HALLENSTEIN GLASSON HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 1 AUGUST 2025

	Note	2025 $'000	2024 $'000
Sales Revenue	2.1	470,740	435,635
Cost of Sales	2.1	(191,476)	(176,904)
Gross Profit		279,264	258,731
Other Operating Income	2.2	475	353
Selling Expenses		(161,183)	(152,844)
Distribution Expenses		(16,959)	(15,552)
Administration Expenses		(40,565)	(36,392)
Total Expenses		(218,707)	(204,788)
Operating Profit		61,032	54,296
Finance Income	2.1	2,035	1,957
Finance Expense	2.1, 2.2	(4,689)	(4,168)
Profit Before Income Tax		58,378	52,085
Income Tax Expense	6.1	(18,917)	(17,599)
Net Profit after Tax attributable to the Shareholders of the Holding Company	2.1	39,461	34,486
Other Comprehensive Income			
- Items that will not be reclassified to profit or loss			
Fair Value (Loss)/Gain (net of tax) on Revaluation of Land and Buildings	6.1	(20)	(421)
- Items that may be subsequently reclassified to profit or loss			
Fair Value (Loss)/Gain (net of tax) in Cash Flow Hedge Reserve	6.1	(635)	(63)
Movement in Foreign Currency Translation Reserve		265	-
Total Comprehensive Income for the year attributable to the Shareholders of the Holding Company		39,071	34,002
Earnings Per Share			
Basic Earnings per Share	2.4	66.2	57.8
Diluted Earnings per Share	2.4	66.1	57.8

The Notes to the Consolidated Financial Statements form an integral part of and are to be read in conjunction with these Consolidated Financial Statements.

HALLENSTEIN GLASSON HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 1 AUGUST 2025

	Note	2025 $'000	2024 $'000
Equity			
Contributed Equity	5.1	29,279	29,279
Asset Revaluation Reserve		26,085	26,105
Cash Flow Hedge Reserve		301	936
Foreign Currency Translation Reserve		265	-
Share Option Reserve		37	-
Retained Earnings		55,928	46,887
Total Equity		111,895	103,207
Represented by			
Current Assets			
Cash and Cash Equivalents	3.1	58,333	45,915
Trade and Other Receivables		366	407
Advances to Employees		732	847
Prepayments		3,646	5,841
Inventories	3.2	31,274	27,484
Derivative Financial Instruments	7.5	1,062	1,317
Total Current Assets		95,413	81,811
Non-Current Assets			
Property, Plant and Equipment	4.2	62,155	58,779
Right-of-use Assets	4.1	63,785	67,029
Investment Property	4.3	3,020	3,080
Intangible Assets		1,273	993
Deferred Tax	6.2	5,570	7,323
Total Non-Current Assets		135,803	137,204
Total Assets		231,216	219,015
Current Liabilities			
Trade Payables		11,341	9,828
Employee Benefits	7.1	9,877	8,928
Other Payables		18,448	15,400
Lease Liabilities	4.1	26,680	26,691
Derivative Financial Instruments	7.5	639	2
Taxation Payable		2,376	2,466
Total Current Liabilities		69,361	63,315
Non-Current Liabilities			
Lease Liabilities	4.1	49,960	52,493
Total Liabilities		119,321	115,808
Net Assets		111,895	103,207

The Notes to the Consolidated Financial Statements form an integral part of and are to be read in conjunction with these Consolidated Financial Statements. The Consolidated Financial Statements are signed for and on behalf of the Board and were authorised for issue on 26 September 2025.

______________________________Director ______________________________Director Date 26 September 2025

HALLENSTEIN GLASSON HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 1 AUGUST 2025

	Note	Share Capital $000	Treasury Stock $000	Asset Revaluation Reserve $000	Cash Flow Hedge Reserve $000	Share Option Reserve $000	Foreign Currency Translation Reserve $000	Retained Earnings $000	Total Equity $000
Balance at 1 August 2023		**29,279**	**(1,139)**	**26,526**	**999**	**294**	**-**	**40,717**	**96,676**
Comprehensive Income									
Profit for Year		-	-	-	-	-	-	34,486	34,486
Revaluation net of Tax	**6.1**	-	-	(421)	-	-	-	-	(421)
Cash Flow Hedges net of Tax	**6.1**	-	-	-	(63)	-	-	-	(63)
Total Comprehensive Income		**-**	**-**	**(421)**	**(63)**	**-**	**-**	**34,486**	**34,002**
Transactions with Owners									
Sale of Treasury Stock	**5.1, 5.2**	-	141	-	-	-	-	-	141
Dividends	**2.3, 5.1**	-	29	-	-	-	-	(28,632)	(28,603)
Increase in Share Option Reserve		-	-	-	-	43	-	-	43
Share Options Exercised	**5.1**	-	948	-	-	-	-	-	948
Transfer of Share Option Reserve to Retained Earnings		-	-	-	-	(337)	-	337	-
(Gain) / Loss on Sale of Treasury Stock transferred to Retained Earnings	**5.1**	-	21	-	-	-	-	(21)	-
Total Transactions with Owners		**-**	**1,139**	**-**	**-**	**(294)**	**-**	**(28,316)**	**(27,471)**
Balance at 1 August 2024		**29,279**	**-**	**26,105**	**936**	**-**	**-**	**46,887**	**103,207**
Comprehensive Income									
Profit for Year		**-**	**-**	**-**	**-**	**-**	**-**	**39,461**	**39,461**
Revaluation net of Tax	**6.1**	**-**	**-**	**(20)**	**-**	**-**	**-**	**-**	**(20)**
Cash Flow Hedges net of Tax	**6.1**	**-**	**-**	**-**	**(635)**	**-**	**-**	**-**	**(635)**
Foreign Currency Translation Reserve		**-**	**-**	**-**	**-**	**-**	**265**	**-**	**265**
Total Comprehensive Income		**-**	**-**	**(20)**	**(635)**	**-**	**265**	**39,461**	**39,071**
Transactions with Owners									
Dividends	**2.3**	**-**	**-**	**-**	**-**	**-**	**-**	**(30,420)**	**(30,420)**
Increase in Share Option Reserve		**-**	**-**	**-**	**-**	**37**	**-**	**-**	**37**
Total Transactions with Owners		**-**	**-**	**-**	**-**	**37**	**-**	**(30,420)**	**(30,383)**
Balance at 1 August 2025		**29,279**	**-**	**26,085**	**301**	**37**	**265**	**55,928**	**111,895**

The Notes to the Consolidated Financial Statements form an integral part of and are to be read in conjunction with these Consolidated Financial Statements.

