

30 September 2021

HALLENSTEIN GLASSON HOLDINGS LIMITED

RESULTS FOR FULL YEAR ENDED 1 AUGUST 2021

The Company advises that Group sales for the 12 months to 1 August 2021 were \$350.76 million which were +21.9% up on the prior year (\$287.76 million).

The audited net profit after tax for the 12 months was \$33.32 million, an increase of 20.0% on the prior corresponding period (\$27.77 million).

Overall the sales growth experienced compared to the prior corresponding period was pleasing in an extremely challenging environment. All brands experienced strong growth as stores reopened from the 2020 lockdowns, with the Groups inventory management ensuring that our stores were well stocked with product the customers wanted. Online sales have continued to grow throughout the year and have been supported by the release of the Glassons App and the establishment of a USA website to sell direct to US based customers. The increased sales on the prior year also compares to the periods where stores were closed in 2020.

The Gross Margin declined during the year due to a number of factors including unfavourable exchange rates with the US Dollar in both New Zealand and Australia as well as challenges with freight costs resulting from the ongoing global impact of COVID-19. During the financial period additional controls were implemented post the lockdowns including reducing operating costs, claiming of Australian government subsidies, working with our suppliers on payment terms where appropriate, placing capital projects on hold, and negotiating rent relief with landlords. This resulted in costs being well controlled.

As in the previous financial year the Group continues to take steps to preserve liquidity, most importantly managing stock levels and costs across the business. During the financial year a number of rental negotiations were settled with landlords for the previous lockdown periods. There are still a number of negotiations ongoing for these and the more recent lockdowns.

Glassons – New Zealand & Australia

Sales in New Zealand for the year were \$119.91 million, an increase of 16.88% on the prior year. Net profit after tax was \$11.55 million, a decrease of 5.3% on the prior corresponding period (\$12.20 million, included \$1.01 million gain on sale).

Over the last year the Nelson store was refurbished in June, and the Sylvia Park, Auckland store was extended and refurbished in July. The outlet store in Onehunga, Auckland was also refurbished in July.

Sales in Australia were \$133.65 million which was an increase of 38.23% on the corresponding period. Net profit after tax was \$16.42 million, an increase of 75.5% on the prior corresponding period (\$9.36 million).

During the year, one new store was opened in Broadway, Sydney. The Chatswood, Sydney store was closed and re-opened in a new location and the Chermside, Brisbane store was refurbished. In July, a store in Greensborough, Melbourne was closed. The business continues to look for opportunities for new stores in Australia with a number of sites currently under review, to support planned growth. A store in Marion, Adelaide has been opened post year end in September.

During the year additional space was taken adjacent to the current Fulfilment Centre in Sydney to increase capacity and ensure that the significant growth in online sales was adequately supported.

With the large increases in online sales there has been significant investment in digital including the launch of an omni-channel Glassons app in October which has seen more than 300,000 downloads, and a specific Glassons USA website to serve our growing US customer base. The sales to US customers for the completed financial year were fulfilled from both New Zealand and Australia, but are presently fulfilled just from Australia.

Glassons continues to bring the latest trends that customers want to the market through stores and online. The team have found new ways of working to ensure they are agile as well as maintaining a focus on sustainability. Glassons carries on the focus on putting the customer first by using digital solutions to engage and listen. This helps Glassons to maintain a strong brand position in both established markets and new markets.

Hallenstein Brothers

Sales for the 12 month period were \$97.20 million (including Australia), an increase of 9.86% on the prior period. Net profit after tax was \$4.82 million, an increase of 7.5% on the prior corresponding period (\$4.48 million).

Stores in Napier and Taupo were refreshed during the year and new fixtures to better display product was rolled out to key stores.

Sales showed a promising increase compared to the prior year and it was pleasing to see growth in casual categories, which largely offset the move away in menswear from more formal dressing. Covid-19 has been the trigger for a significant shift in consumer habits with a far more casual approach taken to what would traditionally be worn in the office and events, and the business has been able to pivot and adapt accordingly. Casual categories continue to outperform over the financial year with the team continuing to focus on current trends and must have products.

With product quality improved with sustainability in mind, product continues to be essential to our performance. Customer service and engagement continues to be integral to our success with new service training programs introduced and better web site design.

E-Commerce

Online sales grew over the period by 31.27% against the prior year with significant growth experienced during periods of store closures. Online sales now represent 24.04% of total sales for the full financial year, up from 21.88% in the prior year. The growth in online sales have continued into the new financial year being ahead of last year, again supported by COVID-19 enforced store closures across the network.

Investment continues in digital to ensure we are ahead of the market in our functionality and technology as well as our web fulfillment in Distribution Centers. There is also focus on digital marketing and customer experience to continue to accelerate our online sales growth.

Dividend

The Directors consider it prudent to defer the declaration of the final dividend until Auckland and the Australian states of NSW and VIC have come out of their respective lockdowns and retail stores can trade again.

Future Outlook

Following New Zealand moving to Level 4 at 11:59pm on Tuesday 17 August, all Hallenstein Brothers and Glassons stores in New Zealand were closed. On Wednesday 8 September, all stores outside of Auckland were reopened as the rest of New Zealand entered Level 2. Auckland stores remain closed until further notice in line with current Government regulations. Twelve stores in Victoria and Fourteen stores in New South Wales Australia have been closed since restrictions were placed on the states earlier in the year. Stores will be re-opened in line with the various State Government guidelines.

The first eight weeks of the new financial year have seen Group sales decline -18.90% on the prior year, this has been driven predominantly by multiple store closures across both New Zealand and Australia in response to the recent COVID-19 outbreaks in both countries. With a date for reopening the Auckland stores still uncertain, and with NSW and VIC expecting to open in October and November respectively, the Group anticipates profitability in the current year will be adversely impacted compared to the period just completed. We will continue to be cautious in regard to the future impacts of COVID-19.

An update will be provided at the Annual Meeting of Shareholders in December 2021.

Stuart Duncan

Group CEO

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