 940	61 472
Accrued depreciation and write-downs 1.1.	-23 543	-21 852
Exchange rate differences	95	-24
Accrued depreciation on decreases and transfers	17	6
Depreciation	-1 671	-1 673
Accrued depreciation and write-downs 31.12.	-25 102	-23 543
Book value 31.12.	34 838	37 928
Machinery and equipment		
Acquisition expense 1.1.	52 704	51 036
Exchange rate differences	-375	149
Increases	1 495	1 704
Decreases	-456	-413
Transfers between items	70	227
Acquisition expense 31.12.	53 438	52 704
Accrued depreciation and write-downs 1.1.	-32 969	-31 173
Exchange rate differences	237	-92
Accrued depreciation on decreases and transfers	320	311

FINANCIAL STATEMENTS

Depreciation	-2 656	-2 015
Accrued depreciation and write-downs 31.12.	-35 067	-32 969
Book value 31.12.	18 371	19 735
Other tangible assets		
Acquisition expense 1.1.	164	163
Increases		1
Acquisition expense 31.12.	164	164
Accrued depreciation and write-downs 1.1.	-57	-28
Depreciation	-6	-29
Accrued depreciation and write-downs 31.12.	-62	-57
Book value 31.12.	102	108
Advance payments and acquisitions in progress		
Acquisition expense 1.1.	698	24
Increases	104	900
Decreases	-76	
Transfers between items		-227
Acquisition expense 31.12.	760	698
Book value 31.12.	760	698
Tangible assets	56 518	61 241
INVESTMENTS		
Other shares and holdings		
Acquisition expense 1.1.	488	88
Increases		400
Decreases	-400	
Acquisition expense 31.12.	88	488
Book value 31.12.	88	488
Investments	88	488
FIXED ASSETS	76 064	75 508

Subsidiaries

	Share of ownership, %	Registered domicile	
Luhta Austria GmbH	100	Bergheim	Austria
L-Export France Sarl	100	Paris	France
L-Fashion Ag	99,6	Rotkreuz	Switzerland
Luhta Italy S.r.l.	100	Salo Brescia	Italy
L-Fashion Ab	100	Stockholm	Sweden
L-Fashion Group Netherlands B.V.	100	LS Heteren	Holland
L-Fashion Group A/S	99,8	Oslo	Norway
Finandmax Ltd.	100	Hong Kong	China
L-Export Oy	100	Lahti	Finland
Luhta USA Ltd	100	Delaware	USA
Nordic Fashion Corporation LLC	100	Dubai	UAE

Production companies

Luhta Sportswear (Suzhou) Co. Ltd	100	Suzhou	China
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L-Export Oy's subsidiaries:

OOO Luhta Fashion Group	100	Moscow	Russia
OOO Nordic Fashion Retail	100	Moscow	Russia
Luhta Sportswear Japan	100	Tokyo	Japan
L-Fashion Story GmbH	100	Viernheim	Germany

Deferred Taxes (1000 EUR)

	31.12.2025	31.12.2024
Deferred tax assets		
Internal margin of inventories	1 540	1 397
Other items	-89	50
Deferred tax liabilities		
Other items	1 938	1 659

FINANCIAL STATEMENTS

Receivables (1000 EUR)	31.12.2025	31.12.2024
Receivables from Group companies		
Short-term receivables from Group companies		
Group Accounts receivables	436	796
Other prepaid expenses and accrued income from Group	552	
Other Group receivables	19	19
Short-term receivables from Group companies	1 007	815
Prepaid expenses and accrued income, external		
Tax assets (income taxes)	879	1 025
Accrued personnel expenses, short-term receivables	2	19
Other prepaid expenses and accrued income from sales (from others)	901	736
Other prepaid expenses and accrued income from expenses (from others)	1 075	642
Prepaid expenses and accrued income, external	2 858	2 422
Liabilities (1000 EUR)	31.12.2025	31.12.2024
Accruals, external		
Short-term income taxes, interest-bearing		4
Internal balance sheet reconciliations	1 441	2 156
Short-term interest liabilities, non-interest-bearing	99	52
Short-term tax liabilities, income taxes, non-interest-bearing	64	707
Accrued personnel expenses, non-interest-bearing	4 512	5 251
Other short-term accruals from income, non-interest-bearing	2 011	2 040
Other short-term accruals from expenses, non-interest-bearing	5 327	4 630
Accruals, external	13 454	14 835
Notes Concerning Personnel		
Of the Group’s employees in 2025, 505 worked in Finland and 408 worked abroad.		
Salaries and bonuses of management and board members		
Group	604	670
Parent Company	568	633

Changes in Equity (1000 EUR)	31.12.2025	31.12.2024
RESTRICTED EQUITY		
Share capital 1.1.2025	10 462	10 462
Share capital	10 462	10 462
Share premium fund 1.1.2025	103	103
Share premium fund	103	103
Reserve fund 1.1.2025	3 005	2 370
Exchange rate differences	-167	74
Transfers between items (reserve fund)	190	561
Reserve fund	3 029	3 005
Restricted equity	13 594	13 761
UNRESTRICTED EQUITY		
Reserve for invested unrestricted equity 1.1.2025	2 116	2 116
Share issue (reserve for invested unrestricted equity)	-2 116	
Reserve for invested unrestricted equity	0	2 116
Other funds 1.1.2025	28 748	28 748
Transfers between items (other funds)	-65	
Other funds	28 683	28 748
Exchange rate differences 1.1.2025	-190	360
Exchange rate difference, at date of acquisition	-590	248
Transfers between items (post-acquisition gains/losses)		-799
Exchange rate differences	-781	-190
Earnings (defined benefit plans), 1.1.2025	-296	-361
Exchange rate differences	-70	46
Share of deferred tax asset of changes in period		18
Earnings (defined benefit plans)	-366	-296
Earnings (other than defined benefit plans) 1.1.2025	88 321	87 802
Exchange rate differences	-511	180
Dividend distribution	-2 064	-3 538
Other direct entries to earnings	-275	
Earnings (other than defined benefit plans)	85 833	84 490
Profit/Loss for the period	3 762	4 127
Retained earnings	89 229	88 321
Unrestricted equity	117 130	119 185
SHAREHOLDERS' EQUITY	130 725	132 755
Portion of accumulated depreciation difference recognized in equity		
Portion of depreciation difference recognized in Group's equity	7 751	6 638
	7 751	6 638

FINANCIAL STATEMENTS

Pledges and Contingent Liabilities (1000 EUR)	31.12.2025	31.12.2024
Pledges and contingent liabilities		
Financial institution loans, pledged with real estate and corporate mortgages and loan receivables	33 500	24 500
Financial institution loans	33 500	24 500
Liabilities with pledged mortgages and securities	33 500	24 500
LOANS WITH PLEDGED MORTGAGES AND SECURITIES		
PLEDGES ON OWN BEHALF		
Real estate mortgages	248 256	248 256
Other mortgages	124 128	124 128
Other	8 859	8 396
Pledges on own behalf	381 243	380 780
Pledges on behalf of subsidiary and other Group companies		
Guarantees	21 782	21 965
Pledges on behalf of subsidiary and other Group companies	21 782	21 965
Pledges	403 025	402 745
CONTINGENT LIABILITIES AND OTHER LIABILITIES		
Leasing liabilities maturing within one year	23	14
Leasing liabilities maturing in 1-5 years	11	18
Leasing liabilities	34	33
Rental liabilities maturing within one year	1 851	1 780
Rental liabilities maturing in 1-5 years	860	804
Other rental liabilities	2 710	2 584
Bill liabilities maturing within one year	10 760	13 367
Bill liabilities	10 760	13 367
Other liabilities maturing within one year		

Other liabilities maturing in 1-5 years	3 000	3 000
Other liabilities maturing beyond 5 years	500	500
Other liabilities	3 500	3 500
Letter of credit liabilities	75	61
Letter of credit liabilities	75	61
Contingent liabilities and other liabilities	17 079	19 545
VAT liability for real estate renovation and building costs in compliance with § 33 of the VAT Act.	840	708

Group Relations

The Parent Company of the L-Fashion Group Oy subgroup is Polap-Team Oy, domiciled in Lahti, Finland. The consolidated financial statements are available from L-Fashion Group Oy's headquarters at: Tiilimäenkatu 9, FIN-15501 Lahti, Finland.