HALLENSTEIN GLASSON HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 1 AUGUST 2025

	Note	2025	2024
Cash Flows from Operating Activities		**$'000**	$'000
Cash was provided from:			
Sales to Customers		**471,282**	435,154
Rent Received	2.2	**231**	248
Interest Income	2.1	**2,031**	1,951
Interest on Debtors	2.1	**4**	6
		473,548	437,359
Cash was applied to:			
Payments to Suppliers		**278,908**	252,304
Payments to Employees		**84,356**	78,808
Interest Paid on Leases	2.2	**4,689**	4,168
Taxation Paid		**16,990**	16,769
		384,943	352,049
Net Cash Flows from Operating Activities		**88,605**	85,310
Cash Flows from Investing Activities			
Cash was provided from:			
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets		**89**	168
Repayment of Employee Advances		**115**	261
		204	429
Cash was applied to:			
Purchase of Property, Plant and Equipment and Intangible Assets	4.2	**15,830**	15,944
		15,830	15,944
Net Cash Flows applied to Investing Activities		**(15,626)**	(15,515)
Cash Flows from Financing Activities			
Cash was provided from:			
Sale of Treasury Stock and Dividends	5.1, 5.2	**-**	170
		-	170
Cash was applied to:			
Dividend Paid	2.3	**30,420**	28,632
Lease Liability Payments	4.1	**30,141**	27,896
		60,561	56,528
Net Cash Flows applied to Financing Activities		**(60,561)**	(56,358)
Net Increase/(Decrease) in Funds held		**12,418**	13,437
Cash and cash equivalents at the beginning of the year		**45,915**	32,478
Cash and cash equivalents at the end of the year	3.1	**58,333**	45,915

The Notes to the Consolidated Financial Statements form an integral part of and are to be read in conjunction with these Consolidated Financial Statements.

RECONCILIATION OF PROFIT AFTER TAXATION TO CASH FLOWS FROM OPERATING ACTIVITIES	**Note**	**2025 $'000**	2024 $'000
Net Profit after Taxation		**39,461**	34,486
Add / (deduct) items classified as Investing or Financing activities			
Loss/(Gain) on Sale of Plant and Equipment	**2.2**	**2**	528
Add / (deduct) Non Cash Items			
Depreciation and Amortisation	**2.2**	**40,629**	38,516
Gain on Termination of Lease	**2.2**	**-**	(112)
Net Fair Value Loss on Investment Property	**2.2**	**60**	128
Deferred Taxation	**6.2**	**2,017**	(1,045)
Share Option Expense		**37**	43
Foreign Currency Translation Reserve		**265**	-
Add / (deduct) movements in Working Capital Items			
Taxation Payable		**(90)**	1,876
Trade and Other Receivables and Prepayments		**2,236**	(499)
Trade and Other Payables, Employee Benefits and Other Working Capital		**7,778**	7,868
Inventories		**(3,790)**	3,521
Net Cash Flows from Operating Activities		**88,605**	85,310

The Notes to the Consolidated Financial Statements form an integral part of and are to be read in conjunction with these Consolidated Financial Statements.

1. Basis of preparation

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. Material accounting policies specific to notes shown in other sections are disclosed in a shaded box and are included as part of that particular note.

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 a 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 26 September 2025.

1.2 General accounting policies

Statement of compliance

These financial statements for the year ended 1 August 2025 have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The financial statements comply with International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

Basis of preparation of financial statements

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The reporting currency used in the preparation of these financial statements is New Zealand dollars, rounded where necessary to the nearest thousand dollars.

Entities reporting

The financial statements are the Consolidated Financial Statements of the Group comprising Hallenstein Glasson Holdings Limited and its 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.

Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries

Principal Subsidiaries	Interest held by parent and group		Principal activities
	2025	**2024**	
Hallenstein Bros Limited	**100%**	100%	Retail of menswear in New Zealand
Hallensteins Australia Pty Limited	**100%**	100%	Retail of menswear in Australia
Glassons Limited	**100%**	100%	Retail of womenswear in New Zealand
Glassons Australia Pty Limited	**100%**	100%	Retail of womenswear in Australia
Hallenstein Properties Limited	**100%**	100%	Property ownership in New Zealand

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, land and buildings and certain financial assets and liabilities (including derivative instruments) measured at fair value.

Climate related risks

Transactions and balances

As part of its risk management framework, the Group continues to monitor its exposure to risk, including climate related risks and regulatory related reporting requirements. For the year ended 1 August 2025, the Group completed its second climate-related risk assessment in accordance with the Aotearoa New Zealand Climate Standards. Based on this assessment, no climate-related risks or opportunities were identified that have a material impact on the financial statements, and there are no specific disclosures to note. The identified climate related risks and opportunities including both physical and transitional impacts have been considered as part of the below critical accounting estimates, judgements and assumptions.

Our Climate Related Disclosure will be published by the end of November 2025 on our website – https://www.hallensteinglasson.co.nz/climate-related-disclosures.

Critical accounting estimates, judgements and assumptions

The preparation of financial statements in conformity with NZ IFRS and IFRS Accounting Standards require the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Property, plant and equipment/Right of use Assets: The Group has assessed whether the carrying value of its property, plant and equipment and right of use assets have suffered any impairment since they were acquired. The recoverable amounts of cash generating units (at a store level) have been determined based on value in use calculations. These calculations require the use of estimates and projections of future operating performance.

Inventory provision: The Group assessed the inventory provision using management judgement which considers a range of factors including the review of historical data, the age of inventory and current selling price trends to determine the appropriateness of the provision.

Revaluation of Land and Buildings: The fair value of the Group's land and buildings is determined by the Board following an independent valuation undertaken at least every three years. The basis of the valuation is assessed within a range indicated by two valuation approaches: discounted cash flow analysis and an income capitalisation approach. The key assumptions are disclosed in note 4.2.

Revaluation of Investment Property: The fair value of the Group's investment property is determined by the Board following an independent valuation undertaken annually. The basis of the valuation is assessed within a range indicated by two valuation approaches: discounted cash flow analysis and an income capitalisation approach. The key assumptions are disclosed in note 4.3.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements for each of the Group's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in New Zealand dollars, which is the Group's presentational currency.

Effective 2 August 2024, Glassons Australia and Hallensteins Australia, previously registered as branches in Australia, became separate companies registered with the Australian Securities and Investments Commission (ASIC) under Part 5B.1 of the Corporations Act 2001 (Cth) (Australia). As a result, the Group now has two operating subsidiaries in Australia.

As part of the domiciliation of these companies, the functional currency of the Australian branches/subsidiaries have been reassessed. Over time there has been a gradual change in operations in Australia which has culminated in converting the branches to subsidiaries as noted above. Management has further determined that a change in functional currency from New Zealand Dollars (NZD) to Australian Dollars (AUD) upon the restructuring of the Australian branches on the 2 August 2024 is appropriate.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

• Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

• Income and expenses for each statement of comprehensive income are translated at average exchange rates; and

• All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and other currency instruments designated as hedges of such investments, are taken to other comprehensive income.

2. Performance

2.1 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors. The Board of Directors is the chief operating decision maker and is responsible for allocating resources and assessing performance of the operating segments and they delegate that authority through the Group Chief Executive Officer.

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

- Hallensteins (Hallensteins Ltd (New Zealand) and Hallensteins Australia Pty Limited (Australia))
- Glassons Limited (New Zealand)
- Glassons Australia Pty Limited (Australia)
- Hallenstein Properties Limited – Property (New Zealand)
- Hallenstein Glasson Holdings Limited – Parent (New Zealand)

The reportable segments derive their revenues primarily from the retail sale of clothing. The revenues from external parties reported to the Board of Directors are measured in a manner consistent with that in the consolidated statement of comprehensive income. There are no material revenues derived from a single external customer.

