

# GIORDANO

FOR IMMEDIATE RELEASE

## Giordano Announces 2024 Annual Results

### Giordano Delivers Solid Performance Fuelled by Strong 2H Growth of 5.9% Full-Year Revenue Up 1.2%, Exceeding Flat Growth Target

*Growth Driven by Sustained Sales Increases in SEA and GCC, and Robust Online Expansion in Mainland China; All Hong Kong and Macau Stores Profitable at Dec 2024; Setting Strong Foundation for the "Beyond Boundaries" Five-Year Strategy*

- The **Group's revenue for the full year was up by 1.2% to HK\$3,919 million**, reversing the 3.4% drop in the first half. On a constant exchange-rate basis, revenue was up 3.2%.
- The robust revenue growth was driven by a strong sales rebound in the second half, boosted by improved performances in Southeast Asia and Australia (SEA), the Gulf Cooperation Council (GCC) regions, and the online business in Mainland China. It also highlights the effectiveness of the Group's **Quick Win** initiatives implemented since May and its ability to adapt to market dynamics.
- The Group's strategic **Quick Win** initiatives, implemented since May to reset the Group's fundamentals for future growth, have yielded solid results. **Same-store sales increased by 2.3%**, driven by a strong 2H performance (+6.4%), rebounding from 1H (-1.4%). These initiatives focused on enhancing the in-store experience, optimising the product mix and driving increased foot traffic to the stores.
- **Online sales also reported a significant growth of 11.3%**, up 22.4% in 2H compared to -0.9% in 1H. This was primarily driven by the Group's e-commerce acceleration in Mainland China, leveraging multiple platforms to capitalise on key promotional events such as the successful Double Eleven campaign, which recorded total sales of CNY\$47million, up 30%.

Page | 1

(HKEx Stock Code: 00709)

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- Buoyed by the **Quick Win** initiatives, all stores in Hong Kong and Macau were profitable at December 2024.
- Impacted by the greater contribution from the online sales channels, which typically carries lower gross profit margin, and strategic clearance of aged inventory from previous years, the Group's **gross profit margin declined by 1.4 percentage points to 57.0%**.
- **Net profit attributable to the shareholders of the Company was HK\$216 million** (2023: HK\$345 million). This decline was primarily due to the one-off expenses stemming from the shareholders' requisition, which were reflected previously in the interim results, a substantial reduction in shared profit from the South Korean joint venture and the underperformance of Greater China, as well as the operating expenses associated with the "Beyond Boundaries" five-year strategy.
- **Inventories remained healthy at HK\$508 million** (2023: HK\$474 million). This was a direct result of the Group's successful focus on inventory management, including reducing aged inventory built up from previous years.
- **Cash and bank balances, net of bank loans, were HK\$810 million** (2023: HK\$905 million). The decrease was primarily due to the reduction in operating cash inflow driven by higher non-recurring expenses. That said, the **overall financial health remains robust**.
- Basic earnings per share were 13.4 HK cents (2023: 21.6 HK cents).
- The Board of Directors has recommended a final dividend of 6.0 HK cents per share (2023: 13.5 HK cents per share), **representing a payout ratio of 104.5%**, reflecting the Group's commitment of returning value to shareholders while balancing investment in growth opportunities.
- 2024 was a year of transition, supported by a series of successful **Quick Win** initiatives, laying the groundwork for the rollout of four strategic choices of the "Beyond Boundaries" five-year strategy:

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- Building Brand Desirability; Accelerating the Digital-First and e-Commerce Strategy; Winning in Mainland China and the Home Market of Hong Kong; and Committing to One Giordano, which will achieve cost savings and operational efficiency by consolidating functions under a centralised headquarters, creating economies of scale and fostering a unified vision across the Group.
- With “Beyond Boundaries”, the Group has created a clear roadmap to reset fundamentals, revitalise brand portfolio, recalibrate channels, and reconnect with consumers, which will ultimately **transform Giordano into a growth company**.

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**26 March, 2025 - Hong Kong**, Giordano International Limited (“Giordano”, the “Group” or the “Company”; SEHK stock code: 0709), today announces its annual results for the twelve months ended 31 December 2024 (“FY2024”).

## **Sustained Sales Increases in GCC and SEA Markets**

Revenue from the GCC region experienced a 3.3% increase while the SEA region saw positive growth of 2.5%. Both regions demonstrated resilience and stability, particularly in 2H of 2024, growing by 6.7% and 4.3%, respectively, supported by targeted efforts to enhance brand performance and address market-specific challenges.

Performance of SEA was stable with Indonesia being the largest contributor in the region. Throughout the year, the Group has undertaken strategic brand adjustment efforts in the region to enhance Giordano’s market positioning, driving further growth in this key market, particularly in the region’s online business which shows enormous growth potential.

Page | 3

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## Online sales rebound in Mainland China

The Group's online sales reported a significant growth of 11.3%, up 22.4% in 2H vs -0.9% in 1H. In particular, online sales in Mainland China showed positive signs of recovery, reporting a strong rebound in 2H with 29.8% growth. This turnaround was supported by the implementation of **Quick Win** initiatives, which accelerated the Group's online business across various channels. As a result, online sales contributed 63% to overall revenue in Mainland China, up from 55% in 2023.