FINANCIAL STATEMENTS

L-Fashion Group Oy

Income Statement (1 EUR)	1.1.-31.12.2025	1.1.-31.12.2024
NET SALES	155 752 365	165 393 706
Production for own use		
Other operating income	272 739	387 557
Materials and services		
Materials and supplies		
Purchases during the period	-93 404 319	-90 127 593
Stocks, increase or decrease	3 341 877	-3 896 632
External services	-33 779	-41 687
Materials and services, total	-90 096 221	-94 065 912
Personnel expenses		
Wages and salaries	-18 143 209	-19 262 183
Other social expenses		
Pension expenses	-3 389 138	-1 937 471
Other social expenses	-471 005	-409 412
Personnel expenses	-22 003 352	-21 609 066
Depreciation and other write-downs		
Depreciation according to plan	-4 129 159	-4 409 120
Depreciation and write-downs	-4 129 159	-4 409 120
Other operating expenses	-34 947 011	-37 467 472
OPERATING PROFIT (LOSS)	4 849 360	8 229 693
Financial income and expenses		
Income from shares in Group companies		
Income from investments in other fixed assets	162	14
Other interest and financial income, external	560 143	608 116
Interest expenses and other financial expenses	-1 805 487	-2 686 622
Financial income and expenses	-1 245 183	-2 078 492
PROFIT (LOSS) BEFORE TAXES	3 604 177	6 151 201
Appropriations		
Change in depreciation difference	-1 391 467	-1 338 714
Appropriations	-1 391 467	-1 338 714
Income taxes		
Taxes for the current and previous periods	-414 040	-905 747
Income taxes	-414 040	-905 747
PROFIT (LOSS) FOR THE YEAR	1 798 669	3 906 740

Balance Sheet (1 EUR)

	31.12.2025	31.12.2024
ASSETS		
FIXED ASSETS		
Intangible assets		
Intangible rights	150 822	150 822
Other intangible assets	16 209 109	9 982 780
Intangible assets	16 359 931	10 133 602
Tangible assets		
Land and water areas	1 277 852	1 277 852
Buildings and structures	20 775 594	22 048 317
Machinery and equipment	16 038 724	16 998 402
Other tangible assets	54 388	54 388
Advance payments and acquisitions in progress	627 103	560 201
Tangible assets	38 773 661	40 939 159
Investments		
Shares in associated companies	12 249 648	12 249 648
Receivables from Group companies	631 642	631 642
Other shares and holdings	87 680	87 680
Investments	12 968 970	12 968 970
FIXED ASSETS	68 102 563	64 041 731
CURRENT ASSETS		
Inventories		
Raw materials and consumables	219 148	231 756
Finished products/goods	56 553 574	53 199 090
Inventories	56 772 722	53 430 846
Long-term receivables		
Accounts receivable	53 500	55 908
Receivables from Group companies	8 227 185	7 948 175
Loan receivables	5 000 000	3 000 000
Long-term receivables	13 280 685	11 004 083
Short-term receivables		
Accounts receivable	15 491 261	15 257 161
Receivables from Group companies	25 422 172	26 787 980
Other receivables	847 112	541 736
Prepaid expenses and accrued income	2 022 140	1 368 144
Short-term receivables	43 782 685	43 955 022
Cash and bank balances	8 389 487	7 614 742
CURRENT ASSETS	122 225 579	116 004 692
ASSETS	190 328 142	180 046 423

FINANCIAL STATEMENTS

Balance Sheet (1 EUR)

SHAREHOLDERS' EQUITY AND LIABILITIES

SHAREHOLDERS' EQUITY

Share capital
Share premium fund
Reserve fund
Other funds
Profit from previous periods
Profit/Loss for the year

10 462 130
103 436
230 245
28 682 790
65 125 897
1 798 669

10 462 130
103 436
230 245
30 798 475
63 549 405
3 906 740

SHAREHOLDERS' EQUITY

106 403 167109 050 430

Minority interests

APPROPRIATIONS

Depreciation difference

9 688 5638 297 095

APPROPRIATIONS

9 688 5638 297 095

Consolidated reserves

LIABILITIES

Long-term liabilities
Loans from financial institutions
Other liabilities

12 500 000
87 098

17 500 000
108 060

Long-term liabilities

12 587 09817 608 060

Short-term liabilities

Loans from financial institutions
Accounts payable
Liabilities to Group companies
Other liabilities
Accruals

21 000 000
4 573 466
27 737 650
1 298 128
7 040 071

7 000 000
3 064 537
26 049 075
2 247 015
6 730 210

Short-term liabilities

61 649 31545 090 837

LIABILITIES

74 236 41262 698 897

SHAREHOLDERS' EQUITY AND LIABILITIES

190 328 142180 046 423

Cash Flow Statement (1 EUR)

Cash flow from operations

Proceeds from customers
Payments to suppliers and employees
Operating cash flow before financial items and taxes

176 937 537
-171 668 846
5 268 690

145 901 610
-129 897 198
16 004 412

Interest paid from operations

-1 476 285-1 953 043

Dividends received from operations

16214

Interest received from operations

370 803588 098

Other financing items from operations

-93 210-734 075

Taxes paid from operations

-388 594-918 717

Cash flow from operations

3 681 56612 986 690

Cash flow from investments

Investments in tangible and intangible assets
Capital gains on tangible and intangible assets

-9 499 929
146 695

-8 534 129
133 213

Cash flow from investments

-9 353 234-8 400 916

Cash flow from financing

Repayment of long-term loans
Repayment of short-term loans
Short-term loans increase/decrease
Withdrawal of short-term loans

-5 000 000
-3 000 000
-489 571
17 000 000

-5 000 000

2 358 449
2 000 000

Dividends paid

-2 064 015-3 538 312

Loans issued

-450 000

Cash flow from financing

6 446 413-4 629 863

Change in cash and cash equivalents

774 745-44 089

Cash and cash equivalents, opening balance

7 614 7427 658 831

Change in cash and cash equivalents

774 745-44 089

Cash and cash equivalents

8 389 4877 614 742

FINANCIAL STATEMENTS

Notes to the Income Statement (1 EUR)	31.12.2025	31.12.2024
NET SALES BY MARKET AREA		
Finland	56 079 043	70 431 187
Others	99 673 322	94 962 519
Total net sales	155 752 365	165 393 706
OTHER OPERATING INCOME		
Rental income	198 731	196 408
Profit from sale of fixed assets, tangible assets	65 908	66 229
Other operating income	8 099	124 920
Other operating income	272 739	387 557
DEPRECIATION AND WRITE-DOWNS		
Depreciation according to plan, other long-term expenditures	909 273	1 199 761
Depreciation according to plan, buildings and structures	1 272 723	1 273 668
Depreciation according to plan, machinery and equipment	1 947 164	1 935 690
Depreciation according to plan	4 129 159	4 409 120
OTHER OPERATING EXPENSES		
Sales freight	4 276 396	4 117 115
Selling commissions	1 636 466	1 634 648
Rents	10 409 719	12 498 916
Other	18 624 431	19 257 580
Other operating expenses	34 947 011	37 467 472
AUDITORS' FEES		
To auditor: actual audit	78 115	66 700
To auditor: tax consultation		22 320
Auditors' fees	78 115	89 020
FINANCIAL INCOME AND EXPENSES		
Dividend income from others	162	14
Other interest income from Group companies	407 776	514 744
Other interest income from others	88 345	197 622
Other financial income	179 844	11 573
Interest expenses and other financial expenses to Group companies		-461 155
Interest expenses and other financial expenses	-1 921 309	-2 341 290
Financial income and expenses	-1 245 183	-2 078 492
INCOME TAXES		
Income taxes on actual operations	414 040	905 747
Income taxes	414 040	905 747

Breakdown of Fixed Assets (1 EUR)	31.12.2025	31.12.2024
NON-CURRENT ASSETS		
INTANGIBLE ASSETS		
Intangible rights		
Acquisition expense 1.1.	986 051	986 051
Acquisition expense 31.12.	986 051	986 051
Accrued depreciation and write-downs 1.1.	-835 230	-835 230
Accrued depreciation and write-downs 31.12.	-835 230	-835 230
Book value 31.12.	150 822	150 822
Goodwill		
Acquisition expense 1.1.	3 145 854	3 145 854
Acquisition expense 31.12.	3 145 854	3 145 854
Accrued depreciation and write-downs 1.1.	-3 145 854	-3 145 854
Accrued depreciation and write-downs 31.12.	-3 145 854	-3 145 854
Book value 31.12.	0	0
Other long-term expenses		
Acquisition expense 1.1.	34 219 708	27 953 446
Increases	5 326 325	6 266 262
Acquisition expense 31.12.	41 355 310	34 219 708
Accrued depreciation and write-downs 1.1.	-24 236 928	-23 037 166
Depreciation	-909 273	-1 199 761
Accrued depreciation and write-downs 31.12.	-25 146 200	-24 236 928
Book value 31.12.	16 209 109	9 982 780
TANGIBLE ASSETS		
Land and water areas		
Acquisition expense 1.1.	1 277 852	1 277 852

FINANCIAL STATEMENTS

Acquisition expense 31.12.	1 277 852	1 277 852
Book value 31.12.	1 277 852	1 277 852
Buildings and structures		
Acquisition expense 1.1.	43 233 205	43 233 205
Acquisition expense 31.12.	43 216 205	43 233 205
Accrued depreciation and write-downs 1.1.	-21 184 888	-19 911 220
Depreciation	-1 272 723	-1 273 668
Accrued depreciation and write-downs 31.12.	-22 440 611	-21 184 888
Book value 31.12.	20 775 594	22 048 317
Machinery and equipment		
Acquisition expense 1.1.	42 636 090	41 199 167
Increases	982 857	1 582 032
Decreases	-383 543	-372 555
Acquisition expense 31.12.	43 303 820	42 636 090
Accrued depreciation and write-downs 1.1.	-25 637 688	-23 996 450
Accrued depreciation on decreases and transfers	319 756	294 452
Depreciation	-1 947 164	-1 935 690
Accrued depreciation and write-downs 31.12.	-27 265 096	-25 637 688
Book value 31.12.	16 038 724	16 998 402
Other tangible assets		
Acquisition expense 1.1.	54 388	54 388
Acquisition expense 31.12.	54 388	54 388
Book value 31.12.	54 388	54 388
Advance payments and acquisitions in progress		
Acquisition expense 1.1.	560 201	23 709
Increases	66 902	763 938
Acquisition expense 31.12.	627 103	560 201

