

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 1 February 2023 (unaudited)

	Note	Half Year ended 1/2/23 \$000	Half Year ended 1/2/22 \$000
Sales revenue		223,293	170,631
Cost of sales		(97,087)	(71,864)
Gross profit		126,206	98,767
Other operating income		124	118
Selling expenses		(72,127)	(62,902)
Distribution expenses		(7,283)	(5,803)
Administration expenses		(16,329)	(12,336)
Total expenses	2.2	(95,739)	(81,041)
Operating profit		30,591	17,844
Finance income		501	57
Finance expense		(1,579)	(1,016)
Profit before income tax		29,513	16,885
Income tax expense		(8,688)	(4,973)
Net profit after tax attributable to the shareholders of the Holding Company		20,825	11,912
Other comprehensive income			
- Items that will not be reclassified to profit or loss			
Increase in share option reserve		73	86
- Items that may be subsequently reclassified to profit or loss			
Fair value (loss)/gain (net of tax) in cash flow hedge reserve		(3,774)	243
Total comprehensive income for the year		17,124	12,241
Earnings per share			
Basic and diluted earnings per share		34.91	19.97

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 2023 (unaudited)

	Note	As at 1/2/23	As at 1/2/22	As at 1/8/22
		\$000	\$000	\$000
EQUITY				
Contributed equity		27,805	27,361	27,805
Asset revaluation reserve		24,894	24,846	24,894
Cashflow hedge reserve		(3,142)	750	632
Share option reserve		301	187	228
Retained earnings		43,402	33,937	36,894
Total equity		93,260	87,081	90,453
Represented by				
CURRENT ASSETS				
Cash and cash equivalents		36,164	32,898	35,113
Trade and other receivables		213	432	466
Advances to employees		189	269	242
Prepayments		5,399	5,385	5,275
Taxation Receivable		-	-	572
Inventories	3	28,472	22,361	33,441
Derivative financial instruments		38	1,052	1,188
Total current assets		70,475	62,397	76,297
NON-CURRENT ASSETS				
Property, plant and equipment	4	53,198	50,040	50,415
Right of use assets		64,641	58,076	67,146
Investment property		3,372	3,372	3,372
Intangible assets		648	548	601
Deferred tax		9,457	7,186	7,364
Total non-current assets		131,316	119,222	128,898
Total assets		201,791	181,619	205,195
CURRENT LIABILITIES				
Trade payables		7,962	8,352	13,288
Employee benefits		8,425	7,281	7,252
Other payables		10,913	9,661	16,503
Lease liabilities		24,309	23,365	24,655
Derivative financial instruments		4,456	-	289
Taxation payable		424	438	-
Total current liabilities		56,489	49,097	61,987
NON-CURRENT LIABILITIES				
Lease liabilities		52,042	45,441	52,755
Total liabilities		108,531	94,538	114,742
Net assets		93,260	87,081	90,453

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STATEMENT OF CHANGES IN EQUITY

For the six months ended 1 February 2023 (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 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
COMPREHENSIVE INCOME							
Profit for year	-	-	-	-	-	13,693	13,693
Revaluation net of tax	-	-	48	-	-	-	48
Cash flow hedges net of tax	-	-	-	(118)	-	-	(118)
Increase in share option reserve	-	-	-	-	82	-	82
Total comprehensive income	-	-	48	(118)	82	13,693	13,705
TRANSACTIONS WITH OWNERS							
Sale of treasury stock	-	259	-	-	-	-	259
Transfer of share option reserve to retained earnings	-	-	-	-	(41)	41	-
Dividends	-	144	-	-	-	(10,736)	(10,592)
Gain/loss on sale of treasury stock transferred to retained earnings	-	41	-	-	-	(41)	-
Total transactions with owners	-	444	-	-	(41)	(10,736)	(10,333)
Balance at 1 August 2022	29,279	(1,474)	24,894	632	228	36,894	90,453
COMPREHENSIVE INCOME							
Profit for year	-	-	-	-	-	20,825	20,825
Cash flow hedges net of tax	-	-	-	(3,774)	-	-	(3,774)
Increase in share option reserve	-	-	-	-	73	-	73
Total comprehensive income	-	-	-	(3,774)	73	20,825	17,124
TRANSACTIONS WITH OWNERS							
Dividends	-	-	-	-	-	(14,317)	(14,317)
Total transactions with owners	-	-	-	-	-	(14,317)	(14,317)
Balance at 1 February 2023	29,279	(1,474)	24,894	(3,142)	301	43,402	93,260

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 2023 (unaudited)

	Half Year ended 1/2/23 \$000	Half Year ended 1/2/22 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Sales to customers	223,546	170,438
Rent received	124	118
Government grants	165	1,938
Interest received	498	53
Interest on debtors	3	4
	224,336	172,551
Cash was applied to:		
Payments to suppliers	140,277	105,991
Payments to employees	39,232	34,345
Interest paid on leases	1,579	1,016
Taxation paid	8,242	9,954
	189,330	151,306
Net cash flows from operating activities	35,006	21,245
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Proceeds from sale of property, plant, equipment and intangible assets	30	42
Repayment of employee advances	53	22
	83	64
Cash was applied to:		
Purchase of property, plant, equipment and intangible assets	7,873	3,034
	7,873	3,034
Net cash flows applied to investing activities	(7,790)	(2,970)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was provided from:		
Proceeds from sale of treasury stock and dividends	-	4
	-	4
Cash was applied to:		
Dividend paid	14,317	14,317
Lease liability payments	11,848	10,268
	26,165	24,585
Net cash flows applied to financing activities	(26,165)	(24,581)
Net increase in funds held	1,051	(6,306)
Cash and cash equivalents at the beginning of the period	35,113	39,204
Cash and cash equivalents at the end of the period	36,164	32,898