Segment results

For the year ended 1 August 2025	Glassons New Zealand $000's	Glassons Australia $000's	Hallensteins $000's	Property $000's	Parent $000's	Total Group $000's
INCOME STATEMENT						
Segment Revenue	123,487	252,849	108,632	-	1,142	486,110
Intercompany Segment Revenue	(11,575)	(1,325)	(1,328)	-	(1,142)	(15,370)
Sales Revenue from External Customers	111,912	251,524	107,304	-	-	470,740
Cost of Sales	(48,679)	(96,839)	(45,958)	-	-	(191,476)
Finance Income	379	946	564	-	146	2,035
Finance Expense	(1,360)	(2,058)	(1,242)	-	(29)	(4,689)
Depreciation and Amortisation	(11,338)	(19,127)	(9,527)	(525)	(112)	(40,629)
Profit/(Loss) before Income Tax	19,162	34,217	4,755	324	(80)	58,378
Income Tax (Expense)/Benefit	(5,719)	(11,742)	(1,451)	(23)	18	(18,917)
Net Profit/(Loss) after Income Tax	13,443	22,475	3,304	301	(62)	39,461
STATEMENT OF FINANCIAL POSITION						
Current Assets	27,998	35,834	21,090	6,659	3,832	95,413
Non-Current Assets	40,427	46,943	28,144	20,289	-	135,803
Current Liabilities	18,328	34,876	15,499	316	342	69,361
Non-Current Liabilities	15,773	19,946	14,241	-	-	49,960
Purchase of Property, Plant and Equipment and Intangible Assets	4,509	7,037	4,214	70	-	15,830

For the year ended 1 August 2024	Glassons New Zealand $000's	Glassons Australia $000's	Hallensteins $000's	Property $000's	Parent $000's	Total Group $000's
INCOME STATEMENT						
Segment Revenue	120,303	219,440	108,359	-	1,002	449,104
Intercompany Segment Revenue	(10,241)	(1,317)	(909)	-	(1,002)	(13,469)
Sales Revenue from External Customers	110,062	218,123	107,450	-	-	435,635
Cost of Sales	(49,191)	(83,862)	(43,851)	-	-	(176,904)
Finance Income	348	721	718	-	170	1,957
Finance Expense	(1,415)	(1,625)	(1,105)	-	(23)	(4,168)
Depreciation and Amortisation	(11,143)	(16,593)	(10,166)	(524)	(90)	(38,516)
Profit/(Loss) before Income Tax	15,039	29,466	7,479	258	(157)	52,085
Income Tax (Expense)/Benefit	(4,255)	(9,969)	(2,141)	(1,278)	44	(17,599)
Net Profit/(Loss) after Income Tax	10,784	19,497	5,338	(1,020)	(113)	34,486
STATEMENT OF FINANCIAL POSITION						
Current Assets	24,170	26,072	22,052	6,010	3,507	81,811
Non-Current Assets	40,704	53,510	22,253	20,737	-	137,204
Current Liabilities	16,600	30,969	15,360	396	(10)	63,315
Non-Current Liabilities	17,535	25,785	9,173	-	-	52,493
Purchase of Property, Plant and Equipment and Intangible Assets	3,774	8,029	4,131	10	-	15,944

2.2 Income and expenses

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, net of rebates and discounts and after eliminating sales within the Group.

Revenue is recognised as follows:

Sales of goods - retail
Sales of goods are recognised when a Group entity has delivered a product to the customer. For in-store sales, control passes to the customer at the point of sale. For online sales, the order and the delivery to the customer are considered to comprise a single performance obligation, therefore control passes to the customer when the goods are delivered. Retail sales are usually in cash, credit card, debit card or by various pay later services. The recorded revenue is the gross amount of sale (excluding GST), including credit card fees and service fees payable for the transaction. Such fees are included in selling expenses.

The Group offers customers the option of purchasing gift cards. This is considered deferred revenue until such time where the customer redeems the gift card on future purchases. A contract liability for the purchase of a gift card is recognised at the time of the sale. Revenue is recognised when the gift card is redeemed, or, for the portion not expected to be redeemed (breakage), in line with expected redemption patterns, with any remaining balance recognised when they expire.
As at 1 August 2025, the gift card liability balance recognised under “Other payables” was $2.47M (2024: $2.22M, 2023: $2.61M).

Interest income
Interest income is recognised using the effective interest method.

Rental income
Rental income from operating leases (net of any incentives) is recognised on a straight-line basis over the lease term.

Income and expenses

Profit before income tax includes the following specific income and expenses:

	Group	
	2025	2024
	$000	$000
Other Operating Income		
Rental Income	**231**	248
Insurance Proceeds	**244**	105
Expenses		
Occupancy Costs	**9,514**	9,355
Auditor's Remuneration		
Audit of Financial Statements - PwC New Zealand	**337**	249
Other Services - Performed by PwC Australia[1]	**-**	18
Directors' Fees	**718**	698
Wages, Salaries and other Short Term Benefits	**85,305**	80,753
Depreciation of Property, Plant & Equipment	**11,504**	11,415
Depreciation of Right of Use Assets	**28,526**	26,604
Amortisation of Software	**599**	497
Total Depreciation and Amortisation	**40,629**	38,516
Net Fair Value Loss on Investment Property	**60**	128
Interest on Leases	**4,689**	4,168
Gain on Termination of Lease	**-**	(112)
Loss/(Gain) on Disposal of Property, Plant and Equipment	**2**	528

[1] Amount paid in respect of tax compliance and tax advisory services provided in Australia.

2.3 Dividends

Provision is made for the amount of any dividend declared on or before the balance date but not distributed at balance date.

	2025 cents per Share	2024 cents per Share	**2025 $000's**	2024 $000's
Final dividend for the year ended 1 August 2024	**26.50**		**15,806**	
Interim dividend for the year ended 1 August 2025	**24.50**		**14,614**	
Final dividend for the year ended 1 August 2023		24.00		14,316
Interim dividend for the year ended 1 August 2024		24.00		14,316
Total	**51.00**	48.00	**30,420**	28,632

Dividends paid were partially imputed. Supplementary dividends of $244,972 (2024: $177,160) were paid to shareholders not resident in New Zealand for tax purposes for which the Group received a foreign investor tax credit.

2.4 Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

Basic

Basic earnings per share is calculated by dividing the profit after tax of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted

Diluted earnings per share is calculated by adjusting profit after tax and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has granted shares under a Long-Term Incentive Plan (LTIP) during the financial year. These are considered potential ordinary shares and included in the calculation of diluted earnings per share. The impact of these potential shares is to increase the weighted average number of shares outstanding by 36,873 in 2025 (2024: Nil). Subsequent to the end of the financial year, these LTIP shares have lapsed and will not result in the issuance of ordinary shares.

	2025 $000's	2024 $000's
Profit after tax	**39,461**	34,486
Weighted average number of ordinary shares outstanding	**59,649**	59,649
Basic earnings per share (cents per share)	**66.2**	57.8
Effect of LTIP share scheme diluted weighted average number of shares	**37**	-
Diluted earnings per share (cents per share)	**66.1**	57.8

3. Working Capital

3.1 Cash and cash equivalents

Cash and cash equivalents include cash at bank, cash on hand, EFTPOS (electronic funds transfer point of sale) transactions which have not been cleared by the bank at balance date, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Consolidated Statement of Cash flows

The following are the definitions of the terms used in the consolidated statement of cash flows:

(I.) Cash comprises cash and cash equivalents.

