

26 March 2021

HALLENSTEIN GLASSON HOLDINGS LIMITED

UNAUDITED RESULTS FOR 6 MONTHS ENDED 1 FEBRUARY 2021

The Company advises that Group sales for the six months to 1 February 2021 were \$181.98 million, an increase of 13.6% over the corresponding period last year (\$160.27 million). Net profit after tax was \$19.84 million, an increase of 28.6% over the corresponding period last year (\$15.44 million). The result is in line with the guidance announced to the NZX on 17 February 2021.

Gross margin on sales was 56.5% compared with 58.3% in the prior corresponding period, this was mainly due to increased freight costs resulting from shipping delays over the key trading period where stock was required to be airfreighted to manage availability. General expenses across the business were well controlled.

Segment Results

Glassons

Sales in Australia were \$68.43 million for the six month period, which were up 26.9% against the prior corresponding period. During the season a new pop-up store was opened in Birkenhead, Sydney. There are currently permanent sites being reviewed for potential openings in Australia to further expand the business.

Sales in New Zealand were \$61.84 million, which was up 14.5% against the same period last year. There is continued focus on technology and the effectiveness of being omni channel with an increase in investment to support the digital strategy.

There has been a strong emphasis to make product more sustainable with a number of new initiatives launched over the period. Both Glassons businesses have continued to show strong growth in what is a challenging and ever-changing environment.

Hallenstein Brothers

Sales were \$51.70 million for the six month period (including Australia), with sales declining -1.2% against the same period last year. Demand for the tailored product diminished with the impact of COVID-19 with more people working from home, and less certainty around events. Work continued throughout the season on improving the product offering and repositioning the brand.

E-Commerce

Digital sales have increased to 23.8% of total Group sales for the six month period. The focus is on digital marketing across the Group to drive engagement across all channels. During the period

Glassons launched an omni-channel Glassons App which has been very successful with a large uptake from customers.

Dividend

The Directors have declared an interim dividend of 23 cents per share (fully imputed) (last year 15 cents per share) to be paid on 16 April 2021. The balance sheet continues to be strong, inventories well controlled and the current trading patterns have allowed the Company to increase the dividend payment.

Future Outlook

Although the trading environment in both New Zealand and Australia remains challenging, and with the uncertainty of COVID-19 ever present, it is encouraging that Group sales for the first 7 weeks of the Winter season are +17.8% ahead of the same period last year. However, it must be considered that it was this time last year that the COVID-19 impact was beginning to be felt in both New Zealand and Australia.

During the period Auckland moved to Level 3 on the 15th February to 17th February 2021 and 28th February to 6th March 2021 where thirteen Hallenstein Brothers stores and twelve Glassons stores were closed.

Following the appointment of Stuart Duncan as the new Group CEO from 1 April 2021, the business will continue to focus on building digital engagement with our customers, cost control and improving our market share in the New Zealand and Australian fashion apparel sector in which we operate.

Mary Devine
Group Managing Director