HALLENSTEIN GLASSON HOLDINGS LIMITED

30 March 2020

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UNAUDITED RESULTS FOR 6 MONTHS ENDED 1 FEBRUARY 2020

The Company advises that Group sales for the six months to 1 February 2020 were $160.27 million, an increase of 5.7% over the corresponding period last year ($151.66 million). Net profit after tax was $15.44 million, a decrease of 3.8% over the corresponding period last year ($16.04 million). The result is in line with the guidance announced to the NZX on 17 February 2019. The Group profit after tax is impacted by the new IFRS 16 leasing standard by approximately $0.515 million.

Gross margin on sales was 58.3% compared with 59.8% in the prior corresponding period. This was mainly the result of the exchange rate against the US dollar in both New Zealand and Australia as well as higher promotional activity due to the competitive market place particularly during November and December. The cost of doing business fell marginally over the six-month period, continuing to be well controlled into the current trading period.

Segment Results

Glassons

Sales in Australia were $53.91 million for the six month period, which were up 10.9% against the prior corresponding period. During the season a new store was opened in Robina on the Gold Coast and the Eastgardens store, Sydney was increased in size and refurbished to the new format. The new Fulfillment Centre was opened in Botany, Sydney during February which will support the stores and growing digital business in Australia.

Sales in New Zealand were $54.00 million, which was up 5.3% against the same period last year. During the season the outlet store in Hornby, Christchurch was refurbished and in October the new Fulfillment Centre was opened for operations. The old Glassons Distribution Centre was sold at the end of the season with a gain on sale of $0.9 million after costs. We remain pleased with the continued progress and sophistication of the digital offer of the Glassons brand.

Hallenstein Brothers

Sales for were $52.35 million for the six month period (including Australia), with sales growing 1.1% against the same period last year. Work continued throughout the season on the repositioning of the Hallenstein Brothers brand and improving the product offer. During the period, the Hornby Outlet store in Christchurch was refurbished.

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E-Commerce

Investment in this area has seen digital sales increase to over 15% of total Group sales. As a business we remain focused on continued investment in digital and social channels to deliver inspiring and relevant content to our customers. Glassons New Zealand, Glassons Australia and Hallenstein Brothers now all have larger fulfillment centers to allow for continued online growth.

Future Outlook - COVID-19

For the first 7 weeks of the new season sales were +3.8%. However due to the COVID-19 alert system in New Zealand moving to Level 4 from midnight on 26 March 2020 all stores and the web-based store in New Zealand are now closed. Also due to the impact of Covid-19 in Australia and the adverse impact on sales, stores in Australia also closed at 5pm on 26 March 2020. The web store in Australia will continue to trade as long as permitted. This has resulted in unprecedented level of uncertainty and it is challenging to forecast the extent of these events on the business. The Group has applied for the New Zealand government wage subsidy scheme in order to support employees wages during this uncertain time.

The Group has activated its pandemic management programme, to ensure the safety of our employees and to make the changes required to reshape the business during the evolving situation. The Group has introduced a number of initiatives including reducing operating and labour costs, managing inventory levels and putting capital projects on hold.

The Group will continue to follow advice and monitor the situation closely to ensure an agile approach to reduce the adverse impact on trading and protect our team and customers.

Dividend

Due the uncertainty around the impact of Covid-19 and announcements made by the Prime Minister last week on moving New Zealand to Alert level 4 and after careful consideration the Board feels it would be prudent not to pay an interim dividend. This will be reassessed at the end of our financial year, August 2020, when the Board will consider whether to pay a dividend at that time.

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