

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 1 February 2022 (unaudited)

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

	Note	As at 1/2/22	As at 1/2/21	As at 1/8/21
		\$000	\$000	\$000
EQUITY				
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
Total equity		87,081	82,859	89,153
Represented by				
CURRENT ASSETS				
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
Total current assets		62,397	63,637	69,818
NON-CURRENT ASSETS				
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
Total non-current assets		119,222	127,830	129,660
Total assets		181,619	191,467	199,478
CURRENT LIABILITIES				
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
Total current liabilities		49,097	53,597	56,684
NON-CURRENT LIABILITIES				
Lease liabilities		45,441	55,011	53,641
Total liabilities		94,538	108,608	110,325
Net assets		87,081	82,859	89,153

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STATEMENT OF CHANGES IN EQUITY

For the six months ended 1 February 2022 (unaudited)

	SHARE CAPITAL	TREASURY STOCK	ASSET REVALUATION RESERVE	CASH FLOW HEDGE RESERVE	SHARE OPTION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 August 2020	29,279	(220)	19,925	(1,878)	64	39,932	87,102
COMPREHENSIVE INCOME							
Profit for year	-	-	-	-	-	19,844	19,844
Cash flow hedges net of tax	-	-	-	132	-	-	132
Increase in share option reserve	-	-	-	-	12	-	12
Total comprehensive income	-	-	-	132	12	19,844	19,988
TRANSACTIONS WITH OWNERS							
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
Total transactions with owners	-	(968)	-	-	(59)	(23,204)	(24,231)
Balance at 1 February 2021	29,279	(1,188)	19,925	(1,746)	17	36,572	82,859
COMPREHENSIVE INCOME							
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
Total comprehensive income	-	-	4,921	2,253	97	13,476	20,747
TRANSACTIONS WITH OWNERS							
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
Total transactions with owners	-	(734)	-	-	(13)	(13,706)	(14,453)
Balance at 1 August 2021	29,279	(1,922)	24,846	507	101	36,342	89,153
COMPREHENSIVE INCOME							
Profit for year	-	-	-	-	-	11,912	11,912
Cash flow hedges net of tax	-	-	-	243	-	-	243
Increase in share option reserve	-	-	-	-	86	-	86
Total comprehensive income	-	-	-	243	86	11,912	12,241
TRANSACTIONS WITH OWNERS							
Dividends	-	4	-	-	-	(14,317)	(14,313)
Total transactions with owners	-	4	-	-	-	(14,317)	(14,313)
Balance at 1 February 2022	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)

	Half Year ended 1/2/22 \$000	Half Year ended 1/2/21 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
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
	172,551	186,039
Cash was applied to:		
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
	151,306	158,126
Net cash flows from operating activities	21,245	27,913
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Proceeds from sale of property, plant and equipment and intangible assets	42	67
Repayment of employee advances	22	148
	64	215
Cash was applied to:		
Purchase of property, plant and equipment and intangible assets	3,034	2,033
	3,034	2,033
Net cash flows applied to investing activities	(2,970)	(1,818)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was provided from:		
Proceeds from sale of treasury stock and dividends	4	74
	4	74
Cash was applied to:		
Dividend paid	14,317	23,263
Purchase of treasury stock	-	1,191
Lease liability payments	10,268	14,979
	24,585	39,433
Net cash flows applied to financing activities	(24,581)	(39,359)
Net decrease in funds held	(6,306)	(13,264)
Cash and cash equivalents at the beginning of the period	39,204	49,642
Cash and cash equivalents at the end of the period	32,898	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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 1 February 2022 (unaudited)

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)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 1 February 2022 (unaudited)

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.

2 Performance information (continued)

Segment results

For the period ended 1 February 2022	GLASSONS NEW ZEALAND \$000	GLASSONS AUSTRALIA \$000	HALLENSTEIN BROTHERS \$000	HALLENSTEIN PROPERTY \$000	PARENT \$000	TOTAL SEGMENTS \$000
INCOME STATEMENT						
Sales revenue from external customers	53,443	71,893	45,295	-	-	170,631
Cost of sales	(24,684)	(28,093)	(19,087)	-	-	(71,864)
Gross profit	28,759	43,800	26,208	-	-	98,767
Finance income	22	3	31	-	1	57
Finance expenses	(452)	(268)	(296)	-	-	(1,016)
Depreciation and software amortisation	5,736	5,737	4,931	208	12	16,624
Profit before income tax	3,723	10,691	2,253	212	6	16,885
Income tax expense	(1,052)	(3,227)	(635)	(59)	-	(4,973)
Profit after income tax	2,671	7,464	1,618	153	6	11,912
BALANCE SHEET						
Current assets	14,949	20,145	20,536	4,883	1,884	62,397
Non-current assets	43,746	29,302	23,910	22,254	10	119,222
Current liabilities	15,217	19,709	13,785	310	76	49,097
Non-current liabilities	20,507	13,456	11,478	-	-	45,441
Purchase of property, plant and equipment and intangibles	526	1,870	602	36	-	3,034

For the period ended 1 February 2021	GLASSONS NEW ZEALAND \$000	GLASSONS AUSTRALIA \$000	HALLENSTEIN BROTHERS \$000	HALLENSTEIN PROPERTY \$000	PARENT \$000	TOTAL SEGMENTS \$000
INCOME STATEMENT						
Sales revenue from external customers	61,841	68,432	51,704	-	-	181,977
Cost of sales	(28,506)	(28,204)	(22,438)	-	-	(79,148)
Gross profit	33,335	40,228	29,266	-	-	102,829
Finance income	17	13	36	-	-	66
Finance expenses	(520)	(395)	(397)	-	-	(1,312)
Depreciation and software amortisation	5,658	6,377	5,336	173	6	17,550
Profit/(loss) before income tax	8,035	14,613	5,088	264	(7)	27,993
Income tax expense	(2,242)	(4,405)	(1,430)	(74)	2	(8,149)
Profit/(loss) after income tax	5,793	10,208	3,658	190	(5)	19,844
BALANCE SHEET						
Current assets	14,741	19,102	22,554	4,633	2,607	63,637
Non-current assets	48,071	29,773	31,406	18,568	12	127,830
Current liabilities	16,699	19,615	16,909	299	75	53,597
Non-current liabilities	24,605	13,426	16,980	-	-	55,011
Purchase of property, plant and equipment and intangibles	628	553	852	-	-	2,033

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 1 February 2022 (unaudited)

2.2 Income and expenses

Profit before income tax includes the following specific expenses:

	Half Year ended 1/2/22 \$000	Half Year ended 1/2/21 \$000
Occupancy costs ¹	14,260	12,697
Wages, salaries and other short term benefits ²	31,125	28,924
Depreciation, amortisation and impairment of property, plant and equipment	5,033	5,136
Gain on sale of property, plant and equipment	(40)	(32)

¹ 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.

² Wages, salaries and other short-term benefits includes wage subsidy benefit from the New Zealand Government of \$1.938M.

2.3 Dividends

	Half Year ended 1/2/22 cents/share	Half Year ended 1/2/21 cents/share	Half Year ended 1/2/22 \$000	Half Year ended 1/2/21 \$000
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
Total	24.00	39.00	14,317	23,263

3 Inventories

During the period 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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 1 February 2022 (unaudited)

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 15th April 2022 to all shareholders on the Company's register as at 5.00pm, 8th April 2022.