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GIORDANO INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 709)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2026

OVERVIEW

- 2026 is the second year of Giordano's "Beyond Boundaries" five-year strategic plan. It is the year for the Group to recalibrate and revitalise its business operations through building competencies and capabilities within the four strategic choices the Group has made to transform itself into a growth company.

- The Group delivered a resilient interim performance despite a challenging macro backdrop and geopolitical uncertainty. Reported revenue declined by a modest 1.0% YOY, with the shortfall concentrated in the GCC markets, our largest market globally, which has faced headwinds since March due to the ongoing crisis in the broader Middle East region. Excluding the GCC, underlying Group revenue increased by 0.4% YOY, underscoring the durability of demand across our core markets and the effectiveness of our commercial execution.

- The Group's e-commerce business recorded improvement by 12.5% in the first half of 2026, reflecting the successful execution of our "Digital-First" strategy. GCC and Mainland China in particular grew by 33.3% YOY and 11.9% YOY, respectively.

- Softer wholesale trends were largely planned, reflecting reduced shipments to South Korea as we recalibrated inventory at our 48.5%-owned joint venture and continued to optimise our Mainland China network, which includes select franchised stores. These actions were deliberate steps to protect channel health and support sustainable growth. As a result, retail sales grew 0.5% YOY and would have increased by 2.9% if excluding the GCC impact due to the Middle East conflict. Overall, the first-half outcome demonstrates an agile, well-diversified business with a solid platform for re-acceleration as regional conditions normalise.

- Gross profit margin continued to improve. Year-to-date, margin widened by 1.6 percentage points versus last year, driven by (1) a channel mix shift with a smaller wholesale contribution, (2) a more structured pricing framework, and (3) stronger sourcing execution that delivered product cost savings. Consequently, gross profit rose by 1.7% and would have increased by 5.8% excluding the GCC impact. Looking ahead, we will remain focused on enhancing margin through disciplined in-season allocation to align product with demand efficiently, targeted replenishment of proven winners to maximise full-price sell-through, and prudent management of clearance and outlet channels to safeguard brand equity and profitability.

- Operating expenses as a percentage of revenue were 50.5% (2025: 48.9%). The slight increase was partly due to higher e-platform charges and logistics costs, driven by a significant increase in online business, which is associated with one of our strategic focuses, "Digital-First", under the Group's "Beyond Boundaries" 5-year strategic plan.

- Net profit attributable to shareholders ("PATS") was HK$108 million (2025: HK$121 million). Solid progress in many parts of the business was offset by the underperformance the GCC markets due to the ongoing Middle East crisis. Had the affected segments delivered profitability comparable to 2025, PATS would have been HK$120 million, highlighting the underlying resilience of the Group's operations.

- The Group's inventory balance ended at HK$580 million (2025: HK$513 million), with inventory turnover at cost (ITOC) at 128 days (2025: 108 days). This reflects a planned and intentional risk-management decision to ship earlier to most markets to mitigate potential logistics disruptions amid volatility in the Middle East. Higher inventory levels also reflected tighter import requirements in Indonesia, which led the Group to divert some originally planned orders to other geographies. Despite these factors, we continue to view our longer-term inventory position as sound and well managed.

- Cash and bank balances, net of bank loans, were HK$650 million (2025: HK$722 million), reflecting a deliberate, temporary investment in inventory to safeguard service levels amid regional logistics uncertainty. As inventories normalise, we expect working capital to unwind; the Group remains in a strong net cash and liquidity position to fund strategic growth.

- The Board of Directors has declared an interim dividend of 6.7 HK cents per share, equating to a total distribution of approximately HK$108 million. This underscores our balanced capital allocation approach—returning value to shareholders while preserving capacity to invest in growth opportunities.

The board (the "Board") of directors (the "Directors") of Giordano International Limited (the "Company") presents the following unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended June 30, 2026 along with comparative figures and explanatory notes.

Consolidated Income Statement

(In HK$ million, except earnings per share)	Note	**(Unaudited) Six months ended June 30** **2026**	2025
Revenue	2	**1,914**	1,934
Cost of sales	4	**(820)**	(858)
Gross profit		**1,094**	1,076
Other income and other gains, net	3	**28**	49
Distribution expense	4	**(850)**	(842)
Administrative expense	4	**(117)**	(104)
Operating profit		**155**	179
Finance expense	5	**(19)**	(23)
Share of profit of a joint venture		**–**	–
Profit before income taxes		**136**	156
Income taxes	6	**(15)**	(23)
Profit after income taxes for the period		**121**	133
Attributable to:			
Shareholders of the Company		**108**	121
Non-controlling interests		**13**	12
		121	133
Earnings per share attributable to shareholders of the Company	7		
Basic *(HK cents)*		**6.7**	7.5
Diluted *(HK cents)*		**6.7**	7.5

Consolidated Statement of Comprehensive Income

(In HK$ million)	**(Unaudited) Six months ended June 30** **2026**	2025
Profit after income taxes for the period	**121**	133
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Exchange adjustments on translation of overseas subsidiaries which are attributed to the non-controlling interests	**(9)**	(1)
Items that may be reclassified to profit or loss:		
Exchange adjustments on translation of overseas subsidiaries, a joint venture and branches	**(28)**	61
Total comprehensive income for the period	**84**	193
Attributable to:		
Shareholders of the Company	**80**	182
Non-controlling interests	**4**	11
	84	193

Consolidated Balance Sheet

(In HK$ million)	Note	**(Unaudited) June 30 2026**	(Audited) December 31 2025
ASSETS			
Current assets			
Cash and bank balances		**674**	723
Trade and other receivables	9	**390**	369
Inventories		**580**	556
Rental prepayments		**2**	5
Income tax recoverable		**22**	18
Total current assets		**1,668**	1,671
Non-current assets			
Financial asset at fair value through other comprehensive income		**3**	3
Financial asset at fair value through profit or loss		**16**	28
Deposits and other receivables	9	**73**	79
Interest in a joint venture		**329**	389
Investment properties		**13**	14
Property, plant and equipment		**168**	159
Right-of-use assets		**735**	723
Goodwill		**541**	541
Deferred tax assets		**17**	18
Total non-current assets		**1,895**	1,954
Total assets		**3,563**	3,625
LIABILITIES AND EQUITY			
Current liabilities			
Bank loans		**24**	25
Trade and other payables	10	**511**	523
Lease liabilities		**294**	321
Put option liabilities		**81**	81
Income tax payables		**89**	76
Total current liabilities		**999**	1,026
Non-current liabilities			
Lease liabilities		**361**	330
Deferred tax liabilities		**63**	92
Other liabilities		**25**	24
Total non-current liabilities		**449**	446
Total liabilities		**1,448**	1,472
Capital and reserves			
Share capital		**81**	81
Reserves		**1,810**	1,838
Proposed dividends	8	**108**	103
Equity attributable to shareholders of the Company		**1,999**	2,022
Non-controlling interests		**116**	131
Total equity		**2,115**	2,153
Total equity and liabilities		**3,563**	3,625
Net current assets		**669**	645
Total assets less current liabilities		**2,564**	2,599

Notes to the unaudited condensed consolidated interim financial statements

1. Material accounting policies

(a) Basis of preparation

The unaudited condensed consolidated interim financial statements (the "unaudited interim results") for the six months ended June 30, 2026, have been prepared in accordance with the applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Readers should read the unaudited interim results in conjunction with the audited annual financial statements for the year ended December 31, 2025, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The unaudited interim results have been presented in millions of units of Hong Kong dollars ("HK$ million") unless otherwise stated. The accounting policies and methods of computation used in the preparation of the unaudited interim results are consistent with those used in the audited annual financial statements for the year ended December 31, 2025, except for the adoption of amended standards during the period, as disclosed in Note 1(b).

These unaudited interim results accrue income taxes on taxable income using tax rates applicable in the respective jurisdictions.

The unaudited interim results have been approved for issue by the Board on August 26, 2026.

(b) Impact of new and amended standards

The Group has applied the following amended standards issued by HKICPA, which were effective for the Group's financial year beginning on or after January 1, 2026:

–	Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (amendments)
–	Amendments to HKFRS 1, HKFRS7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11
–	Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity (amendments)
–	Amendments to HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosures about Uncertainties in the Financial Statements (amendments)

The adoption of the above amendments to standards did not result in substantial changes to the Group's accounting policies or financial results or position.

1. Material accounting policies (continued)

(c) New standards, amended standards and interpretations issued, but not yet effective

The Group has not early adopted the new standards, amendments and interpretations to standards that have been issued but are not yet effective for the period.

HKFRS 18 – Presentation and Disclosure in Financial Statements will replace HKAS 1 – Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements. Management is currently assessing the detailed implications of applying the new standard on the Group's financial results or position.

Except for HKFRS 18, the Group is in the process of making an assessment of the impact of new standards, amendments and interpretations to standards and is not yet in a position to state whether they would have a significant impact on the Group's financial results or position.

