

Giordano Announces 2023 Final Results

Hong Kong, March 12, 2024

Giordano International Limited and its subsidiaries (the "Group") announced its 2023 final results today.

- Group revenue increased by 3.8% based on constant dollars, but only 1.9% to HK\$3,873 million (2022: HK\$3,799 million) when translated to Hong Kong dollars. The first-half growth was 5% as the COVID-19 adversity only began to dissipate in the second quarter of 2022. The gradual sales recovery continued in the second half of 2022, thus dwarfing the 2023 second-half relative growth rate.
- The Group derives its revenue from the four markets: approximately 38% from Greater China, 41% from Southeast Asia, 17% from the Gulf Cooperation Council markets, and 4% from South Korea and others. The Group owns a 48.5% South Korean joint venture with approximately 120 points-of-sales and a significant e-commerce operation.
- Group gross margin improved by 1.9 percentage points. The retail gross margin was 60.6% (2022: 59.5%).
- Operating expense-to-revenue ratio was maintained at 47.2%, reflecting the Group's continued cost control after COVID-19.
- Net profit attributable to the Company's shareholders was HK\$345 million (2022: HK\$268 million), an increase of 28.7%.
- The Company's Board of Directors, consistent with the Company's Dividend Policy, has recommended a final dividend of 13.5 HK cents per share (2022: 15.0 HK cents per share) to reach a total dividend of 30.5 HK cents per share for the year (2022: 23.5 HK cents), representing an increase of 29.8%. The final dividend payable, if approved, will amount to approximately HK\$218 million.
- Inventory turnover on cost declined by 27 days to 108 days. Further reduction is possible as we focus on pricing power instead of volume sales. Inventories at year-end were HK\$474 million (2022: HK\$612 million). The franchising model adopted for international expansion also economizes the Group's use of funds.
- The cash and bank balances, net of bank loans, were HK\$905 million on December 31, 2023 (2022: HK\$948 million). Capital expenditure during the year was HK\$87 million (2022: HK\$66 million).

Dr Peter Lau, Giordano's Chairman and Chief Executive, said, "For the fiscal year 2023, the Group has made a net profit of HK\$345 million, up 28.7% from 2022. The Board of Directors, following the Company's Dividend Policy, has suggested a 13.5 HK cents final dividend for a 30.5 HK cents full-year total dividend, up 29.8% from 2022".

Dr Lau commented, "The retail landscape remains unpredictable in 2024, characterized by ongoing geopolitical tensions, prolonged high-interest rate environment, and erratic international trade. The Group derives its revenue from the four markets; namely, 38% from Greater China, 41% from Southeast Asia, 17% from the Gulf Cooperation Council markets, and 4% from South Korea and others. The geographical diversification strategy is paying off in terms of mitigating regional risks. Under the present economics, we are cautious with expansion programs in established markets while adopting a bold approach in the emerging markets with franchising and licensing arrangements".

Dr. Lau emphasized, "In light of these uncertainties, the Group will focus on strategic pricing, innovative product development, retail space upgrade, and marketing efforts. Our profitable e-commerce sector, crucial to future retailing, will continue to grow on a solid foundation. In addition to its proprietary e-shops, the Group has fostered significant business relationships with established platforms".

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About Giordano:

Giordano is an international apparel retailer with a portfolio of brands, including *Giordano*, *Giordano Junior*, *Giordano Ladies*, *Beau Monde*, and other owned and licensed brands. Established in 1981, around 1,800 stores operate in Greater China, South Korea, Southeast Asia, Australia, the Gulf Cooperation Council, Africa, South Asia, and beyond. Giordano is listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 709).

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Attachment:
1. Consolidated income statement

<i>(In HK\$ million, except earnings per share)</i>	2023	2022
Revenue	3,873	3,799
Cost of sales	(1,610)	(1,653)
Gross profit	2,263	2,146
Other income and other gains, net	68	72
Distribution expense	(1,630)	(1,594)
Administrative expense	(198)	(199)
Operating profit	503	425
Finance expense	(40)	(25)
Share of profit of a joint venture	45	36
Profit before income taxes	508	436
Income taxes	(119)	(107)
Profit after income taxes for the year	389	329
Attributable to:		
Shareholders of the Company	345	268
Non-controlling interests	44	61
	389	329
Earnings per share attributable to shareholders of the Company		
Basic <i>(HK cents)</i>	21.6	17.0
Diluted <i>(HK cents)</i>	21.4	16.9

2. Store count

	Stores at December 31	
	2023	2022
Taiwan	168	182
Mainland China	143	158
Hong Kong and Macau	41	42
Greater China	352	382
Indonesia	238	233
Thailand	156	156
Malaysia	88	86
Vietnam	44	54
Singapore	30	29
Australia	6	6
Cambodia	3	3
Southeast Asia and Australia	565	567
Gulf Cooperation Council	138	134
Direct-operated stores	1,055	1,083
Mainland China	343	394
Overseas franchisees	424	397
Franchised stores	767	791
Total	1,822	1,874