



2022

INTERIM REPORT



# CONT

GROUP CEO'S  
REPORT 02

STATEMENT OF  
COMPREHENSIVE  
INCOME 04

STATEMENT  
OF FINANCIAL  
POSITION 05

STATEMENT  
OF CHANGES  
IN EQUITY 06

STATEMENT OF  
CASH FLOWS 07

NOTES TO  
THE FINANCIAL  
STATEMENTS 09

# EVENTS

# GROUP CEO'S REPORT



The Company advises that Group sales for the six months to 1 February 2022 were \$170.63 million, a decrease of 6.2% over the corresponding period last year (\$181.98 million). Net profit after tax was \$11.91 million (unaudited), a decrease of 40.0% over the corresponding period last year (\$19.84 million). The result is in line with the guidance announced to the NZX on 17 February 2022.

Gross margin on sales was 57.9% compared with 56.5% in the prior corresponding period. The improvement came with better prices negotiated with suppliers and more favorable exchange rates, but partially off-set by increased freight costs resulting from the ongoing global impact of COVID-19. During the financial period additional cost controls were implemented, reducing operating costs and inventory levels were well managed to preserve liquidity.

During the half, trade continued to be disrupted by COVID-19 resulting in 5,432 lost trading days due to the various lockdowns across the New Zealand and Australia store network. Where stores were unable to trade due to the various lockdowns, the Group has entered negotiations for rent relief support from landlords. While some negotiations have been resolved, others are ongoing.

## SEGMENT RESULTS

### GLASSONS

Sales in Australia were \$71.89 million for the six-month period, which were up +5.1% against the prior corresponding period. During the season a new store was opened in Marion, Adelaide. This is the first store in South Australia and has been very successful since its opening. A new store in Penrith, Sydney opened on 24th March, and a new store in Canberra, ACT is due to open in April 2022. The store in Burwood, Sydney was closed in March. There are currently a number of sites being reviewed for potential openings in Australia to further expand the business.

Sales in New Zealand were \$53.44 million, which was down -13.6% against the same period last year. The lockdowns in New Zealand significantly impacted the results of the in-store performance. There is continued focus on technology and the effectiveness of being omni channel with an increase in investment to support the digital strategy.

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 of 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.



STUART DUNCAN  
GROUP CEO

### HALLENSTEIN BROTHERS

Sales were \$45.30 million for the six-month period (including Australia), with sales declining -12.4% against the same period last year. As noted earlier, the New Zealand lockdowns had a significant impact on the store performance for the brand.

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 at 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.

### E-COMMERCE

Digital sales have increased to 32.8% of total Group sales for the six-month period, up from 23.8% in the same period last year. There is an increased focus on digital marketing across the Group to drive engagement across all channels. The Glassons App continues to be very successful with more than 500,000 downloads, while significant work has been undertaken on the Hallensteins web shop to improve the look and the customer experience.

### DIVIDEND

The Directors have declared an interim dividend of 18 cents per share (partially imputed) (last year 23 cents per share) to be paid on 14 April 2022. The balance sheet continues to be strong and inventories well controlled.

### FUTURE OUTLOOK

The trading environment for the first seven weeks of the winter season has remained challenging, with the Omicron outbreak in full swing in New Zealand, and still present but appearing past its peak in Australia. Group sales for the first seven weeks of the winter season are +0.5% ahead of the same period last year.

The business remains hopeful that the worst of the Omicron outbreak will soon be behind us and is looking forward to a stronger finish to the financial year. We will continue to focus on building digital engagement with our customers, enhancing the store experience whilst maintaining cost control and delivering the latest on trend product with a focus on sustainability.