Book value 31.12.	627 103	560 201
Tangible assets	38 773 661	40 939 159
INVESTMENTS		
Holdings in Group companies		
Acquisition expense 1.1.	12 249 648	12 249 648
Acquisition expense 31.12.	12 249 648	12 249 648
Book value 31.12.	12 249 648	12 249 648
Receivables from Group companies		
Acquisition expense 1.1.	631 642	631 642
Acquisition expense 31.12.	631 642	631 642
Book value 31.12.	631 642	631 642
Other shares and holdings		
Acquisition expense 1.1.	87 680	87 680
Hankintameno 31.12.	87 680	87 680
Book value 31.12.	87 680	87 680
Investments	12 968 970	12 968 970
FIXED ASSETS	68 102 563	64 041 731

FINANCIAL STATEMENTS

Receivables (1000 EUR)	31.12.2025	31.12.2024
Receivables from Group companies		
Long-term receivables from Group companies		
Long-term Group loan receivables	8 227 185	7 948 175
Long-term receivables from Group companies	8 227 185	7 948 175
Short-term receivables from Group companies		
Accounts receivables	23 810 634	25 906 355
Group dividend receivables	862 601	862 601
Other prepaid expenses and accrued income from Group	729 914	
Other Group receivables	19 024	19 024
Short-term receivables from Group companies	25 422 172	26 787 980
Receivables from Group companies	33 649 357	34 736 154
Prepaid expenses and accrued income, external		
Tax assets (income taxes)	583 469	608 915
Other prepaid expenses and accrued income from sales (from others)	758 226	315 781
Other prepaid expenses and accrued income from expenses (from others)	679 371	443 448
Prepaid expenses and accrued income	2 022 140	1 368 144
Liabilities (1 EUR)	31.12.2025	31.12.2024
Liabilities to Group companies		
Short-term trade payables to Group companies, non-interest-bearing	2 326 349	20 905 834
Other short-term trade payables to Group companies, non-interest-bearing	1 345 001	170 659
Intercompany loans, non-interest-bearing	3 742 508	4 232 079
Short-term accruals to Group companies, non-interest-bearing	20 323 793	740 502
Liabilities to Group companies	27 737 650	26 049 075
Accruals, external		
Short-term interest liabilities, non-interest-bearing	98 780	52 127
Accrued personnel expenses, non-interest-bearing	3 913 723	4 641 674
Other short-term accruals from expenses, non-interest-bearing	3 027 568	2 036 409
Accruals	7 040 071	6 730 210

Changes in Equity (1 EUR)	31.12.2025	31.12.2024
RESTRICTED EQUITY		
Share capital 1.1.2025	10 462 130	10 462 130
Share capital	10 462 130	10 462 130
Share premium fund 1.1.2025	103 436	103 436
Share premium fund	103 436	103 436
Reserve fund 1.1.2025	230 245	230 245
Reserve fund	230 245	230 245
Restricted equity	10 795 810	10 795 810
UNRESTRICTED EQUITY		
Reserve for invested unrestricted equity 1.1.2025	2 115 692	2 115 692
Share issue (reserve for invested unrestricted equity)	-2 115 684	
Reserve for invested unrestricted equity	8	2 115 692
Other funds 1.1.2025	28 682 782	28 682 782
Other funds	28 682 782	28 682 782
Earnings (other than defined benefit plans) 1.1.2025	67 456 145	67 087 717
Dividend distribution	-2 064 015	-3 538 312
Earnings (other than defined benefit plans)	65 125 897	63 549 405
Profit/Loss for the period	1 798 669	3 906 740
Retained earnings	66 924 566	67 456 145
Unrestricted equity	95 607 357	98 254 620
SHAREHOLDERS' EQUITY	106 403 167	109 050 430

FINANCIAL STATEMENTS

Pledges and contingent liabilities (1000 EUR)

	31.12.2025	31.12.2024
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PLEDGES AND CONTINGENT LIABILITIES

Financial institution loans, pledged with real estate and corporate mortgages and loan receivables	33 500 000	24 500 000
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Financial institution loans	33 500 000	24 500 000
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Liabilities with pledged mortgages and securities	33 500 000	24 500 000
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Loans with pledged mortgages and securities

PLEDGES ON OWN BEHALF

Real estate mortgages	248 256 000	248 256 000
Other mortgages	124 128 000	124 128 000
Other	8 858 827	8 395 836

Pledges on own behalf	381 242 827	380 779 836
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PLEDGES ON BEHALF OF SUBSIDIARY AND OTHER GROUP COMPANIES

Guarantees	21 781 898	21 964 744
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Pledges on behalf of subsidiary and other Group companies	21 781 898	21 964 744
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Pledges	403 024 724	402 744 580
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Other liabilities maturing within one year		
Other liabilities maturing in 1-5 years	3 000 000	3 000 000
Other liabilities maturing beyond 5 years	500 000	500 000

Other liabilities	3 500 000	3 500 000
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Letter of credit liabilities	74 834	61 495
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Letter of credit liabilities	74 834	61 495
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Contingent liabilities and other liabilities	3 574 834	3 561 495
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VAT liability for real estate renovation and building costs in compliance with § 33 of the VAT Act.	839 741	707 512
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L-Fashion Group Oy has given absolute guarantees to Sponda Oy to guarantee the rent liabilities of the subsidiary regarding the business premises at the Zeppelin and Ratina shopping centers. The guarantee covers all rent liabilities for the duration of the rental agreement.

Forward commitments as of 31.12.2025 (maturing in 2026) are 448,141,042.00 CNH (55,333,447.00 EUR). As of 31.12.2025, the company has interest rate swaps with Nordea, Osuuspankki and Danske Bank. Danske Bankin kanssa on lisäksi termiinejä. Based on market values as of 31.12.2025, the estimated financial impact is approx. EUR 30,380.

List of Accounting Ledgers and Records and How They Are Maintained

General ledger	computer
Journal	computer
List of liabilities	computer
List of creditors	computer
Balance sheet	book bound
Balance sheet specifications	loose-leaf

Accounting records

- Daily ledger documents, accounts payable, purchase ledger payments, sales invoices, accounts receivable transactions, memo vouchers.
- Paper documentation for daily ledger documents, purchase ledger payments, accounts receivable transactions and memo vouchers.
- Some sales invoices are maintained on computer.
- Accounts payable are maintained on computer.

L-FASHION GROUP OY

Lahti, 31 March 2026

Mika Sutinen	Tiina-Kaisa Luhtanen-Virtanen
Chairman	

Vesa Luhtanen	Christian Finell
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Jan-Elof Cavander

Juha Luhtanen
Managing Director

The auditors’ report has been submitted today, in Helsinki on the date of electronic signature.

ERNST & YOUNG OY
Accounting Firm

Sanna Kytöharju, Authorized Public Accountant	Timo Tuokko, Authorized Public Accountant
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Corporate Governance Statement