(II.) Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment, investments and employee advances.

(III.) Financing activities are those activities which result in changes in the size and composition of the capital structure of the Group. This includes lease payments, equity and debt not falling within the definition of cash. Dividends paid are included in financing activities.

(IV.) Operating activities include all transactions and other events that are not investing or financing activities.

Cash and cash equivalents

	2025	2024
	$000's	$000's
Cash at Bank	**56,641**	44,470
Short Term Bank Deposits	**1,604**	1,364
Cash on Hand	**88**	81
Total Cash and Cash Equivalents	**58,333**	45,915

The carrying amount of cash and cash equivalents equals the fair value.

3.2 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses, excluding borrowing costs. The Group assesses the likely net residual value of inventory. Stock provisions are recognised for inventory which is older than two years and for inventory which is expected to sell for less than cost. Management will also use their judgement to assess whether any further provisions are required based on style performance, current trends and specific product information from buyers.

	2025	2024
	$000's	$000's
Finished goods	**31,479**	27,659
Inventory adjustments	**(205)**	(175)
Net inventories	**31,274**	27,484

Inventory adjustments are provided at year end for stock obsolescence within cost of sales in the Consolidated Statement of Comprehensive Income. The cost of inventories recognised as an expense and included in cost of sales amounted to $189,677,388 (2024: $176,649,177).

4. Long term Assets

4.1 Leases

Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the remaining lease payments.

Right-of-use assets are initially recognised on commencement of lease at cost, comprising the initial amount of the lease liabilities less any lease incentives received. Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The Group leases retail stores under non-cancellable operating leases expiring within one to six years. There is a small portion of lease contracts which contain renewal rights. In considering the lease term for these contracts, the Group has determined that rights of renewals are not reasonably certain to be exercised due to the nature and location of the stores and the changing retail environment. It is the Group's strategy to renegotiate the terms of all leases at their expiry instead of exercising renewal rights. This agile strategy is enabled by having stores relatively small in size and not highly customised, and therefore relatively straight forward to move locations. In addition, with the current retail market uncertainty the Group needs to maintain a degree of flexibility.

Both right-of-use assets and lease liabilities are discounted applying the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Short term leases where the Group is the lessee
Leases in which a material portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss in the Consolidated Statement of Comprehensive Income on a straight line basis over the period of the lease.

The Group is the lessor
Assets leased to third parties under operating leases are included in Investment Property in the Consolidated Statement of Financial Position. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term. Lease receivables are disclosed under Note 4.3.

The following tables show the movements and analysis in relation to the right-of-use assets and lease liabilities.

Right-of-use assets

	2025	2024
	$000	$000
Opening net book value	**67,029**	65,285
Depreciation	**(28,526)**	(26,604)
Modifications and additions	**25,267**	30,253
Lease Terminations	**-**	(2,104)
FX impact	**15**	199
Carrying amount	**63,785**	67,029

Lease liabilities

	2025	2024
	$000	$000
Opening lease liabilities	**79,184**	76,325
Lease modifications and additions	**27,619**	32,724
Interest for the period	**4,689**	4,168
Lease payments made	**(34,830)**	(32,064)
Lease Terminations	**-**	(2,216)
FX impact	**(22)**	247
Closing Lease liabilities	**76,640**	79,184

Lease liabilities maturity analysis for the year ended 1 August 2025

	Minimum lease payments $000's	Interest $000's	Present value $000's
Due within one year	**30,427**	**(3,747)**	**26,680**
One to two years	**22,309**	**(2,446)**	**19,863**
Two to five years	**30,014**	**(2,368)**	**27,646**
Later than five years	**2,737**	**(286)**	**2,451**
Total	**85,487**	**(8,847)**	**76,640**
Current			**26,680**
Non-current			**49,960**
Total			**76,640**

Lease liabilities maturity analysis for the year ended 1 August 2024

	Minimum lease payments $000's	Interest $000's	Present value $000's
Due within one year	30,354	(3,663)	26,691
One to two years	24,640	(2,413)	22,227
Two to five years	30,225	(2,143)	28,082
Later than five years	2,267	(83)	2,184
Total	87,486	(8,302)	79,184
Current			26,691
Non-current			52,493
Total			79,184

Lease related expenses included in the consolidated statement of comprehensive income:

	2025 $000	2024 $000
Depreciation	**28,526**	26,604
Rent on short-term leases	**9,514**	9,355
Gain on lease termination	**-**	(112)
Interest on leases	**4,689**	4,168
Total	**42,729**	40,015

Lease payments included in the consolidated statement of cash flows:

	2025 $000	2024 $000
Interest paid on leases (operating activities)	**4,689**	4,168
Payments for lease liabilities principal (financing activities)	**30,141**	27,896
Total cash outflows from leases	**34,830**	32,064

Lease commitments
The Group currently has no non-cancellable short-term operating lease agreements as at 1 August 2025 (2024: $Nil).

4.2 Property, plant and equipment

Recognition and measurement

Land and buildings located in Napier were valued on 1 August 2025 by CBRE Limited, Land and buildings located in East Tamaki and Christchurch were valued on 1 August 2024 by Fordbaker Valuation Limited and Colliers International respectively, (collectively "the valuers"), who are independent registered valuers and associates of The New Zealand Institute of Valuers. The valuers have recent experience in the location and category of the item being valued. The fair values of the assets represent the estimated price for which a property could be sold on the date of valuation in an orderly transaction between market participants.

The adopted valuation has been assessed within a range indicated by two valuation approaches: Income capitalisation approach and discounted cash flow analysis. These valuation approaches and the key assumptions used by the valuers to arrive at fair value have been summarised in Note 4.3.

At each reporting date, where an external valuation report is not obtained the most recent valuation reports are reviewed by the management team. Valuations are performed with sufficient regularity to ensure that the fair value does not differ materially from its carrying amount. Confirmation was obtained from the valuers that the valuations from 1 August 2024 were still appropriate as at 1 August 2025.

Land and building measurements are categorised as Level 3 in the fair value hierarchy. During the year there were no transfers between levels of the fair value hierarchy.

Both the income capitalisation approach and discounted cash flow analysis contain unobservable inputs in determining fair value. These have been disclosed in the 2024 Annual Report which can be accessed via the website: https://www.hallensteinglasson.co.nz/annual-report

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as an asset revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the asset revaluation reserve directly in shareholders' equity; all other decreases are charged to the profit or loss in the consolidated statement of comprehensive income.

All other property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. This cost includes labour attributable to bringing the assets to the location and working condition for its intended use.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

–	Buildings	67 years
–	Plant & equipment	2 - 5 years
–	Furniture & fittings	5 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate at each balance date.

Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, for example a planned store closure, withdrawal from a business segment, or assessment of loss-making stores. Assets are grouped at the lowest levels for which there are separately identifiable cash flows; a store's assets is the relevant cash generating unit. If, in a subsequent period, the amount of the impairment loss decreases and it can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

Impairment (continued)

The value in use calculation evaluates recoverability based on the stores' forecasted discounted cash flows, which incorporate estimated sales, margin & expense growth based upon current plans for the store. Key assumptions in the determination of recoverable amount are:

- the estimate of future cash flows of the store incorporating reasonable sales growth and margin improvement; and
- the discount rate incorporating the rates of return based on the risk and uncertainty inherent in the forecast cash flows.

The Group has performed an assessment to determine whether there is any sensitivity to changes in key assumptions.
As a result of the sensitivity analysis and impairment testing performed, it was determined that no material risks of impairment existed as at 1 August 2025 (2024: $Nil).

Disposal

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Consolidated Statement of Comprehensive Income.

Year ended 1 August 2025

$000's	Land at fair value	Buildings at fair value	Fixtures & Fittings	Plant & Equipment	TOTAL
Opening NBV	**11,235**	**18,636**	**22,353**	**6,555**	**58,779**
Additions	-	70	9,735	5,108	14,913
Disposals	-	-	(65)	(60)	(125)
Depreciation	-	(615)	(7,725)	(3,164)	(11,504)
Revaluations	-	(28)	-	-	(28)
FX Impact	-	-	89	31	120
Closing NBV	**11,235**	**18,063**	**24,387**	**8,470**	**62,155**
Cost/Valuation	11,235	18,616	82,536	33,840	146,227
Accumulated depreciation	-	(553)	(58,238)	(25,401)	(84,192)
FX Impact	-	-	89	31	120
Closing NBV	**11,235**	**18,063**	**24,387**	**8,470**	**62,155**

Year ended 1 August 2024

$000's	Land at fair value	Buildings at fair value	Fixtures & Fittings	Plant & Equipment	TOTAL
Opening NBV	**11,025**	**20,138**	**19,789**	**5,415**	**56,367**
Additions	-	-	10,562	4,593	15,155
Disposals	-	-	(308)	(354)	(662)
Depreciation	-	(626)	(7,690)	(3,099)	(11,415)
Revaluations	210	(876)	-	-	(666)
Closing NBV	**11,235**	**18,636**	**22,353**	**6,555**	**58,779**
Cost/Valuation	11,235	18,636	76,709	29,630	136,210
Accumulated depreciation	-	-	(54,356)	(23,075)	(77,431)
Closing NBV	**11,235**	**18,636**	**22,353**	**6,555**	**58,779**

If land and buildings were stated on a historical cost basis, the amounts would be as follows:

	2025 $000's	2024 $000's
Land	**4,270**	4,270
Buildings	**12,862**	12,792
Cost	**17,132**	17,062
Accumulated depreciation	**(3,250)**	(2,993)
Net book amount	**13,882**	14,069

4.3 Investment Property

Recognition and measurement

Investment property consists of a portion of land and buildings for the purpose of retail. Land and buildings were valued on 1 August 2025 by Telfer Young (Hawkes Bay) Limited ("the valuer") who are independent registered valuers and associates of The New Zealand Institute of Valuers. The valuer has recent experience in the location and category of the item being valued. The fair values of the assets represent the estimated price for which a property could be sold on the date of valuation in an orderly transaction between market participants.

The adopted valuation has been assessed within a range indicated by two valuation approaches: Income capitalisation approach and discounted cash flow analysis.

The following table summarises the valuation approach and key assumptions used by the valuers to arrive at fair value.

Valuation approach	Description of the valuation approach
Income Capitalisation Approach	A valuation methodology which determines fair value by capitalising a property's sustainable net income at an appropriate, market derived capitalisation rate (yield). Unobservable inputs within the income capitalisation approach include: a) Net Market Rent which is the annual amount for which a tenancy within a property is expected to achieve under a new arm's length leasing transaction after deducting a fair share of property operating expenses. b) Capitalisation Rate (yield) which is the rate of return, determined through analysis of comparable, market related sales transactions which is applied to a property's sustainable net income to derive value.
Discounted Cash Flow analysis	With the discounted cash flow analysis, a cash flow budget is established for the property over a ten-year time horizon. Within the cash flow an allowance is made for rental growth as well as deducting costs associated with property ownership. A terminal value is also estimated and the cash flows are discounted at a market rate to arrive at a net present value. Unobservable inputs within the discounted cash flow analysis include: a) The discount rate which is the rate determined through analysis of comparable market related sales transactions which is applied to a property's future net cash flows to convert those cash flows into a present value. b) The terminal capitalisation rate which is the rate which is applied to a property's sustainable net income at the end of an assumed holding period to derive an estimated market value. c) Rental growth rate which is the annual growth rate applied to market rent over an assumed holding period. d) Expenses growth which is the annual amount applied to property operating expenses over an assumed holding period.

The loss of $60,000 on the fair value revaluation of Investment Property was recognised as an operating expense in the Consolidated Statement of Comprehensive Income (2024: $128,000). Subsequent revaluation surpluses or losses will be recognised through the Consolidated Statement of Comprehensive Income.

Land and building measurements are categorised as Level 3 in the fair value hierarchy. During the year there were no transfers between levels of the fair value hierarchy.

Both the income capitalisation approach and discounted cash flow analysis contain unobservable inputs in determining fair value. These are summarised in the table below:

Class of property	Inputs used to measure fair value	Range of significant unobservable inputs 2025	2024	Sensitivity
Land and Buildings – Retail and Investment Property	Net Market Rent	$327 per m2	$355 per m2	The higher the market rent and growth rate, the higher the fair value
	Rental growth rate	1.50% - 2.00%	2.00% - 2.50%	
	Capitalisation rate (yield)	6.97%	6.76%	The higher the capitalisation rates and discount rate, the lower the fair value.
	Discount Rate	7.92%	7.89%	
	Terminal Capitalisation Rate	6.72%	7.50%	
	Expenses growth	1.80% - 2.0%	2.0% - 3.0%	The higher the expenses, the lower the fair value.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Investment Property

	2025 $000's	2024 $000's
Opening balance	3,080	3,208
Net loss from fair value adjustment	(60)	(128)
Closing balance	3,020	3,080

Lease receivables:

The Group owns rental property that it leases under non-cancellable operating lease agreements to external parties. Leases reflect normal commercial arrangements with varying terms and renewal rights.

The future minimum rental payments receivable under these leases is as follows:

	2025 $000's	2024 $000's
Due within one year	150	83
One to two years	150	-
Two to five years	374	-
Total lease receivables	674	83

5. Equity

5.1 Share capital

Ordinary shares are classified as capital, net of treasury stock.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Treasury stock

Under the legacy executive share scheme, shares purchased on-market were initially recognised as treasury stock at cost. On vesting to employees, treasury stock was credited to equity and an employee loan was recorded, initially at fair value and subsequently measured at amortised cost.

As at 1 August 2025, the scheme has no treasury stock remaining, with employees continuing to repay outstanding loans through the application of dividends on the shares held.

No treasury stock is held in relation to the current Long-Term Incentive Plan, as equity awards are satisfied through an award of new shares if certain performance conditions are met.