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 1 FEBRUARY 2022 (UNAUDITED)

| \$000's   | NOTE       | SIX MONTHS<br>ENDED<br>1/2/22 | SIX MONTHS<br>ENDED<br>1/2/21 |
|---|------------|-------------------------------|-------------------------------|
| <b>Sales revenue</b>  |            | <b>170,631</b>                | 181,977                       |
| Cost of sales   |            | <b>(71,864)</b>               | (79,148)                      |
| <b>Gross profit</b>   |            | <b>98,767</b>                 | 102,829                       |
| Other operating income  |            | <b>118</b>                    | 185                           |
| Selling expenses  |            | <b>(62,902)</b>               | (56,565)                      |
| Distribution expenses   |            | <b>(5,803)</b>                | (5,719)                       |
| Administration expenses   |            | <b>(12,336)</b>               | (11,491)                      |
| <b>Total expenses</b>   | <b>2.2</b> | <b>(81,041)</b>               | (73,775)                      |
| <b>Operating profit</b>   |            | <b>17,844</b>                 | 29,239                        |
| Finance income  |            | <b>57</b>                     | 66                            |
| Finance expense   |            | <b>(1,016)</b>                | (1,312)                       |
| <b>Profit before income tax</b>   |            | <b>16,885</b>                 | 27,993                        |
| Income tax expense  |            | <b>(4,973)</b>                | (8,149)                       |
| <b>Net profit after tax attributable to the shareholders<br/>of the Holding Company</b> |            | <b>11,912</b>                 | 19,844                        |
| <b>Other comprehensive income</b>   |            |                               |                               |
| <b>- Items that will not be reclassified to profit or loss</b>                          |            |                               |                               |
| Increase in share option reserve  |            | <b>86</b>                     | 12                            |
| <b>- Items that may be subsequently reclassified to profit or loss</b>                  |            |                               |                               |
| Fair value (loss)/gain (net of tax) in cash flow hedge reserve                          |            | <b>243</b>                    | 132                           |
| <b>Total comprehensive income for the year</b>  |            | <b>12,241</b>                 | 19,988                        |
| <b>Earnings per share</b>   |            |                               |                               |
| Basic and diluted earnings per share  |            | <b>19.97</b>                  | 33.27                         |

The notes to the financial statements form an integral part of and are to be read in conjunction with these financial statements.

# STATEMENT OF FINANCIAL POSITION

AS AT 1 FEBRUARY 2022 (UNAUDITED)

| \$000's                          | NOTE | AS AT<br>1/2/22 | AS AT<br>1/2/21 | AS AT<br>1/8/21 |
|----------------------------------|------|-----------------|-----------------|-----------------|
| <b>EQUITY</b>                    |      |                 |                 |                 |
| Contributed equity               |      | 27,361          | 28,091          | 27,357          |
| Asset revaluation reserve        |      | 24,846          | 19,925          | 24,846          |
| Cashflow hedge reserve           |      | 750             | (1,746)         | 507             |
| Share option reserve             |      | 187             | 17              | 101             |
| Retained earnings                |      | 33,937          | 36,572          | 36,342          |
| <b>Total equity</b>              |      | <b>87,081</b>   | 82,859          | 89,153          |
| Represented by                   |      |                 |                 |                 |
| <b>CURRENT ASSETS</b>            |      |                 |                 |                 |
| Cash and cash equivalents        |      | 32,898          | 36,378          | 39,204          |
| Trade and other receivables      |      | 432             | 144             | 239             |
| Advances to employees            |      | 269             | 292             | 291             |
| Prepayments                      |      | 5,385           | 2,404           | 1,559           |
| Inventories                      | 3    | 22,361          | 24,394          | 27,810          |
| Derivative financial instruments |      | 1,052           | 25              | 715             |
| <b>Total current assets</b>      |      | <b>62,397</b>   | 63,637          | 69,818          |
| <b>NON-CURRENT ASSETS</b>        |      |                 |                 |                 |
| Property, plant and equipment    | 4    | 50,040          | 45,681          | 52,025          |
| Right of use assets              |      | 58,076          | 70,796          | 67,223          |
| Investment property              |      | 3,372           | 3,212           | 3,372           |
| Intangible assets                |      | 548             | 559             | 566             |
| Deferred tax                     |      | 7,186           | 7,582           | 6,474           |
| <b>Total non-current assets</b>  |      | <b>119,222</b>  | 127,830         | 129,660         |
| <b>Total assets</b>              |      | <b>181,619</b>  | 191,467         | 199,478         |
| <b>CURRENT LIABILITIES</b>       |      |                 |                 |                 |
| Trade payables                   |      | 8,352           | 9,166           | 8,826           |
| Employee benefits                |      | 7,281           | 6,137           | 7,131           |
| Other payables                   |      | 9,661           | 7,782           | 13,124          |
| Lease liabilities                |      | 23,365          | 25,255          | 22,991          |
| Derivative financial instruments |      | -               | 2,472           | 1               |
| Taxation payable                 |      | 438             | 2,785           | 4,611           |
| <b>Total current liabilities</b> |      | <b>49,097</b>   | 53,597          | 56,684          |
| <b>NON-CURRENT LIABILITIES</b>   |      |                 |                 |                 |
| Lease liabilities                |      | 45,441          | 55,011          | 53,641          |
| <b>Total liabilities</b>         |      | <b>94,538</b>   | 108,608         | 110,325         |
| <b>Net assets</b>                |      | <b>87,081</b>   | 82,859          | 89,153          |