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 2023 (unaudited)

RECONCILIATION OF PROFIT AFTER TAXATION TO CASH FLOWS FROM OPERATING ACTIVITIES

	Half Year ended 1/2/23 \$000	Half Year ended 1/2/22 \$000
NET PROFIT AFTER TAXATION	20,825	11,912
ADD/(DEDUCT) ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES		
Gain on sale of plant and equipment	(24)	(40)
ADD/(DEDUCT) NON CASH ITEMS		
Depreciation and amortisation	18,331	16,624
Deferred taxation	(550)	(807)
Share option expense	73	86
ADD/(DEDUCT) MOVEMENTS IN WORKING CAPITAL ITEMS		
Taxation payable	996	(4,173)
Trade and other receivables and prepayments	129	(4,019)
Trade and other payables and employee benefits	(9,743)	(3,787)
Inventories	4,969	5,449
NET CASH FLOWS FROM OPERATING ACTIVITIES	35,006	21,245

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 2023 (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 31 March 2023.

1.2 General accounting policies

Statement of compliance

These interim financial statements for the half year ended 1 February 2023 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 2022 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 2022, and the audited financial statements to 1 August 2022.

The financial statements for the six months ended 1 February 2023 and 1 February 2022 are unaudited. The comparative information for the year ended 1 August 2022 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

The current financial reporting period has not been materially impacted by COVID-19. Comparatively, trade in the first half of the 2022 financial year was significantly disrupted by the COVID-19 pandemic, with 5,432 lost trading days across the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 1 February 2023 (unaudited)

As part of its response to COVID-19, the New Zealand Government provided wage subsidies in the form of the COVID-19 Leave Support Scheme to eligible businesses to help employers continue to pay their employees that are self-isolating because of COVID-19 and are unable to work from home. 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 Leave Support Scheme. 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.

The Group continues to negotiate with landlords for rent relief for periods where stores were unable to trade due to the various lockdowns in the prior years. While some negotiations have been resolved, others are ongoing.

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)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 1 February 2023 (unaudited)

Segment results

For the period ended 1 February 2023	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	60,615	102,893	59,785	-	-	223,293
Cost of sales	(28,913)	(40,868)	(27,306)	-	-	(97,087)
Gross profit	31,702	62,025	32,479	-	-	126,206
Finance income	60	231	177	-	33	501
Finance expenses	(599)	(540)	(435)	-	(5)	(1,579)
Depreciation and software amortisation	5,808	7,447	4,842	212	22	18,331
Profit before income tax	4,888	19,341	5,006	246	32	29,513
Income tax expense	(1,378)	(5,814)	(1,418)	(69)	(9)	(8,688)
Profit after income tax	3,510	13,527	3,588	177	23	20,825
BALANCE SHEET						
Current assets	15,037	25,709	22,215	5,241	2,273	70,475
Non-current assets	45,533	39,289	24,501	21,992	1	131,316
Current liabilities	15,835	24,812	15,477	328	37	56,489
Non-current liabilities	22,578	17,597	11,867	-	-	52,042
Purchase of property, plant, equipment and intangibles	1,035	5,497	1,340	1	-	7,873

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/(loss) 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/(loss) 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, equipment and intangibles	526	1,870	602	36	-	3,034

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 1 February 2023 (unaudited)

2.2 Income and expenses

Profit before income tax includes the following specific expenses:

	Half Year ended 1/2/23 \$000	Half Year ended 1/2/22 \$000
Occupancy costs ¹	18,581	14,260
Wages, salaries and other short term benefits ²	38,546	31,125
Depreciation, amortisation and impairment of property, plant and equipment	5,036	5,033
Gain on sale of property, plant and equipment	(23)	(40)

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 Leave Support Scheme benefit from the New Zealand Government of \$165,000.

2.3 Dividend payments

	Half Year ended 1/2/23 cents/share	Half Year ended 1/2/22 cents/share	Half Year ended 1/2/23 \$000	Half Year ended 1/2/22 \$000
Final dividend payment for the period ended 1 August 2022	24.00	-	14,317	-
Final dividend payment for the period ended 1 August 2021	-	24.00	-	14,317
Total	24.00	24.00	14,317	14,317

3 Inventories

During the six months ended 1 February 2023, the Group recognised in the Statement of Comprehensive Income, a write down of finished goods inventory to provide for obsolescence of \$202,000 (2022: \$367,000).

4 Property, plant and equipment

Acquisitions and disposals

During the six months ended 1 February 2023, the Group acquired assets with a total cost of \$7,873,000 (2022: \$3,034,000).

Assets with a net book value of \$7,000 were disposed of during the six months ended 1 February 2023 (2022: \$3,000).

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 2023, are consistent with those disclosed in the audited financial statements for the year ended 1 August 2022.

6 Events subsequent to balance date

Subsequent to the half year end, the Board has resolved to pay an interim dividend of 24.0 cents (2022 Interim Dividend: 18.0 cents) per share (partially imputed). The dividend will be paid on 19th April 2023 to all shareholders on the Company's register as at 5.00pm, 12th April 2023.