Reserves

The asset revaluation reserve records revaluations of land and buildings classified as property, plant and equipment, net of tax. The cash flow hedge reserve records the fair value of derivative financial instruments, net of tax that meet the hedge accounting criteria. The Share Option reserve is used to record the accumulated value of unvested share rights arising from the executive share scheme which have been recognised in the consolidated statement of changes in equity. The foreign currency translation reserve is used to record foreign currency translation differences arising on the translation of the Group entities results and financial position. The amounts are accumulated in other comprehensive income until disposal of the foreign operation.

Contributed Equity

	2025 Shares	2024 Shares	**2025 $000's**	2024 $000's
Balance at beginning of year	**59,649,061**	59,452,061	**29,279**	28,140
Sale of Treasury Stock	**-**	25,000	**-**	141
Dividends	**-**	-	**-**	29
Share Options Exercised	**-**	172,000	**-**	948
Loss/(Gain) on sale of Treasury Stock transferred to Retained Earnings	**-**	-	**-**	21
Balance at end of year	**59,649,061**	59,649,061	**29,279**	29,279
Representing:				
Share Capital	**59,649,061**	59,649,061	**29,279**	29,279
Treasury Stock (net of Dividends)	**-**	-	**-**	-
Total	**59,649,061**	59,649,061	**29,279**	29,279

All shares are fully paid and rank equally.

5.2 Executive Share Scheme

Equity-settled share-based compensation benefits were historically provided to certain employees under the Group's executive share scheme. The fair value of share rights granted was recognised as an employee benefit expense with a corresponding increase in equity, measured at grant date and expensed over the vesting period using a Black Scholes pricing model.

The scheme involved the purchase of shares on-market funded by limited recourse, interest-free loans provided by the Company. Shares were held by directors as custodians and dividends on the shares were applied to repay the loans. Shares vested after three years, subject to continued employment. On vesting, the share option reserve was transferred to retained earnings.

This scheme is now closed to new participation, with no treasury stock remaining. Employees continue to repay outstanding loans through dividends on the shares held. No shares were issued during the 2025 financial year (2024: Nil).

Current Long-Term Incentive Plan (LTIP)

During the current year, the Group established a new Long-Term Incentive Plan. The Plan provides for both cash-settled phantom shares and equity-settled awards:

Phantom shares are cash-settled, with entitlements determined by the Company's share price at vesting, based on the volume weighted average price over a chosen period.

Equity-settled awards are measured at grant-date fair value and recognised as an expense on a straight line basis over the vesting period. The awards are satisfied through a capital issue of new shares after a three-year vesting period, subject to performance and service conditions. The issue of new shares results in potential dilution for existing shareholders.

The LTIP is accounted for in accordance with NZ IFRS 2 Share-based Payment.
Cash-settled awards are recognised as a liability and remeasured to fair value at each reporting date, with changes recognised in the profit or loss in the Consolidated Statement of Comprehensive Income. Equity-settled awards are measured at grant date fair value and expensed over the vesting period, with a corresponding credit to the Share Option Reserve.

For the year ended 1 August 2025, the Group recognised costs in relation to the Long-Term Incentive Plan (LTIP) in accordance with NZ IFRS 2 Share-based Payment.

An amount of $37,000 has been recognised as a provision for incentive with a corresponding charge to employee benefits in respect of cash-settled awards.

In addition, $37,000 has been recognised as a credit to the Share Option Reserve in respect of equity-settled awards, with a corresponding charge to employee benefits. This reflects the expected settlement of awards through the issue of new shares, subject to vesting conditions.

Legacy Executive share scheme

	Year ended 1 August 2025		Year ended 1 August 2024	
	Number of shares	**Average exercise price per share option**	Number of shares	Average exercise price per share option
Balance at beginning of financial year	-	-	197,000	$6.74
Forfeited during the year	-	-	(25,000)	$5.62
Exercised during the year	-	-	(172,000)	$6.65
Balance at end of financial year	-		-	

In accordance with NZ IFRS 2 Share-based Payment, the below amount represents the fair value of equity instruments granted, measured at the grant date. The total long-term performance right of $222,344 has been determined based on 36,873 shares granted at a grant date fair value of $6.03 per share.

Long-Term Performance Rights

Grant date	Opening balance	Granted during the year	Vested during the year	Lapsed during the year	Closing balance
2/08/2024	-	222,344	-	-	**222,344**

6. Taxation

6.1 Income tax expense

The income tax expense or revenue for the period is the tax payable or receivable on the current period's taxable income based on the notional income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Goods and Services Tax (GST)

The Consolidated Statement of Comprehensive Income and the Consolidated Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Consolidated Statement of Financial Position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

	2025 $000's	2024 $000's
Income tax expense		
The tax expense comprises:		
Current tax expense	**16,920**	17,567
Prior period adjustment	**(67)**	1,077
Deferred tax expense (note 6.2)		
- Future tax expense current year	**128**	459
- Prior period adjustment	**1,936**	(1,504)
Total income tax expense	**18,917**	17,599
Reconciliation of income tax expense to tax rate applicable to profits		
Profit before income tax expense	**58,378**	52,085
Tax at 28% (2024: 28%)	**16,346**	14,584
Tax effect of:		
- Income not subject to tax	**-**	35
- Expenses not deductible for tax	**247**	245
- Adjustment due to different rate in different jurisdictions	**614**	605
- Utilisation of tax losses by group companies	**(159)**	-
- Prior period adjustment	**1,869**	(427)
- Removal of tax base on buildings	**-**	2,557
Total income tax expense	**18,917**	17,599

The effective tax rate for the year was 32.4% (2024: 33.8%).

During the financial year, upon re-domiciliation the Group's Australian subsidiaries ceased to be members of the New Zealand consolidated tax group and are now accounted for as separate subsidiaries. As a result, Australian tax losses became available to offset against the taxable profits of those subsidiaries. These losses were fully utilised during the year ended 1 August 2025. Accordingly, no tax losses remain available to carry forward at year end (2024: Nil), and the Group has no unrecognised temporary differences (2024: Nil).

The tax (charge)/credit relating to components of other comprehensive income are as follows:

	2025 $000's			2024 $000's		
	Before Tax	**Tax charge**	**After Tax**	Before Tax	Tax charge	After Tax
Fair Value (Loss)/Gains (net of tax) on Revaluation of Land and Buildings	**(28)**	**8**	**(20)**	(666)	245	(421)
Fair Value (Loss)/Gain (net of tax) in Cash Flow Hedge Reserve	**(892)**	**257**	**(635)**	(91)	28	(63)

6.2 Deferred tax

	2025 $000's	2024 $000's
Amounts recognised in profit or loss		
Depreciation	349	2,583
Provisions and accruals	3,376	3,042
Right of use assets	(20,179)	(21,145)
Lease liabilities	22,139	22,979
	5,685	7,459
Amounts recognised directly in equity		
Asset revaluation reserve	8	245
Cash flow hedges	(123)	(381)
Total amount recognised	5,570	7,323
Movements		
Balance at beginning of year	7,323	6,005
Credited/(Charged) to the Income Statement	(128)	(459)
Prior period adjustment	(1,936)	1,504
Charged to equity	265	273
FX impact	46	-
Balance at the end of the year	5,570	7,323

6.3 Imputation credits

	2025 $000's	2024 $000's
Imputation credits available for subsequent reporting periods	3,592	3,691

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

- Imputation credits that will arise from the payment of the provision for income tax;
- Imputation debits that will arise from the payment of dividends recognised as liabilities at the reporting date; and
- Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

7. Other

7.1 Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

	2025	2024
	$000's	$000's
Holiday pay accrual and other benefits	**9,877**	8,928

7.2 Contingencies

Contingent liabilities under contracts, guarantees and other agreements arising in the ordinary course of business on which no loss is anticipated are as follows:

	2025	2024
	$000's	$000's
Bank guarantee provided to the New Zealand Stock Exchange Limited	**75**	75

Letters of Credit

Bank letters of credit issued to secure future purchasing requirements are matched to a contingent asset of the same value representing inventories purchased.