The notes to the financial statements form an integral part of and are to be read in conjunction with these financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 1 FEBRUARY 2022 (UNAUDITED)

| \$000's   | SHARE<br>CAPITAL | TREASURY<br>STOCK | ASSET<br>REVALUATION<br>RESERVE | CASH<br>FLOW<br>HEDGE<br>RESERVE | SHARE<br>OPTION<br>RESERVE | RETAINED<br>EARNINGS | TOTAL<br>EQUITY |
|---|------------------|-------------------|---------------------------------|----------------------------------|----------------------------|----------------------|-----------------|
| <b>Balance at 1 August 2020</b>                       | 29,279           | (220)             | 19,925                          | (1,878)                          | 64                         | 39,932               | 87,102          |
| <b>COMPREHENSIVE INCOME</b>                           |                  |                   |                                 |                                  |                            |                      |                 |
| Profit for year                                       | -                | -                 | -                               | -                                | -                          | 19,844               | 19,844          |
| Cash flow hedges net of tax                           | -                | -                 | -                               | 132                              | -                          | -                    | 132             |
| Increase in share option reserve                      | -                | -                 | -                               | -                                | 12                         | -                    | 12              |
| <b>Total comprehensive income</b>                     | -                | -                 | -                               | 132                              | 12                         | 19,844               | 19,988          |
| <b>TRANSACTIONS WITH OWNERS</b>                       |                  |                   |                                 |                                  |                            |                      |                 |
| Purchase of treasury stock                            | -                | (1,191)           | -                               | -                                | -                          | -                    | (1,191)         |
| Transfer of share option reserve to retained earnings | -                | -                 | -                               | -                                | (59)                       | 59                   | -               |
| Dividends   | -                | 74                | -                               | -                                | -                          | (23,263)             | (23,189)        |
| Transfer To Employee Advances                         | -                | 149               | -                               | -                                | -                          | -                    | 149             |
| <b>Total transactions with owners</b>                 | -                | (968)             | -                               | -                                | (59)                       | (23,204)             | (24,231)        |
| <b>Balance at 1 February 2021</b>                     | 29,279           | (1,188)           | 19,925                          | (1,746)                          | 17                         | 36,572               | 82,859          |
| <b>COMPREHENSIVE INCOME</b>                           |                  |                   |                                 |                                  |                            |                      |                 |
| Profit for year                                       | -                | -                 | -                               | -                                | -                          | 13,476               | 13,476          |
| Revaluation net of tax                                | -                | -                 | 4,921                           | -                                | -                          | -                    | 4,921           |
| Cash flow hedges net of tax                           | -                | -                 | -                               | 2,253                            | -                          | -                    | 2,253           |
| Increase in share option reserve                      | -                | -                 | -                               | -                                | 97                         | -                    | 97              |
| <b>Total comprehensive income</b>                     | -                | -                 | 4,921                           | 2,253                            | 97                         | 13,476               | 20,747          |
| <b>TRANSACTIONS WITH OWNERS</b>                       |                  |                   |                                 |                                  |                            |                      |                 |
| Purchase of treasury stock                            | -                | (773)             | -                               | -                                | -                          | -                    | (773)           |
| Transfer of share option reserve to retained earnings | -                | -                 | -                               | -                                | (13)                       | 13                   | -               |
| Dividends   | -                | -                 | -                               | -                                | -                          | (13,719)             | (13,719)        |
| Transfer to employee advances                         | -                | 39                | -                               | -                                | -                          | -                    | 39              |
| <b>Total transactions with owners</b>                 | -                | (734)             | -                               | -                                | (13)                       | (13,706)             | (14,453)        |
| <b>Balance at 1 August 2021</b>                       | 29,279           | (1,922)           | 24,846                          | 507                              | 101                        | 36,342               | 89,153          |
| <b>COMPREHENSIVE INCOME</b>                           |                  |                   |                                 |                                  |                            |                      |                 |
| Profit for year                                       | -                | -                 | -                               | -                                | -                          | 11,912               | 11,912          |
| Cash flow hedges net of tax                           | -                | -                 | -                               | 243                              | -                          | -                    | 243             |
| Increase in share option reserve                      | -                | -                 | -                               | -                                | 86                         | -                    | 86              |
| <b>Total comprehensive income</b>                     | -                | -                 | -                               | 243                              | 86                         | 11,912               | 12,241          |
| <b>TRANSACTIONS WITH OWNERS</b>                       |                  |                   |                                 |                                  |                            |                      |                 |
| Dividends   | -                | 4                 | -                               | -                                | -                          | (14,317)             | (14,313)        |
| <b>Total transactions with owners</b>                 | -                | 4                 | -                               | -                                | -                          | (14,317)             | (14,313)        |
| <b>Balance at 1 February 2022</b>                     | 29,279           | (1,918)           | 24,846                          | 750                              | 187                        | 33,937               | 87,081          |

