



bossini

Corporate Presentation – Second Interim Results 2020/21

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Results Highlights

For the twelve months ended 30 Jun

	(HK\$m)	2021	2020	Change
Revenue		848	1,092	-22%
Gross Profit		431	534	-19%
Gross Margin (%)		51%	49%	+2% pts
EBITDA		(20)	(106)	+81%
Operating Loss		(143)	(319)	+55%
Loss for the period attributable to owners[#]		(155)	(368)	+58%
Basic loss per share[#] (HK cents)		(8.35)	(21.83)	+62%

[#] Including continuing and discontinued operations

Results Highlights

- The Group's revenue fell by 22%
- Gross profit decreased by 19% but gross margin increased by 2% points
- Loss attributable to owners was HK\$155 million (2020: HK\$368 million)
- Operated a total number of 882 stores with footprint across 22 countries and regions
- Net cash balance was HK\$373 million (2020: HK\$116 million)
- Inventory reduced to HK\$155 million (2020: HK\$210 million)

Operating Environment in 2020/21

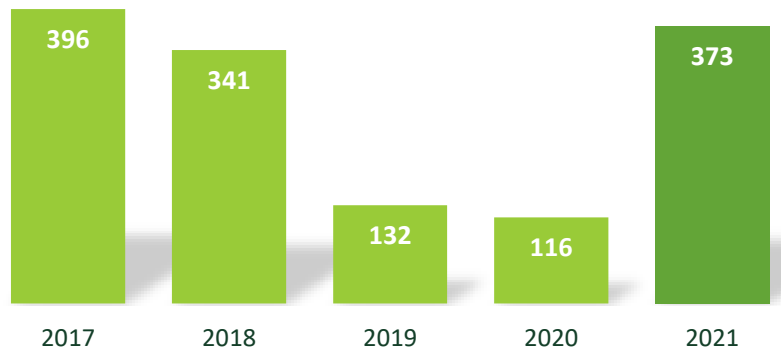
- The pandemic of COVID-19 outbreak continued to adversely affect the local retail sectors and suppress many economic activities globally, despite it started to moderate in some countries with the implementation of vaccination programmes in recent months
- In Hong Kong, the third and fourth waves of local COVID-19 infections at alarming levels induced stricter social distancing measures, which sharply reduced shopping activities and foot traffic as a result
- In and out of lockdown ahead of many other countries, the economy in mainland China powered ahead while much of the world was still struggling. However, given the volatility of the pandemic and the increased number of COVID-19 infections towards the end of the period under review, especially in Shenzhen and Guangzhou where most of our retail stores are located, retail sales in mainland China was less than expected

Financial Position

At 30 Jun

(HK\$mn)

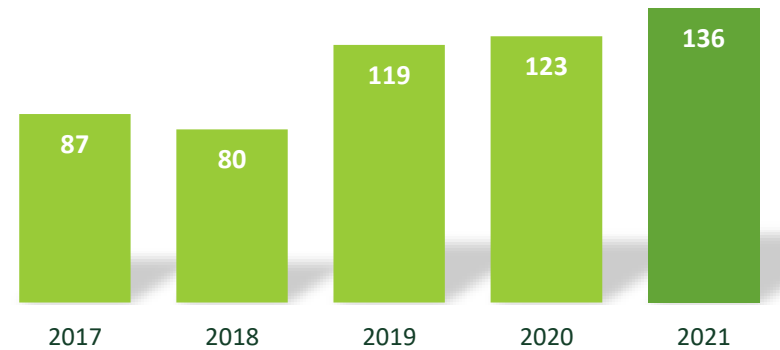
Net Cash *



* Time deposits, cash and bank balances less bank borrowings

(Days)

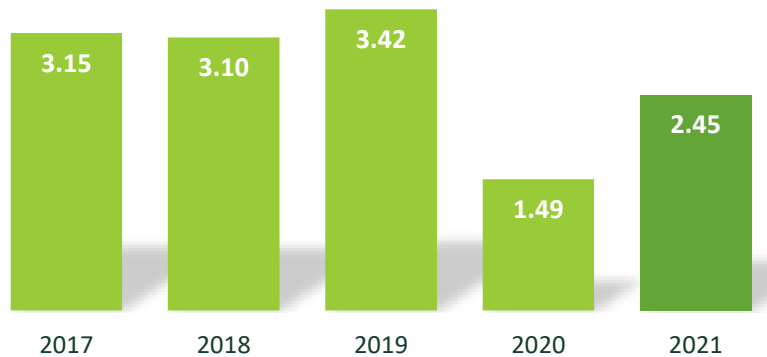
Inventory Turnover



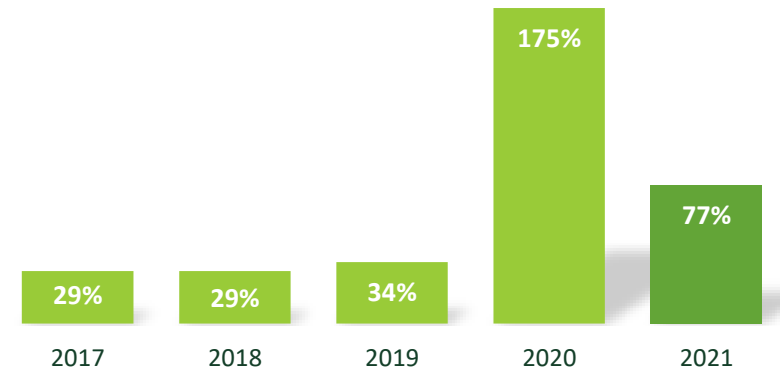
Inventory held at period end divided by cost of sales times 365 days