LUHTA
SPORTSWEAR
COMPANY

CORPORATE GOVERNANCE STATEMENT

135 Luhta Sportswear Company's Governance and Management Structure

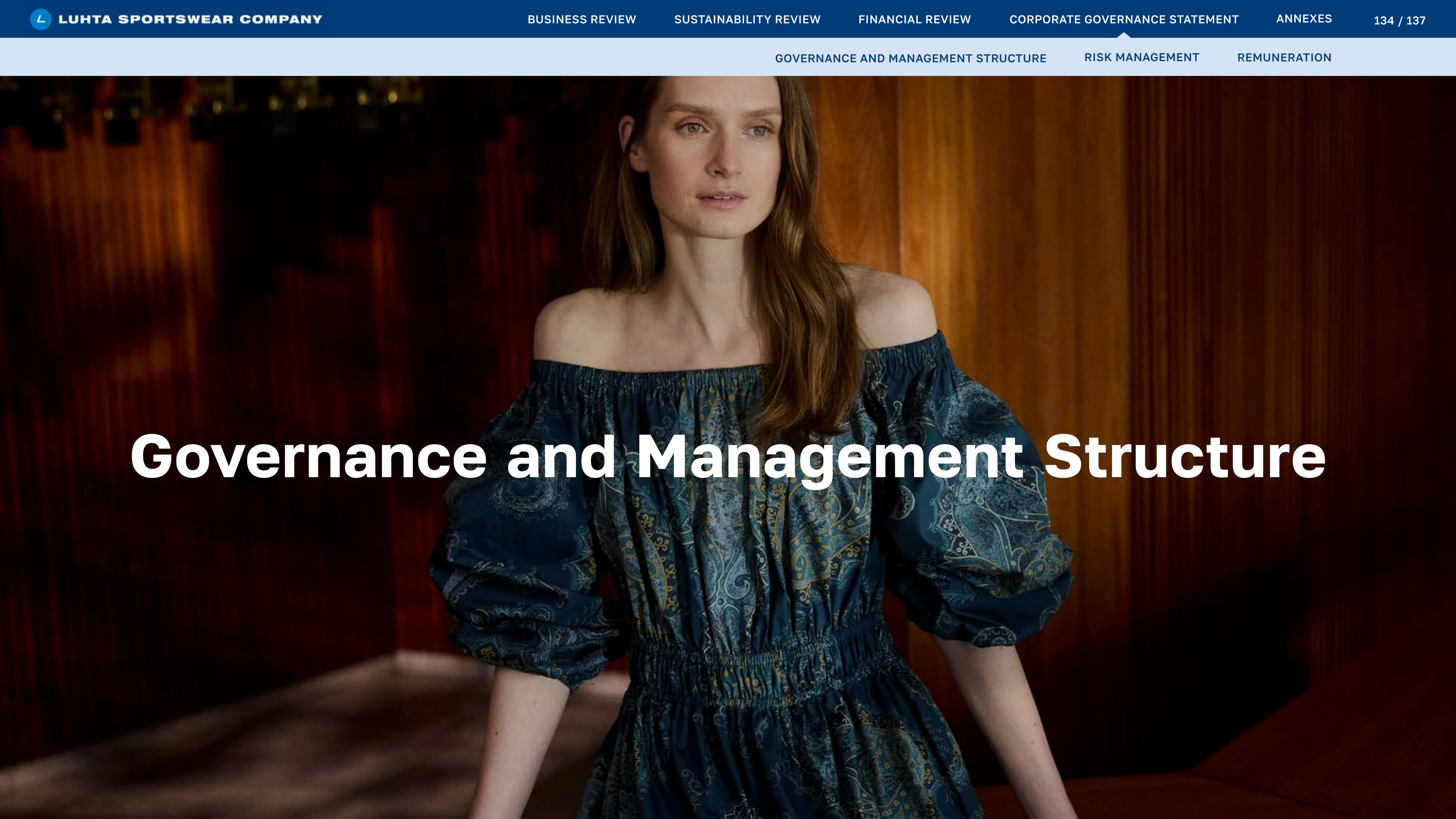
135	General Meeting of Shareholders
135	Board of Directors
136	Managing Director and Management Group
137	Divisions and Group Support Functions
137	Compliance Function and Reporting Channel

138 Risk Management at Luhta Sportswear Company

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141	Remuneration of the Board of Directors
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Governance and Management Structure

Governance and Management Structure

L-FASHION GROUP OY is a 100% family-owned Finnish company based in Lahti, Finland. The parent company L-Fashion Group Oy and its subsidiaries form the group L-Fashion Group. The Group uses Luhta Sportswear Company as its marketing name. Organizationally, the company’s management structure consists of a General Meeting, a Board of Directors, and a Managing Director. The Managing Director is assisted by the Management Group in the operational management of the company and in implementation of the strategy. Luhta Sportswear Company’s governance system complies with Finnish laws and good governance principles. The company is part of the book-entry system.

General Meeting of Shareholders

THE SHAREHOLDERS OF the limited company exercise their right to speak and vote at the General Meeting. The Annual General Meeting is held once a year on a date determined by the Board of Directors. The procedures for the General Meeting are carried out in accordance with the Limited Liability Companies Act, the Articles of Association, and other provisions of the book-entry system. The following matters are considered at the Annual General Meeting:

- Presentation of the financial statements, the report by the Board of Directors, and the auditor’s report.

- Adoption of the financial statements (including profit and loss account and balance sheet)
- Appropriation of the profit shown on the balance sheet
- Resolution on the discharge from liability of the members of the Board of Directors and the Managing Director
- Resolution on the remuneration of the members of the Board of Directors
- Resolution on the number of members of the Board of Directors
- Election of the members of the Board of Directors
- Resolution on the remuneration of the auditors
- Election of auditors
- Other matters specifically mentioned in the notice of meeting

Extraordinary General Meetings are held when necessary, in accordance with the Limited Liability Companies Act.

Board of Directors

THE GENERAL MEETING elects the Parent company’s Board of Directors, which also acts as the Group’s Board of Directors. The Board’s term of office runs until the next Annual General Meeting following the election. The Board of Directors of the Parent company complies with the Limited Liability Companies Act and other applicable regulations. When

planning the composition of the Board, the principal shareholder Polap-Team Oy makes proposals to the General Meeting, which are communicated to the shareholders in the notice of the General Meeting. Other shareholders may also submit Board member proposals to the General Meeting. In the selection of candidates for the Board of Directors, emphasis is placed on the importance of expertise and experience in the company’s operations.

IN ACCORDANCE WITH the Articles of Association, the number of Board members is 4–8. Shareholders can also serve as members of the Board. The Board currently has five members, three of whom are independent of the company’s shareholders. The Board elects a Chair from among its members at its organizational meeting.

IN ACCORDANCE WITH the Finnish Limited Liability Companies Act, the Board is responsible within the scope of its general powers for, among other things, governance of the company and the proper arrangement of its operations. The Board has written rules of procedure for its activities. According to the rules of procedure, the duties of the Board of Directors include, in particular:

- Approval of the company’s strategy and monitoring its implementation
- Monitoring the achievement of financial targets

- Approval of major business restructuring
- Approval of the financial statements
- Convening the General Meeting and preparing the proposal on the distribution of assets to the General Meeting
- Preparation of the proposal for a resolution on the appointment of the auditor to the General Meeting
- Supervision of solvency and liquidity
- Approval of major investments
- Deciding on significant reduction or expansion of business operations
- Approval of major financing decisions, such as financial risk policies or financing agreements
- Review and approval of information in the Sustainability Report
- Approval of sustainability strategy and sustainability targets, and monitoring of progress
- Monitoring the implementation of the due diligence process and development measures
- Organization of internal control (incl. compliance) and risk management, and monitoring their effectiveness
- Confirming the company’s values and mission
- Appointment and dismissal of the Managing Director and decisions on his remuneration
- Deciding on contracts and other legal transactions between the company and its related parties
- Deciding on unusual or extensive measures in view of the scope and nature of the company’s activities

BOARD OF DIRECTORS

Mika Sutinen, Chairman of the Board

Born: 1966 / Education: M.Sc.

KEY PROFESSIONAL EXPERIENCE AND POSITIONS OF TRUST:

- Industrial Partner, Vaaka Partners Oy
- Board Chair: Reaktor, Framery, Luhta, SGN Group, Ellun Kanat, Talentree, Staria, Business Forum Group (Nordic Business Forum), Kalpa
- Board member: Lähitapiola Rahoitus, Solteq
- Chief Executive Officer, Musti Group Oy 2010–2018
- Chief Executive Officer, Best Friend Group 2000–2010
- Consultant, partner, Instead Oy

Board membership starting date: 2013, independent of the company and of its shareholders.

Tiina Luhtanen

Born: 1968 / Education: M.Sc. (Econ. & Bus. Adm.)

KEY PROFESSIONAL EXPERIENCE AND POSITIONS OF TRUST:

- Chief Executive Officer, Luhta-Kiinteistöt Oy, 2025-
- Chief Executive Officer, Balmuir Oy, 2019–2023
- Chief Executive Officer, Polap-Team Oy, 2015-
- Chief Executive Officer, Polap Real Oy, 2015-
- Board Chair; Luhta-Kiinteistöt Oy, 2022-2025 Board membership starting date: 2015, shareholder.

Board membership starting date: 2017, shareholder.

Vesa Luhtanen

Born: 1961 / Education: B.Sc., Business Administration

KEY PROFESSIONAL EXPERIENCE AND POSITIONS OF TRUST:

L-Fashion Group Oy, Chief Executive Officer, 1999–2021

- Rapala VMC Oyj, Board Member 2020-
- PHP Holding Oy, Board Member 2008–2025

Board membership starting date: 2021, shareholder.

Jan-Elof Cavander

Born: 1985 / Education: M.Sc. (Tech, Industrial Management)

KEY PROFESSIONAL EXPERIENCE AND POSITIONS OF TRUST:

- COO, Virala Oy, 2025-
- Chief Financial Officer, Purmo Group Oyj, 2023–2025
- Chief Financial Officer, Rapala VMC Oyj, 2017–2023

Board membership starting date: 2021, independent of the company and of its shareholders.

Christian Finell

Born: 1964 / Education: M.Sc. (Econ. & Bus. Adm.)

KEY PROFESSIONAL EXPERIENCE AND POSITIONS OF TRUST:

- 2015-2022 VP Commercial Salomon and VP Strategic Accounts Amer Sports
- 2007-2013 General Manager Columbia Sportswear Company EMEA
- 2001–2006 Head of Salomon EMEA

Board membership starting date: 2023, independent of the company and of its shareholders.

THE BOARD’S RULES of procedure set out the rules on disqualification and the process for identifying disqualification. A member of the Board of Directors shall not participate in the consideration of a matter pertaining to a contract between the member and the company. A member shall likewise not participate in the consideration of a matter pertaining to a contract between the company and a third party, if the member is to derive an essential benefit in the matter and that benefit may be contrary to the interests of the company. The Board of Directors as a collective body and its members individually must themselves identify any potential conflicts of interest that may arise in the course of deliberations and decision-making. In accordance with the principle of prudence, members must, where appropriate, recuse themselves from any matter in which they themselves may have a material interest that is not in the company’s interest.