The notes to the financial statements form an integral part of and are to be read in conjunction with these financial statements.



# STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 1 FEBRUARY 2022 (UNAUDITED)

| \$000's  | SIX MONTHS<br>ENDED<br>1/2/22 | SIX MONTHS<br>ENDED<br>1/2/21 |
|--|-------------------------------|-------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                            |                               |                               |
| <b>Cash was provided from:</b>   |                               |                               |
| Sales to customers   | 170,438                       | 181,924                       |
| Rent received  | 118                           | 185                           |
| Government grants  | 1,938                         | 3,864                         |
| Interest received  | 53                            | 61                            |
| Interest on debtors  | 4                             | 5                             |
|  | <b>172,551</b>                | 186,039                       |
| <b>Cash was applied to:</b>  |                               |                               |
| Payments to suppliers  | 105,991                       | 115,763                       |
| Payments to employees  | 34,345                        | 31,832                        |
| Interest paid on leases  | 1,016                         | 1,312                         |
| Taxation paid  | 9,954                         | 9,219                         |
|  | <b>151,306</b>                | 158,126                       |
| <b>Net cash flows from operating activities</b>                        | <b>21,245</b>                 | 27,913                        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                            |                               |                               |
| <b>Cash was provided from:</b>   |                               |                               |
| Proceeds from sale of property, plant, equipment and intangible assets | 42                            | 67                            |
| Repayment of employee advances   | 22                            | 148                           |
|  | <b>64</b>                     | 215                           |
| <b>Cash was applied to:</b>  |                               |                               |
| Purchase of property, plant, equipment and intangible assets           | 3,034                         | 2,033                         |
|  | <b>3,034</b>                  | 2,033                         |
| <b>Net cash flows applied to investing activities</b>                  | <b>(2,970)</b>                | (1,818)                       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                            |                               |                               |
| <b>Cash was provided from:</b>   |                               |                               |
| Proceeds from sale of treasury stock and dividends                     | 4                             | 74                            |
|  | <b>4</b>                      | 74                            |
| <b>Cash was applied to:</b>  |                               |                               |
| Dividend paid  | 14,317                        | 23,263                        |
| Purchase of treasury stock   | -                             | 1,191                         |
| Lease liability payments   | 10,268                        | 14,979                        |
|  | <b>24,585</b>                 | 39,433                        |
| <b>Net cash flows applied to financing activities</b>                  | <b>(24,581)</b>               | (39,359)                      |
| <b>Net (decrease)/increase in funds held</b>                           | <b>(6,306)</b>                | (13,264)                      |
| <b>Cash and cash equivalents at the beginning of the period</b>        | <b>39,204</b>                 | 49,642                        |
| <b>Cash and cash equivalents at the end of the period</b>              | <b>32,898</b>                 | 36,378                        |