2. Sales and operating segments

The Group determines its operating segments based on its development strategies and operational control. There are two major operating segments: Retail and Distribution and Wholesales to Overseas Franchisees. Management manages the Retail and Distribution operating segments geographically and by brand.

Geographically, the Retail and Distribution operating segment in Mainland China and the Gulf Cooperation Council (the "GCC") comprise both direct-operated and franchised stores. Hong Kong and Macau, Taiwan, Southeast Asia and Australia do not have material local franchised stores. Group stores span most of Southeast Asia and the GCC.

As for brands, the Group presently operates *Giordano* and *Giordano Junior*, *Giordano Ladies*, *BSX*, and other owned and licensed brands.

Adjusted EBITDA is profit before finance expense, income taxes, impairment of right-of-use assets and property, plant and equipment, depreciation and amortization, share of profit of a joint venture and unallocated corporate items. Segment results are before finance expense, share of profit of a joint venture, income taxes and unallocated corporate items. This is the measurement basis reported to management and the senior decision-makers for resource allocation and assessment of segment performance.

2. Sales and operating segments (continued)

Analysis of sales and operating profit (loss) of the Group's operating segment by geographic region is as follows.

(In HK$ million)	**Mainland China**	**Hong Kong and Macau**	**Taiwan**	**Southeast Asia and Australia**	**Gulf Cooperation Council**	**Wholesale to Overseas Franchisees**	**Total**
	(Unaudited) Six months ended June 30, 2026						
Sales	**354**	**177**	**216**	**699**	**342**	**126**	**1,914**
Adjusted EBITDA	**5**	**50**	**44**	**195**	**127**	**5**	**426**
Depreciation and amortization							
– Right-of-use assets	**(11)**	**(40)**	**(20)**	**(92)**	**(56)**	**–**	**(219)**
– Property, plant and equipment and investment properties	**(3)**	**(4)**	**(3)**	**(16)**	**(9)**	**–**	**(35)**
Impairment							
– Right-of-use assets	**–**	**–**	**–**	**(1)**	**–**	**–**	**(1)**
Segment results	**(9)**	**6**	**21**	**86**	**62**	**5**	**171**
Corporate functions							**(16)**
Finance expense							**(19)**
Share of profit of a joint venture							**–**
Profit before income taxes							**136**

(In HK$ million)	Mainland China	Hong Kong and Macau	Taiwan	Southeast Asia and Australia	Gulf Cooperation Council	Wholesale to Overseas Franchisees	Total
	(Unaudited) Six months ended June 30, 2025						
Sales	337	177	203	688	368	161	1,934
Adjusted EBITDA	(4)	50	39	190	137	11	423
Depreciation and amortization							
– Right-of-use assets	(11)	(39)	(20)	(86)	(56)	–	(212)
– Property, plant and equipment and investment properties	(2)	(2)	(4)	(16)	(8)	–	(32)
Impairment							
– Right-of-use assets	–	–	–	(2)	–	–	(2)
– Property, plant and equipment	–	–	–	(1)	–	–	(1)
Reversal of impairment							
– Right-of-use assets	1	–	–	–	–	–	1
Segment results	(16)	9	15	85	73	11	177
Corporate functions							2
Finance expense							(23)
Share of profit of a joint venture							–
Profit before income taxes							156

2. Sales and operating segments (continued)

Further analysis of the Retail and Distribution operating segments by brand is as follows.

	(Unaudited) Six months ended June 30			
	2026		2025	
(In HK$ million)	**Sales**	**Operating profit (loss)**	Sales	Operating profit (loss)
Retail and Distribution				
Giordano and Giordano Junior	**1,549**	**155**	1,525	161
Giordano Ladies	**123**	**12**	122	14
BSX	**5**	**–**	4	–
Others	**111**	**(1)**	122	(9)
	1,788	**166**	1,773	166

The Company has its domicile in Hong Kong. Sales to external customers recorded in Hong Kong and Macau (including retail and wholesale sales) were HK$303 million (2025: HK$338 million), Mainland China was HK$354 million (2025: HK$337 million) and external customers from other markets was HK$1,257 million (2025: HK$1,259 million).

Inter-segment sales of HK$467 million (2025: HK$412 million) have been eliminated upon consolidation.

3. Other income and other gains, net

	(Unaudited) Six months ended June 30	
(In HK$ million)	**2026**	2025
Royalty and licensing income	**8**	13
Interest income	**5**	5
Rental and sub-lease rental income	**4**	4
Net gain (loss) on disposal of property, plant and equipment	**7**	(1)
Net exchange (loss) gain	**(2)**	11
Others	**6**	17
	28	49

4. Operating profit

Operating profit is after charging (crediting):

(In HK$ million)	**(Unaudited) Six months ended June 30 2026**	2025
Cost of sales		
Cost of inventories sold	**817**	861
Net provision (reversal) of provision for obsolete stock and stock written off	**3**	(3)
	820	858
Distribution expense		
Staff cost	**300**	306
Depreciation expense		
– Right-of-use assets	**209**	203
– Property, plant and equipment	**31**	29
Rentals in respect of land and buildings		
– Minimum lease payments	**14**	16
– Contingent rent	**106**	99
Building management fee, government rent and rates and utilities	**50**	48
Advertising, promotion and incentives	**44**	49
Packaging and deliveries	**38**	31
Bank and credit card charges	**14**	14
Change in loss allowance for trade receivables	**–**	(3)
Impairment		
– Right-of-use assets	**1**	2
– Property, plant and equipment	**–**	1
Reversal of impairment		
– Right-of-use assets	**–**	(1)
Others	**43**	48
	850	842
Administrative expense		
Staff cost	**72**	70
Depreciation expense		
– Right-of-use assets	**10**	9
– Property, plant and equipment and investment properties	**4**	3
Legal and professional fee	**11**	8
Auditor’s remuneration	**3**	3
Computer and telecommunication	**3**	3
Travelling	**2**	2
Business and other taxes	**3**	–
Others	**9**	6
	117	104

5. Finance expense

(In HK$ million)	(Unaudited) Six months ended June 30 **2026**	2025
Interest on lease liabilities	**19**	22
Interest on bank loans	**–**	1
	19	23

6. Income taxes

Hong Kong profits tax is calculated at the rate of 16.5% (2025: 16.5%) on the estimated assessable profits for the period. Income taxes on profits assessable outside Hong Kong are calculated at the rates applicable in the respective jurisdictions.

(In HK$ million)	(Unaudited) Six months ended June 30 **2026**	2025
Current income taxes		
Hong Kong	**4**	1
Outside Hong Kong	**25**	26
Over provision in prior periods	**(2)**	(7)
Withholding taxes	**12**	10
	39	30
Deferred income taxes		
Origination and reversal of temporary differences	**(24)**	(7)
	15	23

This charge excludes the share of the joint venture's income taxes, which incurs no charge (2025: nil) for the period. The share of profit of a joint venture in the consolidated income statement is after income taxes accrued in the appropriate income tax jurisdictions.

7. Earnings per share

The calculations of basic and diluted earnings per share are based on the profit after income taxes attributable to shareholders of the Company for the period of HK$108 million (2025: HK$121 million).

The basic earnings per share is based on the weighted average of 1,616,372,496 shares (2025: 1,616,190,628 shares) in issue during the six months ended June 30, 2026.

The diluted earnings per share is calculated by adjusting the weighted average of 1,616,372,496 shares (2025: 1,616,190,628 shares) in issue during the period by the weighted average of 1,427,580 shares (2025:1,453,313 shares) deemed to be issued if all outstanding share options granted under the share option scheme of the Company had been exercised.

8. Dividends

(In HK$ million)	**(Unaudited) Six months ended June 30 2026**	2025
Interim dividend declared of 6.7 HK cents per share (2025: 7.5 HK cents per share)	**108**	121
2025 final dividend paid of 6.4 HK cents per share (2024: 6.0 HK cents per share)	**103**	97

The distribution for the 2025 final dividend was based on the total number of issued shares of the Company on June 8, 2026.

At the Board meeting on August 26, 2026, the Board declared an interim dividend of 6.7 HK cents per share (2025: 7.5 HK cents per share). The interim dividend has not been recognized as a liability at the balance sheet date.

9. Trade and other receivables

(In HK$ million)	**(Unaudited) June 30 2026**	(Audited) December 31 2025
Trade receivables	**280**	273
Less: Loss allowance	**(41)**	(41)
Trade receivables, net	**239**	232
Other receivables, including deposits and prepayments	**151**	137
Trade and other receivables	**390**	369
Deposits and other receivables	**73**	79

Trade receivables mainly comprise amounts due from franchisees, licensees and retail proceeds due from department stores and online sales. The Group normally allows a credit period of 30–90 days. The carrying amounts of trade and other receivables approximate their fair values.

