

Giordano Announces 2021 Unaudited Interim Results

August 10, 2021, Hong Kong

Giordano International Limited and its subsidiaries (the “Group”) today announced its unaudited interim results for the six months ended June 30, 2021:

- Group sales for the first half of 2021 were HK\$1,681 million (2020: HK\$1,413 million), representing an increase of 19.0% and due primarily to improved sales on the back of last year’s low base.
- Gross margin grew by 2.4 percentage points to 57.0% (2020: 54.6%), attributable to fewer discounts.
- Operating expense recorded a further decrease of 2.9%, and was 54.1% of sales (2020: 66.3%).
- Profit after income taxes attributable to the Company’s shareholders was HK\$60 million (2020: net loss of HK\$175 million). If excluding the net impairment provision for the right-of-use assets and property, plant, and equipment, the net profit for the period would be HK\$62 million (2020: net loss of HK\$104 million).
- On June 30, 2021, the cash and bank balances, net of bank loans, was HK\$932 million (June 30, 2020: HK\$989 million).
- Inventory turnover on cost decreased by 14 days to 124 days with increased sales and stable merchandise inventory balances. The merchandise inventory mainly comprises evergreen and in-season items.
- Basic earnings per share were 3.8 HK cents (2020: basic loss per share of 11.1 HK cents).
- The Board of Directors has declared an interim dividend of 6.5 HK cents per share (2020: 3.1 HK cents per share) for the six months ended June 30, 2021.

Dr. Peter Lau, Chairman and Chief Executive of Giordano, commented, *“Despite the volatile external business environment due to the Covid-19 pandemic, our sales momentum was maintained in the first half of 2021. Group sales and gross profit increased by 19.0% and 24.2%, respectively. The Group recorded a profit attributable to shareholders of HK\$60 million for the period, compared to the loss of HK\$175 million last year”.*

Dr. Lau continued, *“The business outlook remains uncertain as Covid-19 related lockdowns and movement control orders can still happen without warning. Therefore, it is difficult to predict the Group’s sales and profits for the second half of the year. Cash management is essential for long-term sustainability, which we will achieve through stringent cost control and working capital discipline. We will confidently respond to the challenges that lie ahead. Given most regions were profitable even under strict social control measures in the first half of the year, the sales and profit rebound will be promising once the lockdown and movement control ease.”*

On the Group’s strategy moving forward, Dr. Lau pointed out, *“Online business and emerging market expansion are our opportunities. Focusing on the local online businesses within our existing markets has so far proven to be successful. Our development in emerging markets is continuing. Nine franchised stores are now operating in Africa, almost doubled year on year. Our new franchisee in Central Asia has also planned to open stores in the second half of the year. Growth by franchising will remain our strategy in the new markets”.*

In conclusion, Dr. Lau emphasized, *“In this challenging environment, Management will continue to strengthen our financial position, reduce overheads, enhance profitability and maintain a strong cash flow.”*

GIORDANO

GIORDANO INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

5th Floor, Tin On Industrial Building,
777-779 Cheung Sha Wan Road,
Kowloon, Hong Kong
Tel: (852) 2746 4668
Fax: (852) 2370 8864
<http://corp.giordano.com.hk>

About Giordano:

Giordano is an international apparel retailer with a portfolio of brands, including *Giordano* and *Giordano Junior*, *Giordano Ladies*, *BSX*, and other owned and licensed brands. Established in 1981, Giordano now operates through a network of around 2,100 stores, most of which are in Greater China, South Korea, Southeast Asia, and the Gulf Cooperation Council. Giordano is listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 709).

For further information, please contact:

Loratta Lau

E-mail: investorrelations@giordano.com

Telephone: +852 2746 4668

Attachment:

Unaudited Consolidated Income Statement for the six months ended June 30, 2021

Unaudited Consolidated Income Statement

(Unaudited)
Six months ended
June 30

<i>(In HK\$ million, except earnings (loss) per share)</i>	2021	2020
Sales	1,681	1,413
Cost of sales	(722)	(641)
Gross profit	959	772
Other income and other gains, net	47	54
Distribution expense	(823)	(916)
Administrative expense	(89)	(92)
Operating profit (loss)	94	(182)
Finance expense	(16)	(22)
Share of profit of joint ventures	27	20
Profit (loss) before income taxes	105	(184)
Income taxes	(28)	2
Profit (loss) after income taxes for the period	77	(182)
Attributable to:		
Shareholders of the Company	60	(175)
Non-controlling interests	17	(7)
	77	(182)
Earnings (loss) per share attributable to shareholders of the Company		
Basic (HK cents)	3.8	(11.1)
Diluted (HK cents)	3.8	(11.1)