HALLENSTEIN GLASSON HOLDINGS LIMITED

ANNUAL REPORT 2024

CONT

THIS ANNUAL REPORT IS DATED 31 OCTOBER 2024
AND IS SIGNED ON BEHALF OF THE BOARD BY

MALCOM FORD
DIRECTOR

WARREN BELL
CHAIRMAN


HALLENSTEIN
GLASSON HOLDINGS LIMITED
ENTS

HIGHL

TEAM MEMBERS

2,352

TOTAL STORES

117

IGHTS

"IN MY FIRST YEAR AS GROUP CEO, I HAVE BEEN INSPIRED **BY THE DEDICATION, COMMITMENT, AND RESILIENCE OF ALL TEAMS.** THEIR HARD WORK LED US TO **ACHIEVE A RECORD FINANCIAL RESULT IN A CHALLENGING RETAIL ENVIRONMENT.**"

CHRIS KINRAID
GROUP CEO

SALES
$435.64M
UP 6.3%

PROFIT AFTER TAX
$34.49M
UP 7.8%

TOTAL EQUITY
$103.21M

TOTAL ASSETS
$219.02M

% OF TOTAL REVENUE THROUGH ONLINE RETAIL
18.2%
DOWN FROM 18.3% IN 2023

EARNINGS PER ORDINARY SHARE
57.82 CENTS

CHAIRMAN'S **REPORT**

GROUP SALES

$435.6M

ONLINE SALES

18.2%

OF GROUP TURNOVER

WARREN BELL
CHAIRMAN

THE COMPANY ADVISES THAT 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 +210 BASIS POINTS.

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

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, followed by the March opening of Rundle Mall, our second Adelaide store. Throughout the 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.

GLASSONS — 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.

Across Australasia, the 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.

HALLENSTEINS

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. 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 new 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

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

The first eight weeks of the new financial year have seen Group sales improve by +10.9% on the prior corresponding period. The result to date is driven by good performance from the Australian market, although cycling a negative prior corresponding period, and is not indicative of expectations for the peak trade period to come. The environment in New Zealand remains more challenging as the current economic conditions and cost-of-living pressures continue to impact on consumers spending habits across both brands.

Alongside the two new stores just opened in Manawa Bay in September, 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 key black Friday and Christmas periods.

A further update will be provided at the Annual Meeting of Shareholders in December 2024.

GROUP CEO REPORT

FINANCIAL YEAR 2024 HAS BEEN A MILESTONE FOR THE GROUP, WITH SALES SURPASSING $435 MILLION FOR THE FIRST TIME. OUR TEAM'S RELENTLESS EFFORTS HAVE DRIVEN SIGNIFICANT GROWTH, EVEN IN ONE OF THE MOST CHALLENGING RETAIL ENVIRONMENTS IN RECENT HISTORY.

We are proud to have achieved such strong performance despite these headwinds. Notably, despite an unfavourable foreign exchange environment, we expanded our gross margin by 210 basis points. This success was made possible through close collaboration with existing suppliers and the introduction of new partners, allowing us to diversify our supplier base and enhance capabilities.

Our teams have been laser-focused on improving supplier lead times and buying closer to the market, resulting in reduced clearance activity and discounting. Consequently, we have achieved an overall inventory reduction, despite our sales growth.

Operating costs remain a key focus, particularly given the significant impacts of minimum wage increases, persistent domestic freight pressures, and rising international freight costs due to geopolitical tensions. We continue to invest in labour to support sales growth and strengthen the Group's capabilities, all while maintaining a keen focus on operating leverage.

After a challenging start, as consumers faced high interest rates and inflationary pressures, trading conditions improved markedly, resulting in record-breaking sales and underlying profit in the year's latter stages. This performance was driven by our ability to capitalise on key entertainment events, increased foot traffic, and our agility in responding to consumer trends.

BRAND HIGHLIGHTS

Glassons continues to solidify its position as a leading fashion brand, with a strong track record of launching on-trend fashion edits and understanding high-demand product categories. Collaborations, such as the "Five by Flynn" range, have further reinforced its reputation.

Hallensteins has seen exceptional success with its Leisure Club range and other casualwear categories, while still catering to its core customer base and essential product lines. Strategic brand partnerships, such as with the New Zealand Warriors, have bolstered brand awareness.

Both brands remain well-positioned to meet customer needs, offering quality clothing at accessible price points. This strategy is particularly valuable in the current economic climate and positions us well to capitalise on any recovery in consumer spending as the outlook improves.

117 STORES ACROSS THE GROUP

3 NEW STORES

7 STORES REFURBISHED

RETAIL

We remain committed to maintaining a fleet of stores that reflect the quality of our brands while delivering compelling customer experiences. In line with this, we continue to invest in new store openings and refurbishments across Australia and New Zealand.

Over the past financial year, we opened two new Glassons stores in Australia and refurbished three existing locations. In New Zealand, we relocated two Glassons stores and refurbished another, with one new store already completed in the first few months of the new season.