7.3 Capital expenditure commitments

	2025	**2024**
	$000's	**$000's**
Commitments in relation to store and distribution centre fitouts	**1,863**	**986**

7.4 Related party transactions

During the year, the Company advanced and repaid loans to its subsidiaries by way of internal current accounts. In presenting the financial statements of the Group, the effect of transactions and balances between fellow subsidiaries and those with the Parent have been eliminated.

The Group undertook transactions with the related interests of the majority shareholder as detailed below:

	2025	2024
T C Glasson	**$000**	$000
Rent payments on retail premises	**1,478**	1,373
Balance as at year end - lease liabilities	**4,955**	4,143

The following Directors received Directors' fees and dividends in relation to shares held personally as follows:

	Directors' fees		Dividends	
	2025	2024	**2025**	2024
	$000	$000	**$000**	$000
Ms J Appleyard	**86**	86	**-**	-
Mr W J Bell	**145**	141	**-**	-
Ms K Bycroft	**102**	99	**-**	-
Mr M Ford	**112**	106	**5**	4
Mr J C Glasson	**-**	-	**224**	41
Mr T C Glasson	**86**	86	**4,789**	5,338
Mr G Popplewell	**101**	94	**85**	91
Ms S Vincent	**86**	86	**24**	22
	718	698	**5,127**	5,496

During the financial year, consulting fees of $14,000 (2024: $10,000) were paid to Karen Bycroft. There was no balance outstanding as at 1 August 2025 (2024: $Nil).

Total remuneration of $988,000 was paid by the Company to close family members of the Board of Directors for individuals that were either employed or engaged as consultants by the Company in the year ended 1 August 2025 (2024: $702,000).

Key management compensation was as follows:

	2025	2024
	$000	$000
Short term employee benefits	**3,779**	3,864
Share Scheme Benefit	**74**	43

The Company operates a long-term incentive scheme and previously operated a legacy employee share scheme for certain senior executives as outlined in Note 5.2.

7.5 Financial risk management

Fair value estimation

Fair value estimates are classified in a hierarchy based on the inputs to valuation techniques used to measure fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

The Group has financial instruments that are classified as Level 2 within the fair value hierarchy. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all material inputs required to fair value an instrument are observable, the instrument is included within Level 2. Under Level 2 the Group holds forward foreign exchange contracts. The fair value of these forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value. Refer to note 7.5.4.

The Group's land and buildings within property, plant and equipment and investment property are classified as Level 3 in the fair value hierarchy as one or more of the material inputs into the valuation are not based on observable market data. Refer to notes 4.2 and 4.3 for more information.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The company designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss in the Consolidated Statement of Comprehensive Income.

Amounts accumulated in equity are recycled in the Consolidated Statement of Comprehensive Income in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Consolidated Statement of Comprehensive Income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit or loss in the Consolidated Statement of Comprehensive Income.

Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of these derivative instruments are recognised immediately in the profit or loss in the Consolidated Statement of Comprehensive Income.

7.5.1 Financial risk factors

The Group's activities expose it to various financial risks including, liquidity risk, credit risk, and market risk (including currency risk and cash flow interest rate risk). The Group's risk management strategy is to minimise adverse effects on the Consolidated Statement of Comprehensive Income. Derivative financial instruments are used to hedge currency risk.

7.5.2 Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves, and by regularly monitoring cash flow.

At balance date, the Group had $58.333 million (2024: $45.915 million) in cash reserves and accordingly, management consider liquidity risk to be relatively low.

The table below analyses the Group's financial liabilities and gross-settled derivatives into relevant maturity groupings based on the remaining period from the Consolidated Statement of Financial Position to the contractual maturity date. The cash flow hedge "outflow" amounts disclosed in the table are the contractual undiscounted cash flows liable for payment by the Group in relation to all forward foreign exchange contracts in place at balance date. The cash flow hedge "inflow" amounts represent the corresponding inflow of foreign currency back to the Group as a result of the gross settlement on those contracts, converted using the spot rate at balance date. The carrying value shown is the net amount of derivative financial liabilities and assets as shown in the Consolidated Statement of Financial Position. Trade payables are shown at carrying value in the table. No discounting has been applied as the impact of discounting is not material.

As at 1 August 2025	**Less than 3 months $000's**	**3-12 months $000's**	**Total $000's**	**Carrying value $000's**
Trade and other payables	**29,789**	**-**	**29,789**	**29,789**
	29,789	**-**	**29,789**	**29,789**
Forward foreign exchange contracts				
Cash flow hedges:				
- outflow	**(34,983)**	**(49,675)**	**(84,658)**	**(84,658)**
- inflow	**35,198**	**50,162**	**85,360**	**85,081**
- Net	**215**	**487**	**702**	**423**

As at 1 August 2024	Less than 3 months $000's	3-12 months $000's	Total $000's	Carrying value $000's
Trade and other payables	25,228	-	25,228	25,228
	25,228	-	25,228	25,228
Forward foreign exchange contracts				
Cash flow hedges:				
- outflow	(24,318)	(40,613)	(64,931)	(64,931)
- inflow	25,038	41,176	66,214	66,246
- Net	720	563	1,283	1,315

7.5.3 Credit Risk

Credit risk is the risk of the failure of a debtor or counterparty to honour its contractual obligations resulting in financial loss to the Group. The Group incurs credit risk from trade receivables and transactions with financial institutions. The Group places its cash, short-term investments, and derivative financial instruments with high credit quality financial institutions. Retail sales are predominantly settled in cash or by using major credit cards. 0.1% (2024: 0.0%) of sales give rise to trade receivables. This maximum exposure to credit risk is the carrying amount of trade receivables.
Concentration of credit risk with respect to debtors is limited due to the large number of customers included in the Group's customer base.
The Group does not require collateral or other security to support financial instruments with credit risk.

7.5.4 Market Risk

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from currency exposure predominantly with the US dollar with the purchase of inventory from overseas suppliers.
The Board has established a Treasury Risk Policy to manage the foreign exchange risk. The policy is reviewed on a regular basis, and management report monthly to the Board to confirm policy is adhered to. All committed foreign currency requirements are fully hedged, and approximately 50% (2024: 50%) of anticipated foreign currency requirements are hedged on a rolling twelve month basis.

The Group uses forward exchange contracts with major retail banks only to hedge its foreign exchange risk arising from future purchases.