The ageing analysis from the invoice date net of loss allowance is as follows:

(In HK$ million)	**(Unaudited) June 30 2026**	(Audited) December 31 2025
0 – 30 days	**197**	136
31 – 60 days	**16**	66
61 – 90 days	**5**	12
Over 90 days	**21**	18
	239	232

10. Trade and other payables

(In HK$ million)	**(Unaudited) June 30 2026**	(Audited) December 31 2025
Trade payables	**246**	238
Pension obligation	**43**	42
Other payables and accrued expense	**222**	243
	511	523

The ageing analysis of trade payables from the invoice date is as follows:

(In HK$ million)	**(Unaudited) June 30 2026**	(Audited) December 31 2025
0 – 30 days	**154**	185
31 – 60 days	**56**	41
61 – 90 days	**20**	4
Over 90 days	**16**	8
	246	238

The carrying amounts of trade and other payables approximate their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS OF GROUP RESULTS OF OPERATIONS AND FINANCIAL POSITION

Unless otherwise stated, the following commentaries refer to the year-on-year ("YOY") comparison for the six months ended June 30, 2026, and 2025.

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- Softer wholesale trends were largely planned, reflecting reduced shipments to South Korea as we recalibrated inventory at our 48.5%-owned joint venture and continued to optimise our Mainland China network, which includes select franchised stores. These actions were deliberate steps to protect channel health and support sustainable growth. As a result, retail sales grew 0.5% YOY and would have increased by 2.9% if excluding the GCC impact due to the Middle East conflict. Overall, the first-half outcome demonstrates an agile, well-diversified business with a solid platform for re-acceleration as regional conditions normalise.

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- The Board of Directors has declared an interim dividend of 6.7 HK cents per share, equating to a total distribution of approximately HK$108 million. This underscores our balanced capital allocation approach—returning value to shareholders while preserving capacity to invest in growth opportunities.

RESULTS OF OPERATIONS

Table 1: Group results of operations

	Six months ended June 30				
(In HK$ million)	**2026**	**% to revenue**	2025	% to revenue	**Change**
Group revenue[1]	**1,914**	**100.0%**	1,934	100.0%	**(1.0%)**
Gross profit	**1,094**	**57.2%**	1,076	55.6%	**1.7%**
Other income and other gains, net	**28**	**1.4%**	49	2.6%	**(42.9%)**
Operating expense	**(967)**	**(50.5%)**	(946)	(48.9%)	**2.2%**
Operating profit	**155**	**8.1%**	179	9.3%	**(13.4%)**
Share of profit of a joint venture	**–**	**–**	–	–	**N/A**
Finance expense	**(19)**	**(1.0%)**	(23)	(1.2%)	**(17.4%)**
Income taxes	**(15)**	**(0.8%)**	(23)	(1.2%)	**(34.8%)**
Profit after income tax attributable to non-controlling interests	**(13)**	**(0.7%)**	(12)	(0.6%)	**8.3%**
Profit after income tax attributable to shareholders	**108**	**5.6%**	121	6.3%	**(10.7%)**
Group same-store sales[2]	**1,445**		1,458		**(0.9%)**
Global brand sales[3]	**2,183**		2,216		**(1.5%)**
Global brand gross profit[3]	**1,313**		1,330		**(1.3%)**
Cash and bank balances, net of bank loans at period-end	**650**		722		**(10.0%)**
Inventories at period-end	**580**		513		**13.1%**
Inventory turnover on cost, days[4]	**128**		108		**20**
Stores at period-end	**1,509**		1,668		**(159)**

Revenue and Gross Profit

The Group delivered a stable first-half performance in 2026, with reported revenue down a modest 1.0% YOY despite ongoing political and economic challenges in the GCC due to the ongoing crisis in the Middle East region. The GCC markets currently represent an 18% share of our overall business, and the cluster is currently our largest market globally. On an underlying basis, excluding the GCC, Group revenue would have increased by 0.4% YOY, even with lower wholesale revenue tied to deliberately reduced shipments to South Korea as we recalibrated inventory at our South Korean joint venture (48.5% owned by Giordano) and reshaped our Mainland China network, which includes certain franchised stores. Retail sales revenue grew 0.5% YOY and would have increased by 2.9% excluding the GCC impact. These outcomes underscore the resilience and adaptability of our model, which allows us to respond quickly to macro conditions while protecting long-term channel health. Same-store sales declined 0.9%, mainly due to the GCC's underperformance; however, they would have been up 1.6% without the GCC, highlighting the effectiveness of our merchandising, pricing, and customer engagement initiatives across the rest of the portfolio. We continued to prioritise disciplined inventory management, targeted promotions, and localised assortments to support sustainable growth and healthy margins.

Guided by our "Beyond Boundaries" five-year strategic plan, we remained focused on delivering the right product to the consumer at the right time and creating compelling brand and product stories to drive store traffic. Our efforts to differentiate product, elevate the brand experience, and deepen customer loyalty are gaining traction, supported by data-driven merchandising, faster design-to-shelf cycles, and sharper storytelling across digital and physical touchpoints. We are also strengthening our omnichannel execution, enabling more seamless journeys and improved conversion.

Regionally, Greater China retail achieved a promising 4.2% revenue increase in the first half of 2026. This was driven by the continued expansion of our Mainland China online business in line with our "Digital-First" strategy, alongside a clear turnaround in the Taiwan market. Regarding the e-channel in Mainland China, systematic enhancements—ranging from product segmentation and platform mix optimisation to determine more precise promotions—supported both growth and profitability. In Taiwan, the restructured management team accelerated decision-making, sharpened market execution, and improved store-level productivity, collectively delivering a marked improvement in performance.

Southeast Asia and Australia ("SEA") posted 1.6% growth, reflecting better results across most key markets in the cluster, including Singapore, Malaysia, Thailand, and Vietnam. Our Indonesian business remained stagnant, mainly due to tightened import regulations and the streamlining of our non-Giordano brand portfolio. In response, we decisively shifted production to Indonesian sourcing, with merchandise beginning to arrive in stores in early June. This transition strengthens supply chain resilience, shortens lead times, and positions us for a gradual improvement as local sourcing scales and distribution normalises.

The GCC region reported a 7.1% revenue decline, affected by softer consumer sentiment and reduced tourism following the abrupt escalation of regional tensions at the end of February. That being said, revenue contracted by only single digits, reflecting the underlying strength of our franchise and brand equity against a back drop of traffic declines of up to 40%. Encouragingly, we saw early signs of stabilisation in July, and we continue to refine assortments, sharpen value messaging, and enhance customer experience in the region while maintaining prudent cost control.

Across channels, Group retail revenue grew 0.5% YOY and would have increased by 2.9% excluding the GCC, demonstrating the positive performance of the remainder of our portfolio. We will keep investing in brand-building, product innovation, and targeted marketing to accelerate retail momentum and strengthen our market positions. Offline revenue declined 1.8%, primarily due to a 10% drop in the GCC; excluding this impact, offline revenue rose 0.7%, with both Greater China and SEA delivering YOY growth despite the Mainland China physical network reset and Indonesia's import-related headwinds. Other markets held steady, evidence of the resilience of our brick-and-mortar operations and ongoing store productivity improvements.

Online sales continued to outperform, increasing 12.5% in the first half of 2026 in which our core brands grew by 14.2%. This strong momentum reflects our successful "Digital-First" strategy, with Mainland China online sales up approximately 11.9% YOY. Our e-commerce business in the rest of the world also posted encouraging results and would have been up 14.8% YOY if we exclude the Mainland China online sales. Looking ahead, we will further prioritise e-commerce development and omnichannel integration to accelerate growth, as our online penetration remains below industry benchmarks in most markets, offering significant headroom.

Wholesale revenue declined 12.2%, largely due to the planned reduction in shipments to South Korea as we recalibrated and reset our business— hence the inventory situation at our 48.5%-owned joint venture—and we also continued to reshape our Mainland China network, which includes franchised stores. Offsetting this, our overseas franchise markets delivered healthy growth, led by robust demand in the Philippines and Myanmar. These results validate our strategy to broaden reach through capable partners, deepen market coverage, and selectively expand where we see sustainable returns.

In summary, while external macro headwinds—particularly in the GCC—persisted, the remainder of our business remained solid. The disciplined execution of our "Beyond Boundaries" strategy is delivering results, and we are well positioned to build on this momentum. With a focus on innovation, digital acceleration, localised market strategies, and operational excellence, we aim to drive profitable growth and create sustained value for customers, partners, and shareholders.