(Times)

Current Ratio

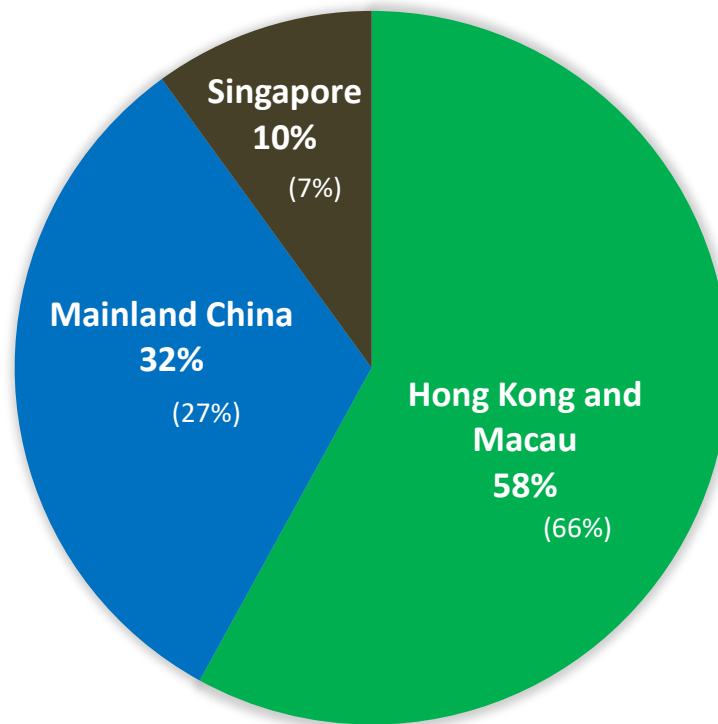


Total Liabilities to Equity Ratio ^



^ The total liabilities to equity ratio as at 30 Jun 2021 and 2020 were subject to the impact arising from the adoption of the Hong Kong Financial Reporting Standards ("HKFRS") 16, Leases

Revenue by Geographical Market



*For the twelve months ended 30 Jun 2021
(comparative figures for the twelve months
ended 30 Jun 2020 in brackets)*

Performance by Geographical Segment

Revenue

For the twelve months ended 30 Jun

<i>(HK\$mn)</i>	2021	2020	Change
Hong Kong and Macau	491	716	-31%
Mainland China	271	296	-8%
Singapore	86	80	+8%
Total	848	1,092	-22%

Segment Results

For the twelve months ended 30 Jun

2021	2020	Change
(109)	(199)	+45%
(50)	(102)	+51%
6	(36)	+117%
(153)	(337)	+55%

Performance by Geographical Segment

Same-Store Sales Growth *

For the twelve months ended 30 Jun

	2021	2020
Hong Kong and Macau	-22%	-19%
Mainland China	-12%	-8%
Singapore	2%	-11%
Taiwan[^]	n/a	11%
Total	-18%	-14%

* For directly managed stores only

[^] From discontinued operation



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International Footprint

	At 30 Jun	
	2021	2020
A) Directly managed stores	174	209
B) Export franchised stores	708	773
Total	882	982

882 stores (2020: 982) in 22 countries and regions

	At 30 Jun	
B) Export franchised stores	2021	2020
Bangladesh	1	1
Brunei	1	1
Czech Republic	-	2
Dominican Republic	-	4
India	213	230
Indonesia	-	8
Laos	1	1
Middle East*	376	405
Myanmar	15	19
Nepal	-	2
Reunion Island	2	1
Romania	3	4
Rwanda	1	1
Thailand	79	80
Venezuela	8	8
Vietnam	8	6
Sub-total	708	773

	At 30 Jun	
A) Directly managed stores	2021	2020
Hong Kong and Macau	34	38
Mainland China	124	154
Singapore	16	17
Sub-total	174	209

* The Middle East includes Armenia, Bahrain, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia and UAE

Capital Expenditure

	<i>For the twelve months ended 30 Jun</i>
<i>(HK\$mn)</i>	2021
Shop and office renovation	7
I.T. investment	4
Total	11

Outlook

- Reposition the Bossini brand from a lower end fast fashion brand to a street fashion and leisure brand bearing sports vitality
- Establish strategies on the new brand position and product direction, while allocate more resources on product development, product team reconstruction and related activities
- Invest significantly on new distribution channels under the new brand positioning, mainly through opening directly managed and franchised stores in better shopping malls and distribution channels suitable for a street fashion leisure brand in various provinces and cities in mainland China market
- Collaborate with Viva Technology, a wholly-owned subsidiary of Viva China Holdings, to further develop its e-commerce business and strengthen cooperation with various e-commerce platforms, aiming to explore in various ways for our e-commerce business
- Since the Bossini brand is repositioning and targeting at whole new distribution channels, its products will be substantially different from before. The next few years will be the Group's investment period with devotions in particular on products and channels, which formed the main motive behind the Group's fund-raising initiative through rights issue during the first half of 2021. If the pandemic persists during the investment period, the Group could possibly continue to incur losses



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