THE GROUP’S GENERAL Counsel acts as Secretary to the Board. The Secretary’s main task is to advise the Board on legal matters relating to the performance of its statutory duties.

Managing Director and Leadership Team

THE BOARD OF Directors appoints the company’s Managing Director, who is accountable to the Board. In accordance with the Limited Liability Companies Act, the Managing Director is responsible for ensuring that the accounts of the company are in compliance with the law and that its financial affairs have

been arranged in a reliable manner. The Managing Director is responsible for managing the company’s strategy, business, and operational administration in accordance with the instructions and authorizations given by the Board. The Managing Director reports to the Board on material matters necessary for the performance of the Board’s duties.

THE MANAGING DIRECTOR is supported in his work by the Leadership Team. In addition to the Managing Director, who chairs the team, the Leadership Team is comprised of the division heads and the heads of key Group units and business support functions. The Leadership Team meets regularly and reviews issues of importance related to the company’s strategy and the profitability of the business.

MANAGING DIRECTOR

Juha Luhtanen, Managing Director

Born: 1969 / Education: MBA

KEY PROFESSIONAL EXPERIENCE AND POSITIONS OF TRUST:

- L-Fashion Group Oy, Managing Director 2021-
- L-Fashion Group Oy, Deputy Managing Director 2020–2021
- L-Fashion Group Oy, Sports Division Director 2014-2020
- EURATEX, Board member 2021-
- STJM, Board member 2020-
- Lahti Industrial Association, Chairman 2025-
- Lahti Industrial Association, Vice Chairman 2022–2025

Divisions and Group Support Functions

IN ADDITION TO the corporate bodies, our company’s management system consists of business area-specific divisions and Group-level support functions. The Group’s operational business is carried out by the divisions and their profit centers. The various Group support functions provide the divisions and profit centers with the services they need and are responsible for organizing the

activities of their respective areas of responsibility throughout the Group.

Compliance Function and Reporting Channel

THE COMPANY HAS compliance guidelines approved by the Board of Directors; the guidelines define the Compliance function’s responsibilities, operating principles, duties, operating scope, and reporting processes. The Compliance function is

organizationally part of the Group’s Legal department.

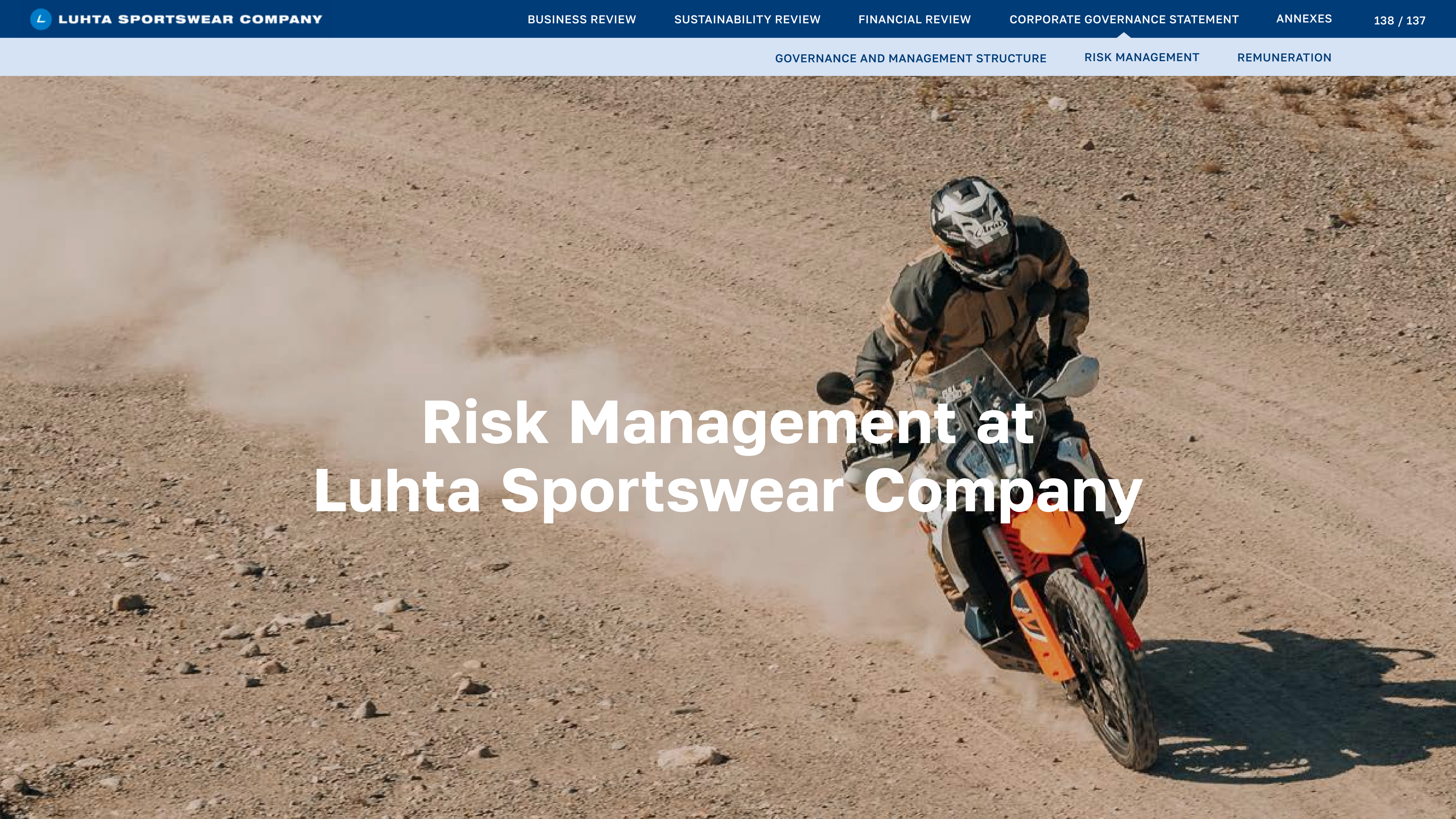
THE OBJECTIVE OF the Compliance function is to contribute to the smooth running of the business and the achievement of financial targets. In particular, this is pursued by developing, defining, training, and monitoring compliance practices. The Compliance function strives for efficiency, impartiality, fairness, and independence in its imple-

mentation and with the principle of continuity. The Compliance function contributes to the Board’s role in organizing sound corporate governance.

THE COMPLIANCE FUNCTION’S key task is to identify risks, deficiencies, misconduct or anomalies in relation to the regulations and guidelines that are binding on the company. The Compliance findings are recorded in the Legal department’s internal compliance report. The General Counsel reports on the Compliance function to the Managing Director on an ongoing basis and presents Compliance findings to the Board of Directors in aggregate at least once a year for information and identification of possible actions.

THE COMPLIANCE FUNCTION maintains the company’s reporting channel in accordance with whistleblower protection legislation and investigates the submitted reports in accordance with a separate policy. The Compliance function may also become aware through other means of risks, misconduct, and other anomalies (“Compliance findings”) that need to be investigated and resolved, and possibly initiate corrective actions.

PRODUCT DIVISIONS & BUSINESS UNITS	APPAREL			PERFORMANCE AND FOOTWEAR			ESSENTIALS		
	Luhta, Icepeak, Ril's, Your FACE, O.i.s CLOTHING			Rukka app&ftw, Motorsport app&ftw, Dachstein app&ftw, Icepeak ftw, Luhta ftw, Fashion ftw			All brands ACCESSORIES, HOME and PET		
SALES AND MARKETING	WHOLESALE								
	All Divisions' and all Markets' Wholesale Customers Brands and Categories Depending on the Market; eCom Wholesale customers together with Digital Team								
	DTC BUDGETING AND ASSORTMENT OPERATIONS								
	Retail Planning and Assortment Execution; China Retail Management All Divisions and Retail Chains								
	RETAIL STORE (B&M) SALES								
All b&m Store Concepts All Divisions									
SALES AND MARKETING	DIGITAL OPERATIONS								
	Own eCom, Digital Customers, Digital Marketing, Customer Loyalty All Divisions								
	MARKETING AND PR								
Brand, b&m Retail & Wholesale tools, PR, All Divisions and Retail Chains									
OPERATIONAL & INTERNAL BUSINESS UNITS	Production Planning and Sourcing	China Operations	Logistics	Administration	ICT	HR and Group Communication	Sustainability	Finance	Legal

A high-angle photograph of a motorcyclist wearing a black and orange protective suit and a helmet, riding a motorcycle on a sandy, rocky desert terrain. The rider is leaning into a turn, and a cloud of dust is kicked up behind the rear wheel. The motorcycle is primarily white with orange and black accents. The background is a vast, open desert landscape under bright sunlight.

Risk Management at Luhta Sportswear Company

Risk Management

THE AIM OF the company’s risk management is to identify, measure, and manage, using the available means, risks that could materially jeopardize the continuity of the company’s business and the achievement of its objectives. A risk can be an internal or external event.