Table 2: Revenue analysis

(In HK$ million)	Six months ended June 30 2026	Contribution	2025	Contribution	Change
Greater China	**873**	**45.6%**	878	45.4%	**(0.6%)**
Southeast Asia and Australia	**699**	**36.5%**	688	35.6%	**1.6%**
Gulf Cooperation Council	**342**	**17.9%**	368	19.0%	**(7.1%)**
Group revenue by market	**1,914**	**100.0%**	1,934	100.0%	**(1.0%)**
Offline	**1,390**	**72.6%**	1,416	73.2%	**(1.8%)**
Online	**315**	**16.5%**	280	14.5%	**12.5%**
Retail	**1,705**	**89.1%**	1,696	87.7%	**0.5%**
Overseas franchisees	**150**	**7.8%**	182	9.4%	**(17.6%)**
Mainland China franchisees	**59**	**3.1%**	56	2.9%	**5.4%**
Wholesale to franchisees	**209**	**10.9%**	238	12.3%	**(12.2%)**
Group revenue by channel	**1,914**	**100.0%**	1,934	100.0%	**(1.0%)**

Gross margin has continued its upward trajectory since the second half of 2025, reflecting the quality of our growth and the impact of disciplined execution. In 1H2026, the Group's gross profit margin expanded by 1.6 percentage points YOY to 57.2% (1H2025: 55.6%), driving a 1.7% increase in gross profit dollars for the period against a backdrop of a 1% revenue decline. Excluding the GCC's impact, gross profit dollars would have been up a robust 5.8%, underscoring the strength of our underlying performance across the rest of the portfolio.

Margin expansion was driven by three core levers. First, continued optimisation of channel mix, with a greater contribution from higher-margin direct-to-consumer and digital channels and a tighter approach to lower-margin clearance, lifted overall profitability. Second, our more structured pricing framework—anchored in clearer market- and category-based guardrails, sharper value communication, and tighter governance around markdowns—supported higher full-price sell-through and reduced promotional intensity. Third, stronger sourcing execution, including deeper supplier collaboration, improved planning, and product cost efficiencies, yielded unit cost savings without compromising quality or speed to market. Together, these actions are building a more resilient and scalable margin profile.

Looking ahead, we will remain focused on enhancing margin through:

- Disciplined in-season allocation to match product with demand quickly and efficiently, supported by real-time data to rebalance inventory across markets and channels.
- Targeted replenishment of proven winners to maximise full-price sell-through and minimise end-of-season exposure.
- Prudent management of clearance and outlet channels to preserve brand equity and profitability, with tighter segmentation and controlled markdown cadence.
- Ongoing channel and assortment mix optimisation, prioritising higher-margin categories and direct-to-consumer opportunities.
- Continued sourcing and cost-management initiatives with strategic vendors—calendar discipline, design-for-cost, and scale leverage—to further improve initial margins.

These initiatives, aligned with our strategic priorities, provide a solid foundation for sustained margin strength as we execute through the remainder of the year.

Table 3: Gross profit analysis

(In HK$ million)	Six months ended June 30, 2025 gross profit	Product costs	Selling prices	Volume	Miscellaneous	Currency translation difference	Six months ended June 30, 2026 gross profit
Southeast Asia and Australia	395	20	(35)	25	(1)	4	**408**
Gulf Cooperation Council	232	(2)	6	(21)	–	1	**216**
Mainland China	151	12	(37)	15	(1)	9	**149**
Hong Kong and Macau	126	2	(16)	11	–	–	**123**
Taiwan	126	–	6	4	–	–	**136**
Market mix	–	(2)	(5)	7	–	–	**–**
Retail and distribution	**1,030**	**30**	**(81)**	**41**	**(2)**	**14**	**1,032**
Wholesale to overseas franchisees/subsidiaries	46						**62**
Group	1,076						**1,094**

Other income and other gains, net

Other income and other gains comprised a range of items, including royalties and licensing fees, interest income, rental income, and foreign exchange differences. On a year-on-year basis, this category declined primarily due to less favourable foreign exchange movements compared with the prior period and a reduction in royalty income from our South Korean joint venture, reflecting slower sales performance during the first half of 2026.

Operating expenses and operating profit

Operating expenses increased modestly by 2.2%, largely reflecting higher variable costs associated with the strong expansion of our online channel and elevated e-commerce activity, and are directly tied to revenue generation. Importantly, this growth came alongside continued discipline in expense management as we invested under our "Beyond Boundaries" five-year strategic plan in areas such as technology, omnichannel capabilities, and product and brand building.

The increase in the operating expense-to-revenue ratio was primarily owing to the softer top line in the GCC, which temporarily affected operating leverage. This higher ratio thus reflects a denominator effect rather than structural cost pressure. Excluding the GCC's impact, our cost profile remained well controlled, and we continued to redirect resources to higher-return initiatives while protecting customer experience and brand equity.

Operating profit before other income was HK$127 million for 1H2026, compared with HK$130 million in the prior year period. Adjusted for the GCC, the profit would have been 16.9% higher YOY, underscoring the increase in our drivers of profit in our core business across the rest of the portfolio. The YOY decrease in operating profit largely reflects the impact of the Middle East crisis on our GCC markets.

Looking ahead, we remain fully committed to further optimising our cost structure and elevating operating efficiency. Key areas of focus include end-to-end inventory and demand planning to reduce working inefficiencies; automation and process simplification across sourcing and product allocation, as well as strategic vendor collaboration to capture scale benefits; coupled with data-driven marketing to improve return on advertising spend. By sustaining rigorous cost discipline while investing in high-ROI growth drivers under "Beyond Boundaries", we are well positioned to enhance operating leverage, support profitable growth, and capitalise on emerging opportunities as market conditions normalise.

Net impairment of right-of-use assets and property, plant, and equipment

The Group made a net impairment provision of HK$1 million for the right-of-use assets and property, plant, and equipment for the period based on Hong Kong Accounting Standard 36.

Finance expense

The finance expense was HK$19 million (2025: HK$23 million), mainly due to imputed interest on lease liabilities.

Profit after income taxes attributable to shareholders

Profit after income taxes attributable to shareholders of the Company ("PATS") was HK$108 million for the period (2025: HK$121 million), equating to a net profit margin of 5.6% (2025: 6.3%). The YOY decrease primarily reflects our GCC-specific headwinds due to the ongoing Middle East crisis and a reduction in other income, partly driven by unfavourable foreign exchange movements.

On an underlying basis, performance remained resilient. Excluding the adverse impact from the GCC, results would have been broadly in line with last year. Had the affected segments delivered profitability comparable to 2025, PATS would have been around HK$120 million versus HK$121 million in the prior year. This underscores the strength and consistency of our core Giordano business, which continues to execute well despite external challenges.

Our South Korean joint venture, in which we hold 48.5% equity interest, has operated in a difficult economic and competitive environment since the second half of last year. We are proactively collaborating with our fellow shareholders to navigate these conditions, and management is working closely with our partners to identify strategic opportunities and implement measures that mitigate current pressures. With this coordinated approach, we believe the joint venture will be well positioned to capture recovery and growth opportunities as the operating backdrop improves.

The effective tax rate declined to 11.0% (2025: 14.7%), mainly due to a favourable shift in the mix of tax regimes and the reversal of certain tax provisions following regular reviews.

Despite near-term challenges, we remain focused on executing our "Beyond Boundaries" five-year strategy, combining disciplined expense management with targeted, long-term growth investments. This steadfast approach positions us to enhance profitability and deliver sustainable value over time.

MARKET ANALYSIS

The following comments are in local currencies, or, if in HK$ terms, are at constant exchange rates to remove distortions from the translation of financial statements.

Greater China

Table 4: Greater China profit before income taxes

	Six months ended June 30				
(In HK$ million, translated at constant exchange rates)	**2026**	**% to revenue**	2025	% to revenue	**Change**
Revenue	**726**	**100.0%**	717	100.0%	**1.3%**
Gross profit	**399**	**55.0%**	403	56.2%	**(1.0%)**
Other income and other gains, net	**12**	**1.6%**	9	1.3%	**33.3%**
Operating expense	**(392)**	**(54.0%)**	(405)	(56.5%)	**(3.2%)**
Operating profit	**19**	**2.6%**	8	1.1%	**137.5%**
Finance expense	**(4)**	**(0.5%)**	(6)	(0.8%)	**(33.3%)**
Profit before income taxes	**15**	**2.1%**	2	0.3%	**650.0%**

Hong Kong and Macau

Sales in Hong Kong and Macau were broadly in line with the prior year, a steady outcome given declining traffic due to ongoing cross-border spending patterns as consumers continue to direct more purchases to Mainland China. Despite this environment, Giordano Ladies—our premium womenswear line— is successfully entering a new chapter. The brand delivered 5% growth in the first half as we evolved it from its roots in smart office dressing towards a modern, relaxed business-casual aesthetic, our interpretation of "premium elegance ". This shift mirrors how workwear is changing, influenced by hybrid work routines and the preferences of younger professionals for comfort, personal expression, and versatility.

Our newly relaunched "*gl*" flagship store in Central has been met with strong enthusiasm from long-time customers and has successfully broadened the brand's appeal to younger shoppers, producing healthy financial returns. The relaunch of "*gl*" marks the opening phase of a wider brand renewal that goes beyond store design and updated imagery to encompass new product injections and a tighter integration of offline and online customer engagement. Building on this momentum, we plan to accelerate the rebrand in Hong Kong and extend the approach to additional markets. As our home market, Hong Kong will also be the first market to introduce the Giordano 2.0 programme, further revitalising the brand and strengthening its connection with customers.

