

CHAIRMANS ADDRESS TO SHAREHOLDERS ON 10 DECEMBER 2024

RESULTS FOR FULL YEAR ENDED 1 AUGUST 2024

Group sales for the 12 months to 1 August 2024 were \$435.6 million, an increase of 6.3% on the prior year (\$409.7 million), with an improved gross margin of +2.1%.

The audited net profit before tax for the 12 months was \$52.1 million, an increase of +14.7% on the prior corresponding period (\$45.4 million).

Group audited net profit after tax was \$34.5 million (prior year \$32.0 million). This includes a net non-cash deferred tax expense of \$1.1 million connected to changes in tax legislation on the deductibility of depreciation on non-residential buildings. This is a pleasing result given the difficult retail environment in Australasia, and in particular New Zealand.

Gross margin at 59.4% grew from 57.3% in the prior year. Margin growth was due to a focus of onboarding new suppliers, an improvement in freight costs, and most significantly well controlled stock levels resulting in more full-price sales and lower discounting. This is despite a challenging foreign exchange rate for inventory purchases, which was lower than the prior corresponding period.

The Group continued to focus on improved product and sourcing, as well as managing operating costs wherever possible given the current economic environment. Inventory levels were tightly managed, improving stock turn year on year, driving improved liquidity. This gives the Group the flexibility needed to adjust to the trading environment and consumer preferences while executing our core business strategy.

The Group maintains a strong balance sheet with a cash balance of \$45.9 million at the end of FY24, up \$13.4 million on the previous year.

Glassons Australia - which has 38 stores across Australia

Sales in Australia were \$218.1 million which was an increase of +14.1% on the prior corresponding period. Net profit after tax was \$19.5 million, an increase of +14.0% on the prior year (\$17.1 million).

Two new stores were opened during the year. A store in Knox, Victoria opened in November 2023, followed by the March 2024 opening of Rundle Mall, our second Adelaide store. Throughout the financial year, the Bondi Junction store in New South Wales and the Fountain Gate store in Victoria were both extended and refurbished. The Warringah store in New South Wales was also refurbished. In total we have 38 stores in Australia, and we continue to explore new store opportunities and larger format stores to better showcase our product offering and improve customer experience as we continue to expand in the Australian market.

New Zealand – which has 34 stores in New Zealand

Sales in New Zealand for the year were \$110.1 million, a decrease of -2.1% on the prior corresponding period. Net profit after tax was \$10.8 million, a decrease of -1.0% on the prior corresponding period (\$10.9 million), reflective of a challenging trading environment.

Over the last year, the Albany and Christchurch CBD stores were both relocated to improved locations from which we have seen sales growth from both. After careful consideration, the Blenheim and Chartwell stores were both closed during the year. Post year end our Lynn Mall store was refurbished, the Timaru store has closed, and a new store has been opened at the Manawa Bay Outlet Centre near Auckland Airport.

The Glassons brand's relentless commitment to stay on trend, remain agile and provide high quality fashion at accessible price points has enabled the brand to grow successfully, despite operating in the most challenging retail environment in many years. Glassons remains focused on creating exciting and engaging store experiences, maintaining a sustainable and ethical supply chain and is well placed to capitalise on the future recovery in consumer sentiment.

Hallenstein Brothers – which currently has 42 stores in New Zealand and 5 stores in Queensland, Australia

Sales for the 12-month period were \$107.5 million (including Australia), an increase of +1.3% on the prior corresponding period. Net profit after tax was \$5.3 million, an increase of +37.4% on the prior corresponding period (\$3.9 million).

During the year, our new concept design was rolled out in the Manukau store, which has delivered sales growth since reopening. The Timaru store was also refurbished, and the Queenstown store was closed in July. Post year end, Hallensteins opened a store in the new Manawa Bay outlet mall near Auckland Airport, and in November 2024 opened a new store in Silverdale. In Australia we now operate 5 Hallenstein stores, the Garden City store opened in a new location in November 2023 and has seen significant sales growth since reopening. A pop-up store in Robina, Gold Coast was opened in the lead up to last Christmas.

Hallensteins is also working with relevant content creators and brand ambassadors with a focus on what matters to our customers, to increase brand awareness both in New Zealand and Australia. Partnerships with the New Zealand Warriors rugby league team has provided great content and strong brand recognition, and we look forward to continuing the partnership into the new financial year.

E-Commerce and Digital

The Group continues with a customer-centric focus to ensure that customers have a positive experience whichever way they choose to shop and to support this, we continue to invest in people, technology and marketing. Online sales now represent 18.2% of total sales for the full financial year, broadly in line with the 18.3% reported in the prior corresponding period.

Digital investment is sustained to ensure that growth continues. The Hallensteins App was released in the second half of the year and the Glassons App now has over 1.9 million downloads. User experience is paramount, so the websites and apps continue to be developed and improved to ensure they are catering to their users and deliver a seamless experience.

Dividend

In regard to our final dividend, the Directors have declared a final dividend of 26.5 cents per share (partially imputed at 75.6%) (24 cents per share partially imputed at 75.0% last year) to be paid on 13th December 2024. Together with the interim dividend of 24 cents per share that was paid on 18th April 2024, the full year dividend is 50.5 cents per share. The dividend payment has grown as the Company's balance sheet continues to remain strong, and inventory levels well controlled.

Future Outlook

In the first 18 weeks of the new financial year, Group sales have increased by 10.1% compared to the same period last year. This positive result is largely attributed to strong performance in the Australian market, along with a favorable exchange rate due to the stronger Australian dollar. However, the New Zealand market continues to face challenges, as ongoing economic conditions and cost-of-living pressures are affecting consumer spending patterns across both brands.

Alongside the two new stores just opened in Manawa Bay in September and the new Hallensteins store in Silverdale, the Group has additional refurbishment and new store opportunities to support growth in 2025. We continue to look for operational and cost efficiencies, while remaining flexible with our product offerings to ensure we are well positioned for the upcoming Christmas period.

In closing I would like to thank the Hallenstein Glassons Board, our Executive Teams and all our staff, for their dedication and continued efforts. The team has delivered a great result in what has been a very challenging and difficult trading environment in both New Zealand and Australia.

Warren Bell

Chairman

10th December 2024