The notes to the financial statements form an integral part of and are to be read in conjunction with these financial statements.

# STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 1 FEBRUARY 2022 (UNAUDITED)

## RECONCILIATION OF PROFIT AFTER TAXATION TO CASH FLOWS FROM OPERATING ACTIVITIES

| <b>\$000's</b>  | <b>SIX MONTHS<br/>ENDED<br/>1/2/22</b> | <b>SIX MONTHS<br/>ENDED<br/>1/2/21</b> |
|---|--|--|
| <b>NET PROFIT AFTER TAXATION</b>  | <b>11,912</b>                          | 19,844                                 |
| <b>ADD/(DEDUCT) ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES</b> |  |  |
| Gain on sale of plant and equipment                                       | <b>(40)</b>                            | (32)                                   |
| <b>ADD/(DEDUCT) NON CASH ITEMS</b>  |  |  |
| Depreciation and amortisation   | <b>16,624</b>                          | 17,550                                 |
| Deferred taxation   | <b>(807)</b>                           | (411)                                  |
| Share option expense  | <b>86</b>                              | 12                                     |
| <b>ADD/(DEDUCT) MOVEMENTS IN WORKING CAPITAL ITEMS</b>                    |  |  |
| Taxation payable  | <b>(4,173)</b>                         | (660)                                  |
| Trade and other receivables and prepayments                               | <b>(4,019)</b>                         | 835                                    |
| Trade and other payables and employee benefits                            | <b>(3,787)</b>                         | (9,468)                                |
| Inventories   | <b>5,449</b>                           | 243                                    |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>                           | <b>21,245</b>                          | 27,913                                 |

The notes to the financial statements form an integral part of and are to be read in conjunction with these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 1 FEBRUARY 2022 (UNAUDITED)

## 1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

This section presents a summary of information considered relevant and material to assist the reader in understanding the foundations on which the financial statements as a whole have been compiled.

### 1.1 GENERAL INFORMATION

#### REPORTING ENTITY

Hallenstein Glasson Holdings Limited (“Company” or “Parent”) together with its subsidiaries (the “Group”) is a retailer of men’s and women’s clothing in New Zealand and Australia.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Level 3, 235-237 Broadway Newmarket, Auckland.

#### STATUTORY BASE

Hallenstein Glasson Holdings Limited is a company registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The Company is also listed on the New Zealand Stock Exchange (NZX). The financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

The financial statements were approved for issue by the Board of Directors on 25 March 2022.

### 1.2 GENERAL ACCOUNTING POLICIES

#### STATEMENT OF COMPLIANCE

These interim financial statements for the half year ended 1 February 2022 have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), NZ IAS 34 and IAS 34 Interim Financial Reporting and should be read in conjunction with the 2021 Annual Report.

#### BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The accounting policies used in the preparation of these financial statements are consistent with those used in the previously published interim financial statements to 1 February 2021, and the audited financial statements to 1 August 2021.

The financial statements for the six months ended 1 February 2022 and 1 February 2021 are unaudited. The comparative information for the year ended 1 August 2021 is audited.