Since July, we have launched the "Chiikawa" collaboration, a family-friendly activation designed to resonate with all genders and ages. The campaign is supported by coordinated, omnichannel communications to raise awareness, drive store visits, and boost online conversion, including refreshed visual merchandising and targeted social content. Overall, we remain constructive on the trajectory for Hong Kong and Macau. A pipeline of new collections, richer brand storytelling, and a continued focus on excellent retail execution are expected to deepen customer affinity, support sales growth and margin improvement, and lay the groundwork for sustained performance.

Mainland China

Mainland China is turning a corner for us, supported by our China reset programme and a clear "Digital-First" focus. Even as we continue to optimise the store portfolio by exiting underperforming locations—resulting in fewer trading areas—total revenue was broadly unchanged YOY. This stability was underpinned by our online business, which grew 5.3% versus the prior period.

Encouragingly, momentum is not limited to the top line. We delivered quarter-on-quarter gains in e-commerce profitability, with Q2 gross margin in our e-channel up by 2.9 percentage points YOY. This reflects our emphasis on quality of growth and is squarely aligned with the "Beyond Boundaries" five-year strategic plan, where digitalisation is a central pillar. By accelerating our digital transformation, we have sharpened our data capabilities, adapted more quickly to changing consumer behaviours, and enhanced pricing and mix discipline online.

On the merchandising front, we are tailoring assortments by platform to better serve distinct customer missions. Premium and aspirational collections are prioritised on Tmall to capture higher-value demand, while VIP.com is used as a targeted outlet for ageing inventory to maximise cash recovery without diluting brand equity. This clear assortment architecture improves sell-through efficiency, supports gross margin expansion, and preserves a healthy channel mix.

Looking ahead, we will continue to unlock digital potential through smarter merchandising, sharper content, and tighter integration of online and offline journeys. The progress achieved in Mainland China validates our playbook, and we are confident that sustained focus on differentiated consumer experiences and operational excellence will translate into durable growth and improving profitability.

In physical retail, we are executing a disciplined reset after a period of de-prioritisation and constrained brand investment, closing stores that do not meet our return thresholds. As part of "Beyond Boundaries", our near-term emphasis is on southern China, where brand awareness is strongest. By concentrating resources there—improving store economics, refining product mix, and elevating service—we aim to establish a repeatable, high-return model. Once this lighthouse region is firmly delivering, we will roll the model out methodically to additional provinces, supported by increased investment in brand building and product innovation.

Mainland China remains a must-win market for the Group. With a defined roadmap in place, we are committed to resetting, recalibrating, and revitalising the business to restore profitability and capture the next phase of growth.

Taiwan

Following a softer second half last year, Taiwan has regained momentum. A refreshed leadership structure brought clearer accountability, faster decision cycles, and sharper local execution, resulting in high single-digit revenue growth of 5.9%. This turnaround underscores the effectiveness of our strategy to reinforce our presence across Greater China, with Taiwan as a key pillar of that agenda.

The improvement reflects the determination and agility of the new team in reading shifting consumer preferences and responding to the growing prominence of online retail in Taiwan. We intensified our focus on retail excellence—especially in buying and merchandising—by refining the breadth and depth of our assortments and tightening store-level allocations. These actions helped align product offerings more closely with local tastes, improve sell-through quality, and unlock stronger in-store performance. Complementary enhancements in visual merchandising, promotional cadence, and staff training further elevated the customer experience and strengthened brand engagement.

Operationally, we have been embedding more disciplined processes across planning and execution. Better demand forecasting, faster replenishment cycles, and more dynamic markdown management have supported inventory health and protected margins. On the digital side, richer content, improved conversion journeys, and tighter integration between online and offline touchpoints are the upcoming focus. Together, these changes are driving efficiency gains and building a more resilient, customer-centric business model.

Looking ahead, we will continue investing in both digital capabilities and the physical store network. Priority areas include data analytics to sharpen decision-making, customer relationship management ("CRM") and loyalty to deepen relationships, and ongoing upgrades to store environments and service standards. By staying agile, scaling what works, and maintaining discipline in execution, we expect Taiwan to deliver sustained growth and profitability, further reinforcing our Greater China strategy.

Table 5: Greater China revenue and store count

	Six months ended June 30								
				Stores at period end					
	Revenue			Franchised		Direct operated		Total	
(In HK$ million, translated at constant exchange rates)	**2026**	2025	**Change**	**2026**	2025	**2026**	2025	**2026**	2025
Mainland China	**334**	337	**(0.9%)**	**191**	262	**48**	97	**239**	359
Taiwan	**215**	203	**5.9%**	**–**	–	**167**	163	**167**	163
Hong Kong and Macau	**177**	177	**Flat**	**–**	–	**45**	50	**45**	50
Total	**726**	717	**1.3%**	**191**	262	**260**	310	**451**	572

Greater China retail operations delivered sales growth of 1.3% versus the prior year, powered mainly by e-commerce gains in Mainland China and the rebound in Taiwan. Crucially, profit before tax surged from HK$2 million in 2025 to HK$15 million. This encouraging change in profitability reflects the traction of our "Beyond Boundaries" five-year roadmap, which designates Greater China as a priority market and embeds a digital-led approach alongside a clear focus on profitability.

Building on this progress, we will roll out targeted actions to unlock additional growth across the region. We plan to elevate brand salience through increased brand investment, sharpening visibility and deepening consumer engagement. At the store level, we will raise productivity through operational excellence and enhanced staff training to improve service, conversion, and basket metrics. In parallel, we will further refine in-season merchandising and inventory management—tightening demand sensing, accelerating replenishment, and calibrating assortments—so that our product mix stays closely aligned with shifting customer preferences and emerging trends.

Southeast Asia and Australia

Table 6: <u>Southeast Asia and Australia profit before income taxes</u>

	Six months ended June 30				
(In HK$ million, translated at constant exchange rates)	**2026**	**% to revenue**	2025	% to revenue	**Change**
Revenue	**696**	**100.0%**	688	100.0%	**1.2%**
Gross profit	**404**	**58.0%**	395	57.4%	**2.3%**
Other income and other gains, net	**1**	**0.2%**	4	0.6%	**(75.0%)**
Operating expense	**(320)**	**(46.0%)**	(314)	(45.6%)	**1.9%**
Operating profit	**85**	**12.2%**	85	12.4%	**Flat**
Finance expense	**(10)**	**(1.4%)**	(11)	(1.6%)	**(9.1%)**
Profit before income taxes	**75**	**10.8%**	74	10.8%	**1.4%**

Southeast Asia recorded steady progress, with the region advancing 1.2% overall. Vietnam remained the clear growth engine, up 10% YOY, supported by healthy consumer demand and disciplined execution. Singapore and Thailand also contributed meaningfully, each posting close to 5% growth and helping to anchor regional momentum amid mixed macro signals and varying levels of tourist activity. This balanced performance demonstrates the resilience of our operating model across diverse market conditions.

In Indonesia, after a difficult prior year—particularly with respect to the Non-Giordano Brands—the business stabilised in the first half of 2026, resulting in essentially flat YOY sales. First-half results were constrained by product shortages tied to stricter import policies, which disrupted the flow of our merchandise and limited on-shelf availability. In response, we accelerated local sourcing to reduce lead times and diversify supply, while strengthening vendor on boarding, quality controls, and compliance procedures. With the bulk of these locally sourced products scheduled to land in stores in the coming months, we are cautiously optimistic about the second half as we see an opportunity to restore depth in key categories, rebuild full-price selling, and recapture demand through more focused marketing and refreshed in-store presentation.

Aligned with our "Digital-First" strategy, e-commerce was a standout. The channel grew 22.7% YOY in the first half, with momentum accelerating in Q2 as online sales rose 27.3% versus the same period last year. Notably, excluding the drag from Non-Giordano Brands, first-half online growth would have approached 53%. We believe there is more opportunity ahead. In the second half, we plan to introduce a broader slate of online-exclusive capsules and limited-time bundles tailored to the preferences of our digitally savvy customers, supported by stronger content, targeted media, and enhanced onsite merchandising. We are also advancing omnichannel capabilities—such as improved consumer shopping pathways—to make shopping more seamless and to lift conversion and repeat purchase rates across our marketplaces and direct-to-consumer platforms.

Despite recent market-specific headwinds, we continue to see substantial revenue opportunities across the region. Our priorities include further optimisation of assortments by market and channel, tighter in-season management to enhance margins, and elevated operating standards in stores. This will be supported by more consistent planning disciplines, staff training focused on service and conversion, and ongoing improvements to visual merchandising and promotional cadence.

