

Giordano Announces 2021 Final Results

March 10, 2022, Hong Kong

Giordano International Limited and its subsidiaries (the "**Group**") today announced its 2021 final results:

- The Group is an international apparel retailer with owned, franchised, and licensed brands. We offer high-quality, value-for-money, and easy-to-wear apparel and accessories through a network of approximately 2,056 points of sales, or 1,964,000 sq. ft. of retail floor space.
- Group sales rose by 8.3% to HK\$3,380 million (2020: HK\$3,122 million), with gross profit advancing by 11.2% due to a 1.5 percentage point rise in gross margin and Group-wide sales increases. The Group's online sales surged by 25.5%, contributing 12.1% (2020: 10.5%) to total sales.
- Operating expenses contracted by 8.8%, representing 52.7% (2020: 62.6%) of total sales. We expect further operating expense leveraging in 2022, as the Group further broadens the use of information and communication technologies throughout its operations.
- Net profit for the year was HK\$190 million (2020: net loss of HK\$112 million, inclusive of a net charge of HK\$70 million impairment provision for the right-of-use assets and property, plant, and equipment). Basic earnings per share were 12.0 HK cents (2020: Basic losses per share of 7.1 HK cents). Net profit for the second half of the year was HK\$130 million as compared with HK\$60 million reported for the first half, reflecting relaxed social distancing, fewer discounts, and the result of effective operating expense controls.
- The Company's Board of Directors recommended a final dividend of 10.0 HK cents per share (2020: 6.9 HK cents per share) to reach a total dividend of 16.5 HK cents per share for the year (2020: 10.0 HK cents). The final dividend payable, if approved, will amount to approximately HK\$158 million.
- The Group's inventories, mostly evergreen or in-season styles, increased by HK\$172 million to HK\$606 million, primarily due to early merchandise receipts as a precautionary tactic against global supply chain disruptions, an early Lunar New Year, and a warmer than usual fourth quarter in 2021. The inventory turnover days were higher by 38 days to 153 days (2020: 115 days).
- The cash and bank balances, net of bank loans, were HK\$875 million on December 31, 2021 (December 31, 2020: HK\$1,104 million). The abovementioned, temporary surplus inventories will convert to cash during the first half of 2022.

Dr. Peter Lau, Chairman and Chief Executive of Giordano, stated, *"Group sales rebounded in 2021 as the Covid-19 pandemic related social distancing relented. With effective cost controls and improved sales and gross margins, the Group achieved a net profit attributable to shareholders of HK\$190 million for the year, compared to a net loss of HK\$112 million last year."*

Dr. Lau cautioned, *"However, the pandemic will continue to wreak havoc on the global economy. At the time of writing, the outbreak of the Omicron variant in Hong Kong is severely hurting our sales there. Unless there are drastic reductions in shop rentals, we will have no choice but to downsize Hong Kong's operations. The Group will deploy more resources to Taiwan, Mainland China, Southeast Asia, and the Gulf Cooperation Council ("GCC"), where we see faster economic recoveries and reasonable operating expenses."*

Dr. Lau commented on the Group's expansion strategy, *"While galvanizing the profitability of its existing markets, the Group will focus on online business growth and international franchising development, where we have already made significant strides."*

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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 around 2,100 stores in Greater China, South Korea, Southeast Asia, and the GCC. Giordano is listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 709).

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Attachment:

Audited Consolidated Income Statement for the year ended December 31, 2021

Consolidated Income Statement

<i>(In HK\$ million, except earnings (loss) per share)</i>	2021	2020
Sales	3,380	3,122
Cost of sales	(1,450)	(1,386)
Gross profit	1,930	1,736
Other income and other gains, net	118	183
Distribution expense	(1,604)	(1,800)
Administrative expense	(181)	(224)
Operating profit (loss)	263	(105)
Finance expense	(29)	(41)
Share of profit of joint ventures	41	39
Profit (loss) before income taxes	275	(107)
Income taxes	(52)	(1)
Profit (loss) after income taxes for the year	223	(108)
Attributable to:		
Shareholders of the Company	190	(112)
Non-controlling interests	33	4
	223	(108)
Earnings (loss) per share attributable to		
shareholders of the Company		
Basic (<i>HK cents</i>)	12.0	(7.1)
Diluted (<i>HK cents</i>)	12.0	(7.1)