#### ENTITIES REPORTING

The financial statements are the Consolidated Financial Statements of the Group comprising Hallenstein Glasson Holdings Limited and subsidiaries, together they are referred to in these financial statements as the “Group”. The parent and its subsidiaries are designated as for-profit entities for financial reporting purposes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 1 FEBRUARY 2022 (UNAUDITED)

## 1.3 SIGNIFICANT EVENTS AND TRANSACTIONS

### COVID-19 IMPACT

Trade in the first half of the 2022 financial year continued to be disrupted by the COVID-19 pandemic, resulting in 5,432 lost trading days across the Group.

At 11.59pm on 17 August 2021, New Zealand re-entered Level 4 lockdown due to an outbreak of the Delta variant. The Group announced it had closed all Hallenstein Brothers stores and Glassons stores across New Zealand. On 7 September 2021, the rest of New Zealand outside of Auckland entered Alert Level 2, with Auckland remaining in Alert Level 4. The Group was further impacted by localised lockdowns in Northland and the Waikato. Non-Auckland Hallenstein Brothers and Glassons stores were reopened with strict protocols in place in line with Government recommendations.

On 5 August 2021 Victoria announced that the state would enter a strict lockdown and all twelve Glassons stores located in Victoria were closed. On 9 October 2021, the NSW strict lockdown rules were lifted and all thirteen Glassons stores located in NSW were able to reopen after being closed since July 2021. The twelve Glassons stores in Victoria reopened on 29 October 2021 when the lockdown restrictions were lifted.

On 9 November 2021 Auckland entered Alert Level 3 Step 2 and the Auckland stores for both Hallenstein Brothers and Glassons were re-opened with strict protocols in place in line with the Government recommendations.

As part of its response to COVID-19, the New Zealand Government provided wage subsidies over a specific calendar period to eligible businesses to help employers continue to pay their employees and protect jobs impacted by the alert level changes. The Group has applied NZ IAS 20 Accounting for Government Grants and Disclosure of Government Assistance in accounting for the funds received from the COVID-19 Wage Subsidy. Government wage subsidies received during the period have been accounted for as government grants and offset against the expenses to which they relate in the same period as they are incurred as disclosed in note 2.2.

Since the outbreak of COVID-19, the Group's focus has been on remaining agile and meeting the needs of our employees and customers. During periods of store closures, the web stores continued to trade. An increased focus has been placed on the e-commerce side of the business, resulting in significant growth in online sales. The Group has worked closely with its suppliers to ensure inventory is well controlled. Where stores were unable to trade due to the various lockdowns, the Group has entered negotiations for rent relief support from landlords. While some negotiations have been resolved, others are ongoing.

Certain key judgements and estimates are applied in these financial statements. The Directors have assessed the impact of COVID-19 on these judgements and estimates and concluded that changes are not necessary.

With the current COVID-19 settings in both New Zealand and Australia, all stores across the network are now open and operating in accordance with local government regulations, prioritising the health and safety of our employees and customers.

## 2 PERFORMANCE INFORMATION

### 2.1 SEGMENT INFORMATION

The Board of Directors considers the business from both a product and geographic perspective as follows:

- Hallenstein Brothers (Hallenstein Bros Ltd (New Zealand) and Hallenstein Brothers Australia Limited (Australia))
- Glassons Limited (New Zealand)
- Glassons Australia Limited (Australia)
- Hallenstein Properties Limited (New Zealand)
- Hallenstein Glasson Holdings Limited - Parent (New Zealand)

Segment results and key balances are shown below. Segment assets and liabilities are measured in the same way as in the financial statements. Assets and liabilities are allocated based on the operations of the segment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 1 FEBRUARY 2022 (UNAUDITED)