Looking ahead, we remain confident in the long-term prospects for Southeast Asia and Australia. We are committed to scaling our digital reach, strengthening the brand portfolio to sharpen positioning across price tiers and occasions, and maintaining disciplined execution to drive both top-line growth and profitability. By staying close to evolving consumer needs and investing in capabilities that improve speed, relevance, and efficiency, we expect to deliver sustained progress across all segments in the periods to come.

Table 7: Southeast Asia and Australia revenue and store count

	Six months ended June 30				
	Revenue			Stores at period end	
(In HK$ million, translated at constant exchange rates)	**2026**	2025	**Change**	**2026**	2025
Indonesia*	**330**	333	**(0.9%)**	**176**	199
Thailand	**132**	126	**4.8%**	**157**	154
Singapore	**112**	107	**4.7%**	**32**	31
Malaysia	**82**	84	**(2.4%)**	**83**	84
Vietnam	**33**	30	**10.0%**	**28**	28
Australia	**5**	6	**(16.7%)**	**3**	3
Cambodia	**2**	2	**Flat**	**2**	2
Total	**696**	688	**1.2%**	**481**	501

* *In addition to the Giordano brand, Giordano Indonesia also operates world-famous apparel and sports brands under franchise or license agreements, which primarily include Nike, but also Keds (each a "**Non-Giordano Brand**" and collectively, the "**Non-Giordano Brands**"). 27 of the 176 stores are Non-Giordano Brand stores.*

The Gulf Cooperation Council

Table 8: The Gulf Cooperation Council profit before income taxes and store count

(In HK$ million, translated at constant exchange rates)	Six months ended June 30				
	2026	**% to revenue**	2025	% to revenue	**Change**
Revenue	**341**	**100.0%**	368	100.0%	**(7.3%)**
Gross profit	**215**	**63.0%**	232	63.0%	**(7.3%)**
Other income and gains, net	**4**	**1.2%**	3	0.8%	**33.3%**
Operating expense	**(157)**	**(46.0%)**	(162)	(44.0%)	**(3.1%)**
Operating profit	**62**	**18.2%**	73	19.8%	**(15.1%)**
Finance expense	**(6)**	**(1.8%)**	(6)	(1.6%)	**Flat**
Profit before income taxes	**56**	**16.4%**	67	18.2%	**(16.4%)**
Franchised stores	**48**		44		**4**
Direct-operated stores	**143**		142		**1**
Stores at period end	**191**		186		**5**

Since the escalation of regional tensions in late February and the ongoing Middle East crisis, our operations across the main GCC markets have remained largely intact and operationally stable even though we experienced radical traffic declines due to the tensions and downturn in tourism. That said, softer consumer confidence weighed on demand, and revenue declined YOY by 7.3%, contained within single digits. This outcome highlights the resilience of our underlying model, disciplined cost management, and the ability of local teams to keep stores trading and supply flows moving under challenging conditions.

In the near term, the primary pressure points are cost-related—especially higher logistics, insurance, and potential rerouting expenses—with margin risk currently more pronounced than a broad-based demand contraction. Market dynamics remain uneven: Saudi Arabia's sizable domestic base and ongoing public- and private-sector investment continue to provide a buffer, while the United Arab Emirates is more closely tied to aviation capacity and visitor flow, leaving it comparatively sensitive to travel disruptions. The structural picture is still positive, supported by economic diversification agendas, sustained tourism and infrastructure projects, population growth, and strong fiscal capacity. However, if instability persists, it could dampen tourism and embed higher structural costs across the supply chain.

Our priorities are clear: we are protecting margins and cash flow through tighter spend controls, disciplined promotional governance, and dynamic pricing where appropriate. We are enhancing supply chain flexibility by diversifying vendors and routes, building contingency plans for transport and warehousing, and deploying inventory with greater agility—prioritising core, fast-moving categories and adjusting buys in season based on real-time demand signals. Ensuring team safety and business continuity remains paramount; we have reinforced protocols, strengthened crisis-response playbooks, and streamlined escalation paths to accelerate decision-making. We are also deepening relationships with landlords and strategic partners to secure operating stability and negotiate cost relief where feasible. Cross-market and cross-functional coordination has been intensified so we can shift resources quickly, minimise stockouts, and maintain service standards. We will continue to monitor developments closely and keep the organisation updated on any material changes.

Amid these headwinds, our digital business in the GCC markets continued to outperform. Online sales rose 33.3% YOY, driven by growth on our own platforms and through leading marketplace partners. This sustained momentum underscores the ongoing channel shift toward e-commerce. To build on this strength, we are investing in performance marketing and CRM, enhancing site and app experience— including faster checkout and richer product content —and improving fulfilment speed and reliability in partnership with best-in-class last-mile providers. We are also expanding online-exclusive capsules and tailoring assortments to local tastes, and refining targeting using first-party data to boost conversion and repeat purchase.

As always mentioned, the GCC markets differ meaningfully from Greater China and Southeast Asia, necessitating a market-specific strategy. Our approach emphasises product innovation aligned with regional preferences—considering climate, cultural norms, and the local retail calendar—as well as customised storytelling and campaigns across Arabic and English touchpoints. We are sharpening size and fit profiles, elevating quality cues in key categories, and calibrating price architecture to reflect competitive sets by market. On the marketing side, we will increase community engagement, partnerships, and event-led activations tied to peak trading moments, while maintaining brand consistency and pricing discipline across channels.

Looking forward, we remain confident in the region's long-term potential and our ability to navigate near-term volatility. By prioritising margin protection, strengthening supply chain resilience, and accelerating digital capability development, we aim to safeguard performance while positioning for future growth. Continued focus on tailored product, locally resonant marketing, and strong partner relationships should reinforce our competitive position and support sustained progress in the GCC over the coming periods.

South Korea (a 48.5% joint venture under an independent management team)

Table 9: South Korea's share of net loss and store count

	Six months ended June 30				
(In Korean Won million)	**2026**	**% to revenue**	2025	% to revenue	**Change**
Revenue	**59,679**	**100.0%**	65,545	100.0%	**(8.9%)**
Gross profit	**30,786**	**51.6%**	33,884	51.7%	**(9.1%)**
Net loss	**(159)**	**(0.3%)**	(139)	(0.2%)	**14.4%**
Share of net loss	**(77)**		(67)		**14.9%**
Stores at period end	**95**		114		**(19)**

Our South Korean joint venture had a difficult first six months, and we recorded an equity-accounted loss. The shortfall was driven by a softer consumer environment amid political frictions and a sharp rise in competitive intensity, which amplified promotional activity and pressured margins across the market.

Although our ownership is a non-controlling 48.5%, we are working closely with our partners to reset the business and restore momentum. A key pillar of this plan is reshaping the store network to protect unit economics: we are exiting persistently unprofitable locations, consolidating overlapping catchments, relocating to higher-traffic sites where warranted, and renegotiating leases to align occupancy costs with current trading levels. These actions, alongside tighter expense management, are designed to safeguard profitability and improve cash generation while demand normalises.

Beyond footprint optimisation, we are advancing a set of targeted initiatives to strengthen the commercial engine:

- Product and pricing: rationalising SKUs, prioritising high-velocity cores and seasonal winners, sharpening price ladders, and reducing reliance on deep discounting.
- Demand creation: refocusing media on performance channels with endorsement of popular celebrities, improving creative effectiveness, and concentrating spend around peak trading moments.
- Supply chain and inventory control: shortening lead times, expanding test-and-repeat buys, and tightening aged-inventory controls to protect gross margin.
- Team and execution: reinforcing field leadership, upgrading store standards, and aligning incentives to productivity metrics.

While the JV faces near-term headwinds, the combination of a streamlined footprint, disciplined cost and inventory management, and sharper brand execution gives us a clear pathway to better unit economics and a future recovery. We will continue to monitor conditions, adjust our tactics quickly, and work in lockstep with our partners to position the business to capture growth as the market stabilises.

Overseas (outside Greater China) franchisees and licensees

Table 10: Overseas franchised store count

	Stores at June 30	
	2026	2025
Southeast Asia	**184**	185
South Korea*	**95**	114
South Asia	**101**	103
Africa	**29**	29
Other markets	**25**	22
Total	**434**	453

* The Group possesses 48.5% equity interest in the South Korean joint venture, which is also one of the Group's franchisees.

Setting aside the drag from reduced wholesale shipments to the South Korean joint venture ("JV"), our sales to overseas franchise and license network delivered a solid 10% YOY increase. This performance underscores the strength of our partner model, the quality of the support and tools we provide, and the continued appetite for our brand and product portfolio across key international territories.

Wholesale into JV, as noted in the FY2025 MD&A, declined amid temporary headwinds. In alignment with fellow shareholders, we also purposefully curtailed shipments to our JV (in which Giordano holds a 48.5% interest) to recalibrate inventory to healthier levels. This right-sizing is intended to support long-term sustainability by improving inventory turns, reducing carrying costs, and aligning buys with current demand.

