

25 March 2022

HALLENSTEIN GLASSON HOLDINGS LIMITED

UNAUDITED RESULTS FOR 6 MONTHS ENDED 1 FEBRUARY 2022

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 has opened this week, 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 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 were \$45.30 million for the six-month period (including Australia), with sales declining -12.4% against the same period last year. As noted above, 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 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 15 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.

Stuart Duncan
Group CEO