## 2 PERFORMANCE INFORMATION (CONTINUED)

### SEGMENT RESULTS

For the six months ended 1 February 2022

| \$000's  | GLASSONS<br>NEW ZEALAND | GLASSONS<br>AUSTRALIA | HALLENSTEIN<br>BROTHERS | HALLENSTEIN<br>PROPERTY | PARENT | TOTAL<br>SEGMENTS |
|--|-------------------------|-----------------------|-------------------------|-------------------------|--------|-------------------|
| <b>INCOME STATEMENT</b>                                |                         |                       |                         |                         |        |                   |
| Sales revenue from external customers                  | 53,443                  | 71,893                | 45,295                  | -                       | -      | <b>170,631</b>    |
| Cost of sales  | (24,684)                | (28,093)              | (19,087)                | -                       | -      | <b>(71,864)</b>   |
| Gross profit   | 28,759                  | 43,800                | 26,208                  | -                       | -      | <b>98,767</b>     |
| Finance income   | 22                      | 3                     | 31                      | -                       | 1      | <b>57</b>         |
| Finance expenses                                       | (452)                   | (268)                 | (296)                   | -                       | -      | <b>(1,016)</b>    |
| Depreciation and software amortisation                 | 5,736                   | 5,737                 | 4,931                   | 208                     | 12     | <b>16,624</b>     |
| Profit before income tax                               | 3,723                   | 10,691                | 2,253                   | 212                     | 6      | <b>16,885</b>     |
| Income tax expense                                     | (1,052)                 | (3,227)               | (635)                   | (59)                    | -      | <b>(4,973)</b>    |
| Profit after income tax                                | 2,671                   | 7,464                 | 1,618                   | 153                     | 6      | <b>11,912</b>     |
| <b>BALANCE SHEET</b>                                   |                         |                       |                         |                         |        |                   |
| Current assets   | 14,949                  | 20,145                | 20,536                  | 4,883                   | 1,884  | <b>62,397</b>     |
| Non-current assets                                     | 43,746                  | 29,302                | 23,910                  | 22,254                  | 10     | <b>119,222</b>    |
| Current liabilities                                    | 15,217                  | 19,709                | 13,785                  | 310                     | 76     | <b>49,097</b>     |
| Non-current liabilities                                | 20,507                  | 13,456                | 11,478                  | -                       | -      | <b>45,441</b>     |
| Purchase of property, plant, equipment and intangibles | 526                     | 1,870                 | 602                     | 36                      | -      | <b>3,034</b>      |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 1 FEBRUARY 2022 (UNAUDITED)

## 2 PERFORMANCE INFORMATION (CONTINUED)

### SEGMENT RESULTS

For the six months ended 1 February 2021

| \$000's  | GLASSONS<br>NEW ZEALAND | GLASSONS<br>AUSTRALIA | HALLENSTEIN<br>BROTHERS | HALLENSTEIN<br>PROPERTY | PARENT | TOTAL<br>SEGMENTS |
|--|-------------------------|-----------------------|-------------------------|-------------------------|--------|-------------------|
| <b>INCOME STATEMENT</b>                                |                         |                       |                         |                         |        |                   |
| Sales revenue from external customers                  | 61,841                  | 68,432                | 51,704                  | -                       | -      | <b>181,977</b>    |
| Cost of sales  | (28,506)                | (28,204)              | (22,438)                | -                       | -      | <b>(79,148)</b>   |
| Gross profit   | 33,335                  | 40,228                | 29,266                  | -                       | -      | <b>102,829</b>    |
| Finance income   | 17                      | 13                    | 36                      | -                       | -      | <b>66</b>         |
| Finance expenses                                       | (520)                   | (395)                 | (397)                   | -                       | -      | <b>(1,312)</b>    |
| Depreciation and software amortisation                 | 5,658                   | 6,377                 | 5,336                   | 173                     | 6      | <b>17,550</b>     |
| Profit/(loss) before income tax                        | 8,035                   | 14,613                | 5,088                   | 264                     | (7)    | <b>27,993</b>     |
| Income tax expense                                     | (2,242)                 | (4,405)               | (1,430)                 | (74)                    | 2      | <b>(8,149)</b>    |
| Profit/(loss) after income tax                         | 5,793                   | 10,208                | 3,658                   | 190                     | (5)    | <b>19,844</b>     |
| <b>BALANCE SHEET</b>                                   |                         |                       |                         |                         |        |                   |
| Current assets   | 14,741                  | 19,102                | 22,554                  | 4,633                   | 2,607  | <b>63,637</b>     |
| Non-current assets                                     | 48,071                  | 29,773                | 31,406                  | 18,568                  | 12     | <b>127,830</b>    |
| Current liabilities                                    | 16,699                  | 19,615                | 16,909                  | 299                     | 75     | <b>53,597</b>     |
| Non-current liabilities                                | 24,605                  | 13,426                | 16,980                  | -                       | -      | <b>55,011</b>     |
| Purchase of property, plant, equipment and intangibles | 628                     | 553                   | 852                     | -                       | -      | <b>2,033</b>      |