LUHTA SPORTSWEAR COMPANY’S risk management policy is approved and monitored by the company’s Board of Directors. Operational risk management and its development is the responsibility of the Managing Director. The Managing Director may delegate the practical implementation of risk management, in accordance with the company’s organizational structures, to senior management representatives responsible for the functions in which areas the risks are located. The business units shall implement prudent risk taking and decisions shall be based on careful evaluation and judgment, including with regard to risk taking and related returns. Risk management is the responsibility of all Luhta Sportswear Company employees and is part of normal day-to-day work at all levels of the organization.

THE RISK MANAGEMENT policy is based on the adopted strategies and financial objectives. We

respond to identified risks in such a way that protects the company against losses or allows us to take advantage of opportunities associated with the risks.

THE COMPANY’S LEADERSHIP Team annually carries out a risk analysis, applying a risk matrix to identify and measure risks. The risk analysis is presented to the Board of Directors. The aim of the risk analysis is to identify, assess and, through cost-effective action, to manage risks and thus:

- ensure that identified risks are managed in a way that is justified by the best available knowledge and economic circumstances;
- meet the expectations of stakeholders (owners, customers, employees, investors, other partners, and society); and
- ensure continuity of business operations.

The risk analysis divides risks into the following main categories:

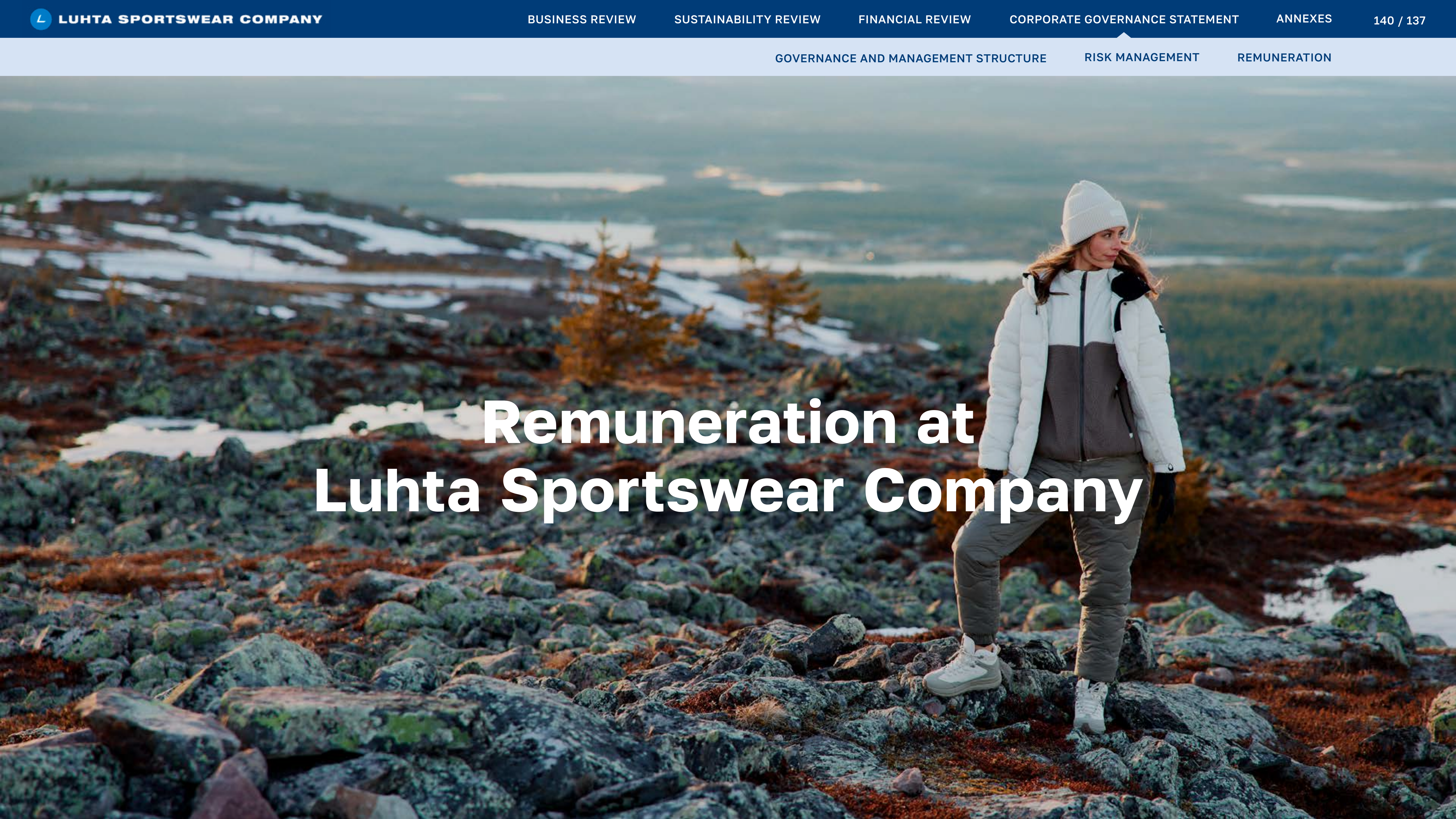
1. Economic and financial risks
2. Data security risks
3. Personnel risks
4. Indemnity risks

5. Supply chain risks
6. Compliance risks
7. Other risks

THE RISK ANALYSIS includes an assessment of the risks associated with misconduct. Strategic risks and risks related to the core business itself are taken into account in the strategic work of the Group and the divisions. Based on the findings of the risk analysis, an action plan to manage the risks is drawn up and approved by the Managing Director and the Board of Directors. The Managing Director is responsible for monitoring the implementation of the action plan.

WE IDENTIFY AND analyze sustainability-related risks in our Sustainability function and Leadership Team, and the Sustainability Director reports on risks to the Leadership Team and regularly also directly to the Managing Director and the Board of Directors. As part of our company’s sustainability work, we identify and analyze sustainability-related impacts and business-related risks and opportunities as part of a double materiality assessment. The results of the materiality assessment are reviewed and updated regularly. During 2025, we started scenario work in line with the TCFD

framework, which deepens our understanding of the financial risks and opportunities of climate change in relation to our business. The Leadership Team also assesses risks related to the global economy and geopolitical situation and the potential impacts of different scenarios particularly on production, logistics, and our product offering. In addition, we have identified and assessed short-term risks, and we manage them within the businesses and support functions.



Remuneration at Luhta Sportswear Company

Remuneration and Pension Arrangements

Remuneration Principles

THE COMPANY’S REMUNERATION supports the achievement of strategy and targets, profitability, and owner-value growth. The remuneration of top management is determined on the basis of the same basic principles as the remuneration of the rest of the company’s personnel. The company regularly reviews and assesses the competitiveness of its remuneration.

THE REMUNERATION OF the members of the Board of Directors is decided by the Annual General Meeting, to which the remuneration proposal is submitted by the principal shareholder Polap-Team Oy. The Chairman of the Board assesses and decides annually on the remuneration of the Managing Director. The remuneration of the Managing Director consists of a fixed salary, benefits in kind, supplementary pension insurance, and a performance-based bonus (short-term incentive scheme) linked to the achievement of the company’s financial targets and approved by the Board of Directors. ESG metrics are not yet part of the incentive scheme for top management.

REMUNERATION OF OUR personnel is based on local collective agreements, employment contracts, the complexity of the role, and individual performance. In addition, performance-based bonus or incentive schemes are used in some roles in accordance with local legislation. In 2025, the Board of Directors established a separate Remuneration and Nomination Committee. The Committee consists of two independent Board members and one owner member. The purpose of the Committee is to assist in matters related to remuneration and nominations. It acts as an advisory body and aims to promote good governance and ensure transparency and efficiency in remuneration practices and nomination processes. The main tasks of the Committee include preparing and monitoring the remuneration systems and principles for the company’s Managing Director and executives, evaluating management incentive schemes and remuneration practices, and making recommendations to the Board of Directors.

Remuneration of the Board of Directors

THE REMUNERATION OF the Chairman and members of the Board of Directors is decided at the General Meeting. All members of the Board of Directors are also paid a meeting fee.

THE COMPANY’S PREVIOUS Annual General Meeting decided on the remuneration of the Board of Directors as follows:

- Chairman EUR 36,000 per year
- Member EUR 24,000 per year
- Meeting fee for all members EUR 450 per meeting

THE REMUNERATION OF the Board of Directors is fixed, and no performance-related fees are paid to members. The members of the Board of Directors are not included in the company’s incentive schemes.

Pension Arrangements

THE STATUTORY EMPLOYMENT pension coverage of the Parent Company’s employees is mainly organized through its own pension foundation. The statutory employment pension scheme is a defined benefit and its policy liabilities are fully funded. The pension foundation is supervised by the Finnish Financial Supervisory Authority. The pension coverage for employees of the subsidiaries is organized in external employment pension insurance companies. The previous Managing Director is entitled to a supplementary pension, which is currently paid from the company’s general funds. The payments are capitalized in the balance sheet when they become due and no longer have an impact on the result.

THE CURRENT MANAGING Director is also entitled to a supplementary pension payable from the company’s reserves, the accrual of which is capitalized and has a negative impact on the result. The company has not provided collateral for the supplementary pensions under the Managing Director contracts.