Looking ahead, we are constructive on prospects in other mature markets—particularly the Philippines and Myanmar—where we expect to grow the store base in step with demand. Beyond these, we are advancing our presence in structurally attractive, longer-term growth regions, including Africa and South Asia. India, in particular, stands out for its online potential, and we anticipate increasing our focus on digital-led expansion there to capture rising e-commerce penetration and broaden customer reach.

Overall, the momentum we are seeing validates our strategy to deepen our global footprint while enabling franchisees and licensees to perform, even in uneven market environments. We remain committed to comprehensive partner support—ranging from merchandising guidance and marketing toolkits to operational best practices—so that our network can scale sustainably and share in the value creation across our overseas markets.

FINANCIAL POSITION

Liquidity and Financial Resources

As at June 30, 2026, the Group's net cash position (cash and bank balances less bank borrowings) stood at HK$650 million, compared with HK$722 million in 2025. The YOY reduction was mainly driven by a planned build-up of inventory ahead of second-half trading, which we expect to ultimately sell through and normalise over the remainder of the year.

Management remains firmly focused on safeguarding financial strength through disciplined working-capital management and prudent capital allocation. A solid liquidity position equips us to navigate market volatility with confidence, while preserving the flexibility to invest selectively in growth and efficiency initiatives.

The bank borrowings amounted to HK$24 million (2025: HK$27 million). The Group's gearing ratio, defined as the total bank borrowings over total equity, was 1.1% (2025: 1.2%). The Group's current ratio was 1.7 (2025: 1.6), based on current assets of HK$1,668 million (2025: HK$1,662 million) and current liabilities of HK$999 million (2025: HK$1,022 million).

Property, Plant, and Equipment

Capital expenditure for the period amounted to HK$47 million (2025: HK$33 million), with the majority allocated towards store upgrades and relocations. Looking ahead, we will adopt a more cost-effective approach to CAPEX management in alignment with our "One-Giordano" strategic choice.

Goodwill and Put Option Liabilities

The goodwill and put option liability arose from the acquisition of our GCC operations in 2012 and 2015. The Group conducted the required impairment tests and confirmed no impairment on goodwill.

Interest in the South Korea Joint Venture

The carrying value of our 48.5% interest in the South Korea joint venture, accounted for by way of the equity method, experienced a decrease of 21% to HK$329 million, primarily attributed to the fluctuation of the Korean Won and the receipt of dividends.

Inventories

As at June 30, 2026, Group inventories totalled HK$580 million (2025: HK$513 million), and inventory turnover on cost stood at 128 days (2025: 108 days). The increase primarily reflects intentional front-loading of shipments to most markets to pre-empt potential supply chain disruptions amid heightened tensions in the Middle East. Importantly, inventory fundamentals remain sound: stock is aligned with forecast demand, seasonal calendars, and the needs of our priority growth markets.

The uplift was also influenced by tighter import requirements in Indonesia, which led us to divert some originally planned orders to other geographies. To counter the higher balance, we have already trimmed select forward purchases to restore equilibrium. We will continue to emphasise disciplined buying, sharper demand forecasting, and timely replenishment of core programs, while retaining the flexibility to respond quickly to changes in consumer demand.

To avoid the accumulation of any excessive "off-balance sheet" inventory that could pose future risk, we closely track stock held at suppliers and by franchisees. Through proactive order governance and tighter end-to-end controls, finished goods at suppliers were well contained—cut by roughly half compared with year-end 2025. Inventory at our South Korean joint venture has likewise been normalised to more appropriate levels following shipment restraint in the first half, and stricter management of forward flows, positioning the JV to absorb stock efficiently through the second half. In summary, our system inventories closed at a similar level as last year.

More broadly, management is conducting a thorough review of sourcing and supply chain processes to lift stock productivity and simplify operations. These ongoing actions aim to reduce surplus inventory and improve turns, while keeping us responsive to market signals. With enhanced inventory discipline, the Group is well placed to support future growth and deliver greater value to customers and stakeholders.

Table 11: System inventories

(In HK$ million)	At June 30 2026	December 31 2025	June 30 2025
Inventories owned by the Group	**580**	556	513
Inventories held by 48.5% South Korea joint venture	**235**	273	293
Inventories held by franchisees in Mainland China	**30**	34	34
Finished goods at suppliers	**9**	18	6
Inventories not owned by the Group	**274**	325	333
Total system inventories	**854**	881	846

Trade receivables and payables

The turnover days for trade receivables and payables were 47 days (2025: 46 days) and 54 days (2025: 45 days), respectively. The change in trade payables was primarily attributable to the timing difference in payments , driven by the earlier receipt of Fall/Winter merchandise to be launched in July.

OUTLOOK

Our "Beyond Boundaries" five-year strategic plan continues to serve as our North Star, guiding our transformation towards our objective of building Giordano into a growth business. Despite ongoing macroeconomic uncertainty, our continued focus on the strategic choices set out in the plan has kept us agile and focused as we navigate a challenging operating environment. Underpinning this journey is the strength of our brand and, most importantly, our people, whose experience, commitment and ability to adapt remain our greatest strengths in navigating a complex and evolving environment.

Looking ahead, our growth agenda is centred on revitalising our core brands, with the relaunch of Giordano under the Giordano 2.0 programme as the next major milestone, building on the progress already made with the relaunch of Giordano Ladies, or "*gl*". At the same time, we see significant opportunities to extend our reach into new markets, with a digital-first approach to North America and Europe, alongside the continued development and relaunch of our brands in India.

These initiatives represent the next phase of our transformation, as we strengthen the relevance of our brands, deepen our connection with consumers and build a stronger platform for sustainable growth. Further details of these initiatives and our priorities are set out in the following sections.

Revitalising Our Brand Portfolio

For Giordano, the Giordano 2.0 programme centres on reaffirming our promise of quality, value and everyday design more relevant and visible to today's consumers. At its heart is our ambition to be the Best Everyday Essentials provider, offering well-made, versatile products that customers can rely on every day. We are simplifying the range around hero categories where we have authority—tees, polos, denim, chinos, knits, and outerwear—while upgrading fabrications, refining fits, and strengthening the value architecture.

This is an evolution rather than a radical departure from where we are today. We are sharpening our proposition around our core strengths, while making our product stories more prominent and our shopping experience more immersive. It will feature a refreshed store concept that brings these stories to life through a clearer, more engaging presentation of our products, helping loyal customers reconnect with the brand while attracting a younger generation of shoppers.

As we progressively roll out Giordano 2.0 across our markets, we expect the stronger proposition and enhanced customer experience to support increased traffic, higher-quality sales, and deeper customer loyalty. Giordano Ladies – "*gl*" – will continue its repositioning toward a modern, effortless wardrobe for the contemporary woman. We are moving beyond traditional office dressing to offer products that combine comfort, style and versatility for both work and everyday occasions. We are curating tighter collections with clearer capsules, enhancing size and fit consistency, supported by a more engaging store experience centred on styling and service.

The early customer feedback to the new concept has reinforced our conviction that there is room for a brand that delivers quality, taste, and value without pretence. As we roll out the new concept to more stores and amplify our digital storytelling, we expect to deepen customer engagement, drive repeat purchases and improve margin mix, with greater emphasis on full-price sales.

Digital-First

Our "Digital-First" agenda remains central to creating a seamless, high-quality customer journey. In line with our relaunch of the Giordano core brand and the "*gl*" brand, we will be relaunching our proprietary sites across the markets, starting with Singapore and rolling to Hong Kong in Q4, followed by other markets in 2027.

The new sites will feature stronger content, improved navigation and a more seamless path to purchase, while we also expand O2O services such as click-and-collect and in-store return of online purchases to reduce friction and increase convenience. The relaunch of both brands provides an opportunity to refresh our CRM and loyalty programs. We are investing in better segmentation, tailored communications, and member-exclusive experiences that reward engagement rather than discount depth. As our digital and physical channels work more cohesively—supported by shared inventory visibility, consistent pricing logic, and aligned campaigns—we expect healthier traffic, higher conversion, and rising repeat rates without overreliance on promotions.

In addition, we will launch Giordano brands in North America and Europe towards the end of the year. Our product positioning and product type, and the quality and value that we represent, we believe, will resonate with consumers online in both markets. We see an opportunity to start our business in these regions given our offering of the best product at the best value and affordable pricing. We are also making progress in relaunching our brand in the India market. We see great opportunity for the Giordano core brand, particularly in e-commerce, and will look to partner with the right platforms to launch towards the end of this year.

Winning in Greater China, Strengthening Existing Markets

Winning in Greater China, particularly in Mainland China, is our biggest opportunity and top priority. As we have been strategically closing unprofitable stores since the reprioritisation of this market, we are now at a stage to relaunch the Giordano core brand in Mainland China, starting in southern China. Work has already started with the pitching of our brand to landlords. Geographically, our execution priorities are clear. In Mainland China, we will concentrate on tier-1 and tier-2 city malls and community hubs where the refreshed concepts resonate with aspirational consumers, and we will complement physical expansion with disciplined marketplace execution and social commerce where returns are proven. In Hong Kong and Macau, we will relaunch the Giordano core brand with a flagship store and then leverage a gradual recovery through inbound tourism and welcoming new consumers from competing brands, whilst maintaining a sharp focus on service and experience to elevate conversion. Taiwan remains a steady contributor where curated assortments and loyalty program enhancements can lift repeat purchases.

