HOLLYWOOD, Calif., Oct. 25, 2013 /PRNewswire/ -- Frederick's of Hollywood Group Inc. (OTCQB: FOHL) ("Company") today announced the financial results for its fiscal 2013 fourth quarter and year ended July 27, 2013.

"The financial results for fiscal 2013 reflect the previous financial challenges we have faced, which impacted our ability to fully deliver on our merchandising strategy and overall brand strategy. However, we believe that these challenges can be overcome given the ongoing support we've received from certain vendors, partners and our lenders, and their commitment to the Frederick's of Hollywood brand," stated Thomas Lynch, the Company's Chairman and Chief Executive Officer.

Fiscal 2013 Fourth Quarter Compared to Fiscal 2012 Fourth Quarter:

- Net loss applicable to common shareholders was $7.6 million or $(0.19) per basic and diluted share, compared with a net loss of $4.0 million or $(0.10) per basic and diluted share.
- Net sales decreased 19.0% to $16.5 million from $20.3 million.
- Comparable store sales decreased 12.6%.
- Total store sales decreased 16.0% to $11.4 million.

- Direct sales (e-commerce and catalog) decreased 22.0% to $4.8 million.
- Other revenue, consisting of shipping revenue, commissions earned on direct sell-through programs, breakage on gift cards and product sales to the Company's licensing partner in the Middle East, decreased 57.9% to $0.2 million.

- Gross margin, as a percentage of net sales, decreased to 24.1% from 32.4%.
- Selling, general and administrative expenses decreased to $9.1 million, or 55.3% of sales, from $9.5 million or 46.7% of sales.

Fiscal Year Ended July 27, 2013 Compared with Fiscal Year Ended July 28, 2012:

- Net loss applicable to common shareholders was $23.5 million, or $(0.60) per basic and diluted share, compared with a net loss of $6.5 million, or $(0.17) per basic and diluted share.
- Net sales decreased 22.3% to $86.5 million from $111.4 million.

- Comparable store sales decreased 16.7%.
- Total store sales decreased 20.1% to $56.5 million.
- Direct sales (e-commerce and catalog) decreased 23.5% to $27.4 million.
- Other revenue decreased 46.5% to $2.5 million.

- Gross margin, as a percentage of net sales, decreased to 29.1% from 37.4%
- Selling, general and administrative expenses decreased to $43.0 million, or 49.7% of sales, from $45.8 million or 41.1% of sales.

Forward Looking Statement Certain of the matters set forth in this press release are forward-looking and involve a number of risks and uncertainties. These statements are based on management's current expectations or beliefs. Actual results may vary materially from those expressed or implied by the statements herein. Among the factors that could cause actual results to differ materially are the following: competition; working capital needs; competition;

business conditions and industry growth; rapidly changing consumer preferences and trends; general economic conditions; continued compliance with government regulations; loss of key personnel; labor practices; product development; management of growth, increases in costs of operations or inability to meet efficiency or cost reduction objectives; timing of orders and deliveries of products; risks of doing business abroad; the ability to protect our intellectual property; and the other risks that are described from time to time in the Company's SEC reports. The Company is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise.

About Frederick's of Hollywood Group Inc. Frederick's of Hollywood Group Inc., through its subsidiaries, sells women's intimate apparel and related products under its proprietary Frederick's of Hollywood® brand through 112 specialty retail stores, a catalog and an online shop at http://www.fredericks.com/. With its exclusive product offerings including Seduction by Frederick's of Hollywood and the Hollywood Exxtreme Cleavage® bra, Frederick's of Hollywood is the Original Sex Symbol®.

Our press releases and financial reports can be accessed on our corporate website at http://www.fohgroup.com.

This release is available on the KCSA Strategic Communications Web site at http://www.kcsa.com.

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(Tables Below)

FREDERICK'S OF HOLLYWOOD GROUP INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

(In Thousands)

July 27,

July 28,

2013

2012

ASSETS

CURRENT ASSETS:

Cash

$ 201

$ 741

Accounts receivable

926

997

Merchandise inventories

11,333

12,915

Prepaid expenses and other current assets

815

952

Deferred income tax assets

93

48

Total current assets

13,368

15,653

PROPERTY AND EQUIPMENT, Net

3,196

6,806

INTANGIBLE ASSETS

18,259

18,259

OTHER ASSETS

1,376

756

TOTAL ASSETS

$ 36,199

$ 41,474

LIABILITIES AND SHAREHOLDERS' DEFICIENCY

CURRENT LIABILITIES:

Revolving credit facilities

$ 6,078

$ 7,356

Accounts payable and other accrued expenses

19,639

14,623

Total current liabilities

25,717

21,979

DEFERRED RENT AND TENANT ALLOWANCES

3,006

3,887

TERM LOANS

14,068

9,039

DEFERRED INCOME TAX LIABILITIES

7,397

7,352

WARRANT LIABILITY

3,402

-

OTHER

10

-

TOTAL LIABILITIES

53,600

42,257

TOTAL SHAREHOLDERS' DEFICIENCY

(17,401)

(783)

TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY

$ 36,199

$ 41,474

FREDERICK'S OF HOLLYWOOD GROUP INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands, Except Per Share Amounts)

Three Months Ended

(Unaudited)

Year Ended

July 27, 2013

July 28, 2012

July 27, 2013

July 28, 2012

Net sales

$ 16,471

$ 20,342

$ 86,507

$ 111,406

Cost of goods sold, buying and occupancy

12,503

13,761

61,328

69,782

Gross profit

3,968

6,581

25,179

41,624

Selling, general and administrative expenses

9,108

9,506

42,968

45,757

Loss on abandonment

-

-

755

-

Impairment of long-lived assets

889

-

2,184

-

Operating loss

(6,029)

(2,925)

(20,728)

(4,133)

Other income/(expense)

Interest expense, net

(625)

(925)

(2,137)

(2,224)

Fair value (loss)/gain on warrant

(571)

-

381

-

Loss before income tax benefit/(provision)

(7,225)

(3,850)

(22,484)

(6,357)

Income tax benefit/(provision)

37

(25)

(38)

(75)

Net loss

(7,188)

(3,875)

(22,522)

(6,432)

Less: Preferred stock dividends

431

84

933

84

Net loss applicable to common shareholders

$ (7,619)

$ (3,959)

$ (23,455)

$ (6,516)

Basic and diluted net loss per share applicableto common shareholders

$ (0.19)

$ (0.10)

$ (0.60)

$ (0.17)

Weighted average shares outstanding – basic and diluted

39,138

38,963

39,043

38,844

SOURCE Frederick's of Hollywood Group Inc.

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