Overall profitability in Mainland China was impacted by the change in channel mix business, leading to a lower gross profit and higher operating expenses associated with the online business. Consequently, coupled with the continued loss of the offline business due to the previous strategy of de-prioritising Mainland China, the Group reported a loss for the year in this market.

## Cautious Optimism for Hong Kong and Macau Amid Quick Win Initiatives

Buoyed by the **Quick Win** initiatives deployed since May, all stores in Hong Kong and Macau were profitable at December 2024 and there was an improvement in same-store sales growth (-4.9% in 1H vs -4.3%2H).

These initiatives focused on store operations and turnaround through improved merchandising strategies. They also enhanced the availability of bestsellers and strengthened storytelling at points of sale, driving traffic, customer engagement, and sales.

However, the profitability was adversely affected by higher operating expenses, including normalised rent costs, and a reduced gross margin due to the clearance of aged merchandise from previous years.

Hong Kong and Macau apparel markets remain challenging. Industry sales reported a low-single-digit decline year-on-year, primarily driven by the continued trend of consumers shifting their spending northbound to Mainland China and the absence of government consumption vouchers, which had previously contributed to a one-time surge in spending.

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Looking ahead, the Company is optimistic about the potential for improvement in sales and gross margin. The launch of new merchandise, supported by Giordano's excellent storytelling efforts, and focus on improved retail operations, is expected to resonate well with consumers and drive better performance in the future.

Commenting on the Group's 2024 performance, **Mr. Colin Currie, Chief Executive Officer of Giordano International Limited** said, "As I approach my first anniversary with the Company, I'm glad to see that the Giordano team are all aligned on our vision and strategy of transforming Giordano into a growth company. With this shared vision, and guided by our "Beyond Boundaries" roadmap, our team has demonstrated tremendous adaptability and support for our initiatives". He further added, "Mainland China and our home market of Hong Kong are central to our growth strategy. Our deep roots and local insights will enable us to grow in these dynamic markets".

*"The Group's online business holds significant growth potential. By adopting a digital-first strategy, we will prioritise e-commerce channel to drive accelerated growth, addressing our currently low online penetration compared to industry benchmarks".*

*"I'm confident in the groundwork we laid in 2024 for "Beyond Boundaries". We are now well-positioned to drive growth and achieve our long-term goals. For 2025, we will home-in on our aspiration of achieving a revenue growth of 3-5%; we will also strive to generate high-single digit, currency-neutral, revenue growth on average from 2025 to 2030, and target to deliver historical profit after tax margins".*

## **Progress and 2025 Priorities of "Beyond Boundaries"**

In August 2024, the Group announced its "Beyond Boundaries" five-year strategy, which would **Reset** fundamentals, **Revitalise** the brand portfolio, **Recalibrate** channels to a digital-first model, and **Reconnect** with consumers through great products and compelling storytelling, enhancing their overall experiences.

With the first year of the five-year journey commencing in 2025, the Group has completed the reorganization of its structure and operating model by bringing in top talent in the Design, Product and Merchandising, as well as the Digital and E Commerce functions. The new Design function, in particular, will focus on the "must-win" battlefield of Mainland China to guide this key market toward profitability.

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In the first quarter of 2025, the Group also implemented its reset business plan in Mainland China. This shift will focus on a channel-based approach, moving away from a regional approach, with an initial emphasis on developing the Southern region. This will leverage existing brand recognition and optimise operational efficiencies, supported by continued investments in the brand and product portfolio.

## **Improving Shopping Experience and Investing in Giordano Ladies**

As part of “Beyond Boundaries”, the Group will invest in improving the shopping experience of its offline stores across different markets. This will be done through stronger storytelling, more engaging visual merchandising, as well as immersive displays, allowing customers to engage with the brand in new and unique ways.

After years of limited investment, the Group will focus on revitalising Giordano Ladies, a premium brand with a strong legacy and loyal following. Introduced in 1997, the brand has consistently attracted a dedicated customer base, reaffirming its potential as a strategic priority for renewed investment. Starting in 2025, the Group will strengthen Giordano Ladies by enhancing its e-commerce strategy, optimising store locations and sizes to meet evolving market demands, and launching targeted marketing campaigns to better connect with today’s customers.

On the future plan and outlook, Mr. Currie continues, *“The performance in the second half of 2024 has strengthened our conviction that ‘Beyond Boundaries’ will enable us to regain our market position in Mainland China, reclaim our standing as a growth company, and become one of the best Asian apparel brand. The support and trust of our leadership, staff, and shareholders will be instrumental as we embark on this transformative journey together”.*

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Page | 6

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## **About Giordano**

Giordano is an international apparel retailer with a portfolio of brands, including *Giordano*, with its men's, women's and children's wear divisions, *Giordano Ladies*, *Beau Monde*, and other owned and licensed brands. Established in 1981, GIORDANO now has over 1,700 stores in over 30 countries around the world. Giordano is listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 0709).

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