### 2.2 INCOME AND EXPENSES

Profit before income tax includes the following specific expenses:

| \$000's  | SIX MONTHS<br>ENDED<br>1/2/22 | SIX MONTHS<br>ENDED<br>1/2/21 |
|--|-------------------------------|-------------------------------|
| Occupancy costs <sup>1</sup>   | <b>14,260</b>                 | 12,697                        |
| Wages, salaries and other short term benefits <sup>2</sup>                 | <b>31,125</b>                 | 28,924                        |
| Depreciation, amortisation and impairment of property, plant and equipment | <b>5,033</b>                  | 5,136                         |
| Gain on sale of property, plant and equipment                              | <b>(40)</b>                   | (32)                          |

<sup>1</sup> Occupancy costs include rental expense on short term leases, depreciation and interest expense on right of use assets, less rent relief received from landlords during the period.

<sup>2</sup> Wages, salaries and other short-term benefits includes wage subsidy benefit from the New Zealand Government of \$1,938,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 1 FEBRUARY 2022 (UNAUDITED)

## 2.3 DIVIDENDS

|   | SIX MONTHS<br>ENDED<br>1/2/22 | SIX MONTHS<br>ENDED<br>1/2/21 | SIX MONTHS<br>ENDED<br>1/2/22 | SIX MONTHS<br>ENDED<br>1/2/21 |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | cents per share               | cents per share               | \$000's                       | \$000's                       |
| Final dividend for the period ended 1 August 2021   | 24.00                         | -                             | 14,317                        | -                             |
| Interim dividend for the period ended 1 August 2020 | -                             | 15.00                         | -                             | 8,947                         |
| Final dividend for the period ended 1 August 2020   | -                             | 24.00                         | -                             | 14,316                        |
| <b>Total</b>  | <b>24.00</b>                  | <b>39.00</b>                  | <b>14,317</b>                 | <b>23,263</b>                 |

## 3 INVENTORIES

During the six months ended 1 February 2022, the Group recognised in the Statement of Comprehensive Income, a write down of finished goods inventory to provide for obsolescence of \$367,000 (2021: \$175,000).

## 4 PROPERTY, PLANT AND EQUIPMENT

### Acquisitions and disposals

During the six months ended 1 February 2022, the Group acquired assets with a total cost of \$3,034,000 (2021: \$2,034,000).

Assets with a net book value of \$3,000 were disposed of during the six months ended 1 February 2022 (2021: \$35,000).

## 5 RELATED PARTY TRANSACTIONS

The Group enters into transactions with related parties. Details of related parties, and the types of transactions entered into during the period ended 1 February 2022, are consistent with those disclosed in the audited financial statements for the year ended 1 August 2021.

## 6 EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the half year end, the Board has resolved to pay an interim dividend of 18.0 cents (2021: 23.0 cents) per share (partially imputed). The dividend will be paid on 14th April 2022 to all shareholders on the Company's register as at 5.00pm, 7th April 2022.

# DIRECTORY

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HALLENSTEIN  
**BROTHERS**  
GLASSONS