Annexes



LUHTA
SPORTSWEAR
COMPANY

LIITTEET

- 144 Annex 1: Further information on greenhouse gas emissions calculations**
- 146 Annex 2: GRI content index**



Annex 1: Further information on greenhouse gas emissions calculations

THE EMISSIONS CALCULATION covers the entire Luhta Sportswear Company Group and all its subsidiaries. The calculation includes all of the Group's Scope 1–3 emission categories. The calculation has been made in accordance with the international Greenhouse Gas Protocol (GHGP) Corporate Standard and also meets the additional criteria set by the Science Based Targets initiative. Emissions have been taken into account in accordance with operational control consolidation method.

WHEN COMPARING CARBON footprints between companies, it should be noted that the GHGP leaves many emission sources to voluntary reporting. The standard provides several options for calculation methods and allows for different estimates. Uncertainty in calculations is caused by several factors, which can be divided into two categories: scientific (e.g., CO2 equivalent values for different greenhouse gases) and uncertainties arising from estimates. The latter can be further divided into two categories: modeling and parameter uncertainties. Modeling uncertainties arise when real-world phenomena are modeled mathematically for emission calculations. Parameters refer to emission data and emission factors, for example. The standard does not specify the sources of emission

factors, and even two reliable sources can produce significantly different results depending on how the emission factors are calculated. As a result, emissions data may not be directly comparable, even between companies in the same industry. In this appendix, we have sought to explain our calculation methods in detail in order to support comparability and critical review of the results.

Greenhouse gases considered

OUR CALCULATIONS AIM to consider the following greenhouse gases: CO2, SF6, CH4, N2O, NF3, and HFC and PFC compounds. The results are expressed in CO2 equivalents according to the 100-year global warming potential (GWP100).

Emission inventory boundaries

OUR EMISSION INVENTORY includes all Scope 1 and 2 emissions, as well as all Scope 3 emission categories that are relevant to Luhta Sportswear Company. For each category, the emission calculations cover the entire emission category to the best of our knowledge. The only exception we are aware of is sewing threads used in production, for which we do not have more detailed information at this

1. Purchased goods and services	included
2. Capital goods	included
3. Fuel- and energy-related activities not included in Scope 1-2	included
4. Upstream logistics	included
5. Waste generated in operations	included
6. Business travel	included
7. Employee commuting	included
8. Upstream leased assets	not relevant for our emission inventory with operational control boundary approach
9. Downstream logistics	included
10. Processing of sold products	not relevant (we do not sell intermediary products)
11. Use of sold products*	included
12. End-of-life of sold products	included
13. Downstream leased assets	not relevant (no activity in our value chain)
14. Franchising	not relevant (no activity in our value chain)
15. Investments	not relevant (no activity in our value chain)

point, but which we will strive to take into account in the future.

Accuracy and uncertainties of data

THE ACCURACY OF our carbon footprint is most affected by the accuracy of data on our largest emission sources. 100% of our material emissions calculations are based on actual material consumption volumes calculated by mass. The final manufacturing stage of the production chain, i.e., the manufacture of products from fabrics and components, is calculated from energy consumption data collected from first-tier suppliers or from direct emission data in production and internal logistics. Emissions from the preceding stages of material production have been estimated using general emission factors (see Emission factors for more information).

THERE ARE UNCERTAINTIES associated with the emission calculations for both materials and our first-tier suppliers. Emissions from fabric manufacturing depend primarily on the method of energy production used in manufacturing and, in the case of natural fibers, also on cultivation methods and the location of the crops. As the materials we use are mainly sourced from China and the calculation takes into account the emission intensity of the Chinese electricity grid, the information on materials is reasonably accurate.

WE SURVEYED EMISSION data from our largest suppliers and received sufficiently reliable responses from 138 factories, covering 64% of our production. We estimated the rest based on the responses we received. For most of them, we received information on energy consumption, internal logistics at the factories, and waste in proportion to the share of production delivered to us. The information was largely consistent and, as far as possible, comparable to literature values. Clear statistical anomalies were excluded. The average emission intensity per product kilogram was consistent with literature values, so the data can be considered reasonably accurate. However, we have noticed that the factories that report their emissions data to us in the most detail generally report higher emissions per kilogram of product. As a result, we may currently be underestimating the emissions of our first-tier suppliers. As the data becomes more accurate in the coming years, we will assess the need to update the emissions calculations for the base year 2023 and subsequent years in this regard.

FOR OTHER EMISSION categories, the greatest uncertainties relate to emissions during product use and the procurement of services and office supplies. We have not found reliable sources for estimating use-phase emissions that are suitable for our product categories, which is why the calculation includes assumptions based on our own expert opinion regarding the less frequent washing of

outdoor clothing. Emissions from service and office supply purchases have been calculated based on purchase amounts. However, the impact of these and other uncertainties on our total emissions is moderate.

Emission factors

FOR ENERGY USED in business premises, emission factors are either obtained from energy suppliers or, in their absence, data from Statistics Finland, Fingrid, or Motiva for Finland and data from the International Energy Agency (IEA) for other countries. The emission factors for waste management are from Statistics Finland, HSY, EcoInvent, and WWF. The emission calculation for purchases based on purchase amounts has been done using the inflation-adjusted ENVIMAT model from SYKE. The emission factors for fuels, logistics, and travel are sourced from the annual emission factor database published by the UK Department for Environment, Food and Rural Affairs (DEFRA) and Statistics Finland.

THE EMISSION FACTORS for materials have been compiled from a large number of scientific papers, reports on the textile industry, EcoInvent and DEFRA. The materials arrive at our first-stage suppliers mainly as fabrics, and the emission factors take into account the manufacturing process up to the fabric stage. The emission factors for materials

take into account the emission intensity of the electricity grid in the country of manufacture, based on emission and trade statistics. For example, the polyester we use comes from China, and electricity in China produces more emissions than the average for polyester manufacturing countries, so the emission factor for the polyester we use is higher than the global average. The following sources have been used for this information: Our World in Data, Statista, AtlasBig, and EEA.

FOR INDIVIDUAL EMISSION sources, other sources of emission factors have also been used, such as scientific studies or industry reports.

Annex 2: GRI Content Index

Statement of use:	Luhta Sportswear Company has reported in accordance with the GRI Standards for the period 1.1.2025-31.12.2025
GRI 1 used:	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Applicable GRI stector standards are not available

GRI STANDARD	GRI DISCLOSURE	LOCATION	OMISSIONS	ADDITIONAL INFORMATION
GENERAL INFORMATION				
THE ORGANIZATION AND ITS REPORTING PRACTICES				
GRI 2: General Disclosures 2021	2-1 Organizational details	Business Review p. 7-13 Corporate Governance Statement p.135		
	2-2 Entities included in the organization’s sustainability reporting	Sustainability Review p. 114-115		The 2025 report now includes the licensed operations of the Balmuir brand (Balmuir Oy’s Brand Store and outlet stores are not included in the reporting scope).
	2-3 Reporting period, frequency and contact point	Sustainability Review p. 114-115		Reporting period is 1.1.2025-31.12.2025.
	2-4 Restatements of information	Sustainability Review p. 114-115		From 2025 onwards, the reporting covers Balmuir’s operations (excluding Balmuir Oy’s Brand Store and outlet stores), which partially limits the comparability of the data between 2024 and 2025. In addition, greenhouse gas emissions for the years 2023–2024 have been recalculated due to updates in the calculation methodology (total impact approximately +3%) to ensure comparability with the 2025 calculations.
	2-5 External assurance	Sustainability Review p. 114-115		The report has not been externally assured.
	2-6 Activities, value chain and other business relationships	Business Review pp. 7-13, Sustainability Review pp. 52		In 2025, the reporting boundary was expanded to cover Balmuir’s operations. This results in changes, for example, to the brand and product portfolio as well as to value chain activities, and affects certain Group-level metrics from 2025 onwards (e.g. materials and emissions). The Company’s list of contract manufacturers is available here .

GRI STANDARD	GRI DISCLOSURE	LOCATION	OMISSIONS	ADDITIONAL INFORMATION
ACIVITIES AND WORKERS				
GRI 2: General Disclosures 2021	2-7 Employees	Sustainability Review pp. 94-95		No significant changes in employee numbers compared to previous year.
	2-8 Workers who are not employees	Sustainability Review pp. 94		The number of external workers is given as an average estimate. The resource requirements of external workers will vary due to the volume of goods in different seasons.
GOVERNANCE				
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	Corporate Governance Statement pp. 135-137		Luhta Sportswear Company has no committees of the highest governance body.
	2-10 Nomination and selection of the highest governance body	Corporate Governance Statement pp. 135-137		Diversity is not specifically considered in the selection of board members.
	2-11 Chair of the highest governance body	Corporate Governance Statement pp. 135-137		
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Review p. 106-107, Corporate Governance Statement p. 135		
	2-13 Delegation of responsibility for managing impacts	Sustainability Review p. 106-107, Corporate Governance Statement p. 135		
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Review p. 106-107, Corporate Governance Statement p. 135		
	2-15 Conflicts of interest	Corporate Governance Statement p. 136		No conflicts of interest have arisen during 2025.
	2-16 Communication of critical concerns	Sustainability Review pp. 108-109, Corporate Governance Statement p. 137		No critical concerns to report to the board during 2025.
	2-17 Collective knowledge of the highest governance body	Sustainability Review p. 107		
	2-18 Evaluation of the performance of the highest governance body	GRI index	The information has not been reported, as Luhta Sportswear Company currently does not have a process in place for assessing the performance of the Board in overseeing the management of the company’s sustainability impacts.	
	2-19 Remuneration policies	Corporate Governance Statement p. 141		
	2-20 Process to determine remuneration	Corporate Governance Statement p. 141		
	2-21 Annual total compensation ratio	Corporate Governance Statement p. 141, GRI index	The ratios required by the standard were not reported due to the systemic challenge in The information has not been reported in accordance with the requirements of the standard, as the data is not available.	The lack of data is due to system-related challenges in determining the global median wage. We will develop data collection processes in future.