Without doubt, the Southeast Asia and GCC clusters are critical to the Group's performance, and we will continue to allocate resources to strengthen them. Across Southeast Asia—Indonesia, Thailand, Singapore, Malaysia and Vietnam—we see resilient middle-income consumption and a receptive customer for our elevated essentials; our plan focuses on the best retail locations, localised marketing, and improved marketplace operations. While heightened geopolitical tensions may create near-term volatility, we remain positive on the Middle East's long-term potential. We are deepening our presence in high-productivity malls and travel gateways, strengthening the refreshed concepts, and pursuing selective premiumization where brand equity and customer demand support it. These actions position us to capture share and drive profitable growth as conditions normalise.

One Giordano

We will continue to invest prudently in capabilities required to support and scale our brand transformation. Our design and merchandising teams are being equipped with better tools and analytics to support a test-and-scale model. Retail operations training will reinforce service standards, and our technology investments will prioritise systems that enhance decision-making in assortment planning, pricing, and inventory allocation. Sustainability remains a practical, business-led agenda: we will expand the use of responsibly sourced materials in core programmes where supply and quality are reliable, reduce packaging wastage, and continue to roll out energy-efficient equipment in renovated stores and distribution facilities. These initiatives align with our cost and risk objectives while strengthening brand equity with increasingly discerning customers.

Store portfolio optimisation is an important part of our transformation. Our approach remains quality over quantity: we will continue to close or relocate lower-productivity stores, prioritise high-traffic malls and transit gateways, and build clusters of rebranded stores that can reinforce awareness efficiently. Store standards and service will differentiate the brands as much as product does. Training is being sharpened around styling, product knowledge, and service rituals that bring the rebrand to life and lift conversion. In our franchise markets, we are strengthening collaboration on assortment alignment, visual standards, and data sharing to ensure consistent brand execution and faster adoption of best practices. As more locations are converted to the new concepts, we anticipate an uplift in sales density and an improved margin profile, particularly in stores that serve as local flagships.

Operational discipline also underpins the quality of our growth. We are reducing Stock Keeping United complexity, increasing depth on proven items, and tightening in-season buys to limit end-of-season exposure. Vendor consolidation, clearer performance scorecards, and calendar compression will improve agility and quality control, while diversified regional sourcing across Greater China and Southeast Asia helps us manage cost volatility and geopolitical risk. Inventory productivity remains a key management focus: better demand forecasting, improved replenishment logic for never-out-of-stock programs, and earlier end-of-life actions should support higher turns and a lower proportion of aged stock. We expect the mix shift toward elevated, repeatable hero categories and disciplined markdown management to support merchandise margin expansion over time.

Conclusion

We are mindful of the external environment. Consumer sentiment may remain uneven across markets, tourism flows can be volatile, and input costs and currencies require continued attention. Our mitigations are embedded in our plan: clearer brand differentiation to compete on quality and value rather than discount alone; diversified sourcing and disciplined buy planning to manage cost and lead-time risk; flexible channel execution to follow demand; and a store portfolio that emphasises productivity, optionality, and footprint. We will remain vigilant on managing our operating expenses and improve labour productivity, while retaining the flexibility to respond to changing market conditions.

Our financial position provides a strong foundation for the next phase of our transformation. Balance sheet strength and consistent cash generation enable us to fund the rebranding and store investments from operating cash flows while maintaining a disciplined approach to shareholder returns, subject to business conditions and the Board’s assessment.

The success of our transformation will be measured by our growth and profitability. We are confident that the rebranding of Giordano and Giordano Ladies will be a catalyst for durable, margin-accretive growth. By elevating product and experience, sharpening brand positioning, and executing with discipline across our multi-market, omni-channel platform, we expect to exit 2026 as a stronger, more focused company. While we will remain prudent in the face of external macro, geopolitical, and economic uncertainties, the clarity of our strategy, the early positive signals from our rebranding work, and the resilience of our operating model position us well to create sustained value for customers, employees, partners, and shareholders. Against this backdrop, we remain focused on delivering improved sales quality, expanding margins and robust cash generation in the second half of 2026 and beyond. We are confident that the actions we are taking today will position Giordano for sustainable growth over the long term.

OTHER INFORMATION

Human Resources

As of June 30, 2026, the Group had approximately 5,748 employees. The Group offers competitive remuneration packages and generous, goal-oriented incentives targeted to different levels of staff. We provide senior managers with performance-based/discretionary bonus schemes, as well as share options and awards to reward and retain a high-calibre leadership team. We also invest heavily in training in sales and customer service, management, planning, and leadership development to maintain a skilled and motivated workforce. The Group facilitates the younger executives to take up management roles. On June 30, 2026, the average age of the Group's management team was 48.

Interim Dividend

It is the Company's intention to return surplus cash to its shareholders through the payment of dividends and share repurchase. In line with its dividend policy, the Company has been paying a substantial portion of its earnings as an ordinary dividend, the amount of which may vary depending on cash on hand, future investment requirements and working capital considerations.

After due consideration of the economic outlook, the Group's financial position, its future expansion plans and other factors, the Board has declared an interim dividend of 6.7 HK cents per share (2025: 7.5 HK cents per share) for the six months ended June 30, 2026. The dividend is payable on Friday, October 2, 2026 to shareholders whose names appear on the register of members of the Company on Thursday, September 17, 2026.

Closure of Register of Members

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Wednesday, September 16, 2026 to Thursday, September 17, 2026, during which period no transfer of shares will be registered. The record date for determining the entitlement to the interim dividend is Thursday, September 17, 2026. In order to qualify for the interim dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, September 15, 2026.

Corporate Governance Code

A corporate governance report has been published and included in the Company's 2025 annual report, in which the Company reported the adoption of the code provisions as stated in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules as the corporate governance code of the Company.

During the period under review, the Company has complied with all applicable code provisions under the CG Code, except for the following deviation:

Code provision B.2.2

Code provision B.2.2 provides that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. According to the bye-laws of the Company, one-third of the Directors, with the exception of Chairman or Managing Director, shall retire from office by rotation at each annual general meeting. In the opinion of the Board, stability and continuation are key factors to the successful implementation of business plans. The Board believes that it is beneficial to the Group that there is continuity in the role of the Chairman and Managing Director, therefore, the Board is of the view that the Chairman and the Managing Director should be exempt from this arrangement at the present time.

Save as disclosed above, the corporate governance practices adopted by the Company during the period under review are in line with those practices set out in the Company's 2025 annual report.

Securities Transactions by Directors

The Company has adopted its own Code of Conduct for Securities Transactions by Directors (the "Code of Conduct for Securities Transactions"). This is on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules, and has been updated from time-to-time. Having made specific enquiries to all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code and the Code of Conduct for Securities Transactions throughout the six months ended June 30, 2026.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2026.

Review of Interim Results

The unaudited condensed consolidated interim financial information of the Group for the six months ended June 30, 2026 have been reviewed by PricewaterhouseCoopers, the external auditor of the Group, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has fully discussed auditing, risk management and internal control systems and financial reporting matters. The Audit Committee has also reviewed the unaudited interim results of the Group for the six months ended June 30, 2026 with Management.

By Order of the Board
Colin Melville Kennedy CURRIE
Chief Executive Officer and Executive Director

Hong Kong, August 26, 2026

At the date of this announcement, the Board comprises three Executive Directors; namely, Mr Colin Melville Kennedy CURRIE (Chief Executive Officer), Dr CHAN Ka Wai, and Mr Mark Alan LOYND; four Non-executive Directors; namely, Ms CHENG Chi-Man, Sonia (Chairman), Mr TSANG On Yip, Patrick, Mr CHENG Chi Leong, Christopher, and Mr LEE Chi Hin, Jacob; and four Independent Non-executive Directors; namely, Professor WONG Yuk (alias, HUANG Xu), Dr Alison Elizabeth LLOYD, Mr Victor HUANG and Mr CHAU Kwok Wing Kelvin.

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1 "Group revenue" comprises consolidated revenue from direct-operated stores' retail sales, and wholesale to franchisees.

2 "Group same-store sales" means retail revenue, save for revenue derived from the retail sales of newly-opened and terminated stores and stores temporarily closed for more than 10% of operating days of comparable periods for renovation or other purposes. These are at constant exchange rates.

3 "Global brand sales/gross profit" comprises all Giordano retail sales/gross profit from direct-operated stores, franchised stores, and stores operated by a joint venture. These are at constant exchange rates.

4 "Inventory turnover on cost" is calculated by dividing inventories at period-end by the cost of sales multiplied by the number of days in the period.