Forward exchange contracts – cash flow hedges

These contracts are used for hedging committed or highly probable forecast purchases of inventory. The contracts are timed to mature during the month the inventory is shipped and the liability settled. The cash flows are expected to occur at various dates within one year from balance date.

When forward exchange contracts have been designated and tested as an effective hedge the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. These gains or losses will be released in the profit or loss in the Consolidated Statement of Comprehensive Income at various dates over the following year as the hedged risk crystallises.

At balance date the Group had entered into forward exchange contracts to sell the equivalent of NZ$84.658 million (2024: NZ$64.931 million), primarily in US and AU Dollars. At balance date these contracts are represented by net assets of $0.423 million (2024: assets of $1.315 million). When foreign exchange contracts are not designated and tested as an effective hedge, the gain or loss on the foreign exchange contract is recognised in the profit or loss in the Consolidated Statement of Comprehensive Income.

At balance date there are no such contracts in place (2024: Nil).

Interest rate risk

The Group has no interest bearing liabilities. Exposure to interest rate risk arises only from the impact on income from operating cash flows as a result of interest bearing assets, such as cash deposits.

Sensitivity analysis

Based on historical movements and volatilities and management's knowledge and experience, management believes that the following movements are 'reasonably possible' over a 12 month period:

- Proportional foreign exchange movement of -10% (depreciation of NZD) and +10% (appreciation of NZD) against the USD, from the year end rate of $0.5881 (2024: $0.5949).
- Proportional foreign exchange movement of -10% (depreciation of NZD) and +10% (appreciation of NZD) against the AUD, from the year end rate of $0.9139 (2024: $0.9151).
- A parallel shift of +2% / -2% in the market interest rates from the year end deposit rate of 3.0% (2024: 5.5%).

If these movements were to occur, the post-tax impact on profit or loss and equity for each category of financial investment:

As at 1 August 2025	**Carrying amount**	**Interest rate**				**Foreign exchange rate**			
		-2%		**+2%**		**-10%**		**+10%**	
		Profit	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**
	$000's	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
FINANCIAL ASSETS									
Loans and receivables									
Cash and cash equivalents	**58,333**	**(1,167)**	**(1,167)**	**1,167**	**1,167**	**3,473**	**3,473**	**(2,841)**	**(2,841)**
Accounts receivable	**366**	-	-	-	-	-	-	-	-
Advances to Employees	**732**	-	-	-	-	-	-	-	-
Derivatives used for Hedging									
Derivatives designated as cash flow hedges (forward foreign exchange contracts)	**423**	-	-	-	-	-	**6,829**	-	**(5,587)**
FINANCIAL LIABILITIES									
Liabilities at amortised cost									
Trade and other payables	**29,789**	-	-	-	-	**(1,997)**	**(1,997)**	**1,634**	**1,634**
TOTAL INCREASE/DECREASE		**(1,167)**	**(1,167)**	**1,167**	**1,167**	**1,476**	**8,305**	**(1,207)**	**(6,794)**

As at 1 August 2024	Carrying amount	Interest rate				Foreign exchange rate			
		-2%		+2%		-10%		+10%	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
FINANCIAL ASSETS									
Loans and receivables									
Cash and cash equivalents	45,915	(918)	(918)	918	918	2,365	2,365	(1,935)	(1,935)
Accounts receivable	407	-	-	-	-	-	-	-	-
Advances to Employees	847	-	-	-	-	-	-	-	-
Derivatives used for Hedging									
Derivatives designated as cash flow hedges (forward foreign exchange contracts)	1,315	-	-	-	-	-	5,297	-	(4,334)
FINANCIAL LIABILITIES									
Liabilities at amortised cost									
Trade and other payables	25,228	-	-	-	-	(1,541)	(1,541)	1,261	1,261
TOTAL INCREASE/DECREASE		(918)	(918)	918	918	824	6,121	(674)	(5,008)

7.5.5 Capital risk management

The Group's objectives when managing capital are to maximise the value of shareholder equity and ensure that the Group continues to safeguard its ability to continue as a going concern. Group capital consists of share capital, reserves and retained earnings. In order to meet these objectives, the Group may adjust the amount of dividend payment made to shareholders. The Group has no specific banking or other arrangements which require that the Group maintain specific equity levels.

7.6 Events subsequent to balance date

Subsequent to year end, the Board has resolved to pay a final dividend of 30.5 cents per share (partially imputed at 56.5%) (2024: 26.5 cents partially imputed 75.6%). The dividend will be paid on 12th December 2025 to all shareholders on the Company's register as at 5:00pm, 5th December 2025.

7.7 Standards, amendments and interpretations to existing standards

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are mandatory for the 1 August 2025 reporting period have been adopted by the Group and have no material impact. There were also certain new accounting standards, amendments to accounting standards and interpretations that have been published which are not mandatory for the 1 August 2025 reporting period and have not been early adopted by the Group. These standards, amendments or interpretations are yet to be assessed for the disclosure impacts for the future reporting periods.

Independent auditor's report

To the shareholders of Hallenstein Glasson Holdings Limited

Our opinion

In our opinion, the accompanying consolidated financial statements (the financial statements) of Hallenstein Glasson Holdings Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 1 August 2025, its financial performance, and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

What we have audited

The Group's financial statements comprise:

- the consolidated statement of financial position as at 1 August 2025;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business. Other than our capacity as auditor, we have no other relationship with, or interests in, the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How our audit addressed the key audit matter
Inventory valuation As at 1 August 2025, the Group held $31.3 million of finished goods, net of inventory adjustments of $0.2 million. Given the size of the inventory balance, and the estimates and judgements described below, the valuation of inventory required significant audit attention and is a key audit matter. As disclosed in note 3.2, inventories are held at the lower of cost and net realisable value. At year end, the valuation of inventory is reviewed by management and its cost is reduced where inventory is forecasted to be sold below cost. The inventory adjustment is determined based on various factors including historical data, inventory ageing, current trends and specific product information from buyers. Determining the appropriate level of provisioning involves judgement and the application of assumptions including management's estimation of future selling prices.	Our audit procedures included: • testing, on a sample basis, the accuracy of inventory costing to supporting documentation and calculations; • considering the level of aged inventory, inventory turnover levels and enquiries with management; • performing analytical procedures on balances supporting inventory provisions to assess their reasonableness and that the provision amounts were within expectations; • considering the results of our testing and in conjunction with management enquiries determined whether any specific write downs were required; and • reviewing the appropriateness of disclosures in the financial statements.

Our audit approach

Overview

Overall group materiality: $2.9 million, which represents approximately 5% of Group profit before tax.

We chose Group profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark.

Our Group audit scoping focussed on those components that are financially significant to the Group. Specified audit and/or analytical procedures were performed over certain residual components.

As reported above, we have one key audit matter, being inventory valuation.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures, and to evaluate the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

How we tailored our group audit scope
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and the Climate-Related Disclosures, but does not include the financial statements and our auditor's report thereon. The Annual Report and the Climate-Related Disclosures are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board’s website at:

https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/

This description forms part of our auditor’s report.

Who we report to

This report is made solely to the Company’s shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor’s report is Indumin Senaratne (Indy Sena).

For and on behalf of

PricewaterhouseCoopers

PricewaterhouseCoopers Auckland
26 September 2025