GRI STANDARD	GRI DISCLOSURE	LOCATION	OMISSIONS	ADDITIONAL INFORMATION
STRATEGY, POLICIES AND PRACTICES				
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	Business Review p. 16 Sustainability Review pp. 38		
	2-23 Policy commitments	Sustainability Review pp. 54-55, 106-107		
	2-24 Embedding policy commitments	Sustainability Review pp. 106-107, 54-58		
	2-25 Processes to remediate negative impacts	Sustainability Review pp. 54-59		We are currently developing our due diligence process for remedying negative impacts.
	2-26 Mechanisms for seeking advice and raising concerns	Sustainability Review pp. 108, 57		Luhta Sportswear Company's whistleblowing channel is available here .
	2-27 Compliance with laws and regulations	Sustainability Review pp. 108-109		No reportable non-compliance cases during 2025.
	2-28 Membership associatons	Sustainability Review p. 49		
STAKEHOLDER ENGAGEMENT				
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	Sustainability Review pp. 49-50		
	2-30 Collective bargaining agreements	Sustainability Review p. 96		
MATERIALITY				
MATERIAL TOPICS				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Review p. 114		
	3-2 List of material topics	Sustainability Review p. 114		No changes in material topics were identified compared to the previous year.
GOVERNANCE AND FINANCE				
FINANCIAL RESPONSIBILITY				
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Review pp. 28-29		
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Business Review p. 28		
	201-4 Financial assistance received from government	Business Review p. 29		
GRI 207: Tax 2019	207-1 Approach to tax	Business Review p. 29		
	207-2 Tax governance, control, and risk management	Business Review p. 29		
	207-4 Country-by-country reporting	Business Review p. 29	Reported partly in accordance with the requirements of the standard, providing country-by-country information number of employees and taxes paid and accountable. Other information is considered as confidential.	
COMPLIANCE AND ETHICAL BUSINESS PRACTICES				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 106-112		

GRI STANDARD	GRI DISCLOSURE	LOCATION	OMISSIONS	ADDITIONAL INFORMATION
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Sustainability Review p. 108		No reportable incidents in 2025.
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Sustainability Review p. 108		No reportable cases in 2025.
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Review p. 109		
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	Sustainability Review p. 108		No reportable cases in 2025.
	417-3 Incidents of non-compliance concerning marketing communications	Sustainability Review p. 108		No reportable incidents in 2025.

ENVIRONMENT AND ANIMALS

USE OF MATERIALS AND RESOURCES, WASTE AND CIRCULAR ECONOMY

GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 42-46, 67, 80-87		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Sustainability Review p. 81		
	301-2 Recycled input materials used	Sustainability Review pp. 80-82		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts			
	306-2 Management of significant wasterelated impacts	Sustainability Review pp. 75-79 GRI index		Our company has contracts in place to ensure risk management and transparency in relation to waste. For example, we oblige operators to recycle properly if a product is transferred from them as waste. There are challenges and uncertainties in collecting accurate waste data. Our aim is to improve our data collection processes in relation to waste.

CLIMATE CHANGE

GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 42-46, 67-74		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Sustainability Review p. 72 Annexes pp. 144-145		
	302-3 Energy intensity	Sustainability Review p. 72 Annexes pp. 144-145		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sustainability Review p. 73 Annexes pp. 144-145		Scope 1–3: Balmuir’s operations are included in the emissions calculation in 2025. Emissions for previous years have been recalculated due to updates in the calculation methodology.
	305-2 Energy indirect (Scope 2) GHG emissions	Sustainability Review p. 73 Annexes pp. 144-145		
	305-3 Other indirect (Scope 3) GHG emissions	Sustainability Review p. 74 Annexes pp. 144-145		

GRI STANDARD	GRI DISCLOSURE	LOCATION	OMISSIONS	ADDITIONAL INFORMATION
GRI 305: Emissions 2016	305-4 Kasvihuonekaasujen päästöintensiteetti	Sustainability Review p. 73-74 Annexes pp. 144-145		
WATER CONSUMPTION AND CHEMICALS				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 48, 67, 85-86		
BIODIVERSITY				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 42-46, 67-90		Biodiversity management in Luhta is linked to processes and measures related to climate, the circular economy and material sourcing. Our aim is to develop our nature work in the future and find more ways to manage nature impacts.
GRI 101: Biodiversity	101-4 Identification of biodiversity impacts	Sustainability Review pp. 88-90, 114		Our objective is to develop metrics, targets and data collection related to nature impacts in the coming years.
ANIMAL WELFARE				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 106-107, 83-86		
SOCIAL				
OWN EMPLOYEES				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review p. 42-46, 92-103		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability Review p. 95		
	401-3 Parental leave	Sustainability Review p. 96		
GRI 402: Labor/Management relations 2016	402-1 Minimum notice periods regarding operational changes	Sustainability Review p. 96, GRI index		In accordance with the Act and the collective agreements, the employer must submit a written proposal for negotiations at least five days before the start of negotiations.
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Sustainability Review pp. 48, 85-86	Reported partly in accordance with the requirements of the standard. Data are still incomplete. Accurate water-related data on the supply chain are not yet available.	Water-related impacts and regional risks have been identified as part of our company’s environmental impact assessment. Our goal is also to develop water-related indicators and targets, as well as data collection methods, in the coming years.
OCCUPATIONAL HEALTH, SAFETY AND WELL-BEING				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 92, 97-100		Occupational health, safety and well-being reporting focuses in particular on our own employees in Finland and China.
GRI 403: Occupational health and safety 2018	403 -1 Occupational health and safety management system	Sustainability Review pp. 97-99		
	403-2 Hazard identification, risk assessment, and incident investigation	Sustainability Review pp. 97-99		

GRI STANDARD	GRI DISCLOSURE	LOCATION	OMISSIONS	ADDITIONAL INFORMATION
GRI 403: Occupational health and safety 2018	403-3 Occupational health services	Sustainability Review p. 98		
	403-4 Worker participation, consultation, and communication on occupational health and safety	Sustainability Review pp. 98-99		
	403-5 Worker training on occupational health and safety	Sustainability Review pp. 98		
	403-6 Promotion of worker health	Sustainability Review p. 99-100		
	403-8 Workers covered by an occupational health and safety management system	Sustainability Review pp. 97 GRI-indeksi		100% of employees in all Luhta Sportswear Company’s countries of operation are covered by a health and safety management system.
	403-9 Work-related injuries	Sustainability Review p. 99		
PERSONNEL COMPETENCE DEVELOPMENT				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 92, 100-101		
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	Sustainability Review pp. 101	Reported partially in accordance with the standard’s requirements. Currently, data on the total number of training hours per employee worldwide is not available. The number of training hours organized for employees in Finland and China has been reported. Data is not collected separately by employee group.	
	404-2 Programs for upgrading employee skills and transition assistance programs	Sustainability Review pp. 79, 96, 100-101		
	404-3 Percentage of employees receiving regular performance and career development reviews			The reporting focuses on Finland and China, where the majority of the Group’s personnel are based and where processes are most established. The impact of other countries on the Group’s overall picture is minimal.
DIVERSITY, EQUITY AND INCLUSION				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 92, 102-103		
GRI 405: Diversity and equal oppoirtunity 2016	405-1 Diversity of governance bodies and employees	Sustainability Review pp. 95		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Sustainability Review p. 102		No reportable incidents in 2025.
VALUE CHAIN MANAGEMENT AND HUMAN RIGHTS				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 42-46, 106-107, 52-65		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Sustainability Review pp. 52-53		In 2025, no cases of child labour were identified among Luhta Sportswear Company’s suppliers based on audits.

GRI STANDARD	GRI DISCLOSURE	LOCATION	OMISSIONS	ADDITIONAL INFORMATION
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainability Review pp. 52-53		In 2025, no cases of forced labour were identified among Luhta Sportswear Company’s suppliers based on audits.
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainability Review p. 63-64	No percentage of new suppliers was reported, as there are relatively few new suppliers in the reporting period and therefore the information is not significant. We report on our practices regarding the criteria for selecting new suppliers and the share of social responsibility related audits for all suppliers and factories.	
	414-2 Negative social impacts in the supply chain and actions taken	Sustainability Review pp. 53-65	Reported partly as required by the standard on negative social impacts in the supply chain and measures taken. We do not collect data on impacts and measures in relation to the number of suppliers.	The assessment and monitoring of negative social impacts is based, among other things, on supplier audit results and country risk ratings.
PRODUCT SAFETY				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Review pp. 110-111, 85-86		
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability Review p. 111		