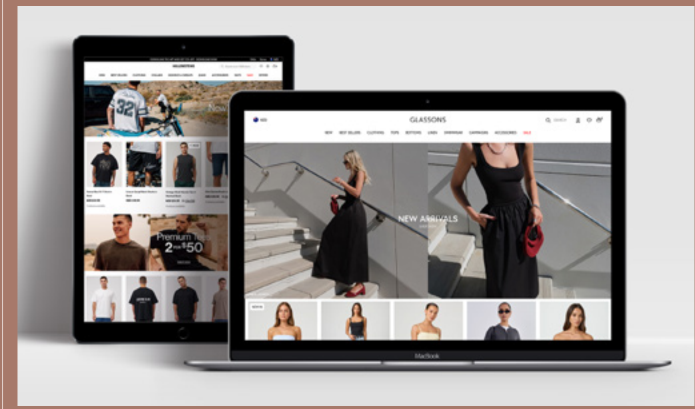
For Hallensteins, we refurbished two stores over the last year. In Australia, we completed one store relocation, while in New Zealand, we achieved both a store relocation and the opening of a new location as we entered the new financial year.

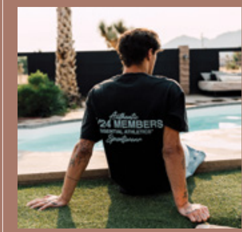
We are continuously refining our store concepts to stay aligned with the latest retail and design trends, ensuring our stores remain innovative and inviting for our customers.

SUSTAINABILITY

Sustainability is a commitment for our Group, not just as a goal, but as a fundamental part of building a long-term, sustainable business. We have strengthened our targets for an ethical and transparent supply chain, and for the first time will publish our targets around Scope 1 and 2 carbon emissions, as part of our legislated climate related disclosures.

Our work continues with suppliers to improve standards and quality, while expanding our visibility and auditing efforts deeper into the supply chain, particularly with Tier 2 suppliers. For more detailed information, our regularly updated sustainability and climate disclosures can be found on our corporate website.





DIGITAL

Digital sales have remained strong, accounting for 18.3% of total Group sales, while also growing in total dollar terms. As consumer expectations for superior online experiences continue to rise, our investment in digital platforms remains essential.

The Glassons app has now surpassed 1.9 million downloads, with new functionalities regularly introduced to enhance user experience. These updates make it easier for customers to seamlessly switch between online and in-store purchases, strengthening our omnichannel approach.

For Hallensteins, a strong focus on customer engagement has significantly boosted their social media following in both New Zealand and Australia. Combined with continued investment in their website, this has led to increased online sales, particularly in the Australian market.

New investment has been made in AI to improve our operational capability and responsiveness and is progressively being introduced throughout the Group.

OUTLOOK

Looking ahead, we anticipate that the retail sector will continue to face challenges, driven by restrictive interest rates and geopolitical tensions, which are expected to add pressure on freight and supply chains. Despite these obstacles, we have had a positive start to the financial year and are well-positioned to adapt to market conditions.

Our focus remains on consistently delivering high-quality, affordable fashion that is on-trend and aligned with our sustainability principles. We will continue investing in both digital and physical infrastructure to enhance the customer experience.

In my first year as Group CEO, I have been inspired by the dedication, commitment, and resilience of all teams. Their hard work led us to achieve a record financial result in a challenging retail environment, and we are confident that we are well-prepared to navigate the year ahead.

CHRIS KINRAID
GROUP CEO

SUSTAINABILITY MATTERS

MADE WITH CARE — FIVE YEARS IN

WE STARTED OUR SUSTAINABILITY REPORTING JOURNEY FIVE YEARS AGO, PUBLISHING OUR FIRST REPORT IN 2020. NOW IN 2024, OUR COMMITMENT TO BRING AFFORDABLE YET SUSTAINABLE FASHION IS ONLY STRONGER, AND ENHANCED WITH THE KNOWLEDGE GAINED FROM FIVE YEARS' EXPERIENCE AND THE INSIGHTS AND LEARNING THAT BRINGS.

Following is a summary of the report but you can read the full version on the Group website at hallensteinglasson.co.nz/sustainability

OUR SUSTAINABILITY FRAMEWORK

COMMUNICATING OUR STRATEGY CLEARLY TO STAFF, CUSTOMERS AND SHAREHOLDERS

PILLARS	FOCUS AREA	GOAL	IMPORTANT ISSUES		
PRODUCT	**Sourcing Materials**	Source materials that minimise the environmental impact.	Affordability of products		
	Product Stewardship	Support a considered transition from a linear to a circular model.	End of life		
	Ethical Factories	Partnering with supplier factories that uphold international labour rights.	Worker welfare		
PLANET	**Carbon Footprint**	Provide meaningful change by reducing and offsetting our carbon footprint.	Reduction roadmap		
	Climate Change Preparation	Tackle climate change and build a globally climate resilient business.	Mitigate for future scenarios	Minimising risk to people, communities and property	
	Environmental Impact	Minimise the environmental impacts of our operations.	Reduce waste	Energy efficiency	Cruelty free fashion
PEOPLE	**Diverse Workforce**	To create an inclusive workplace culture.	Diversity & Inclusion		
	Safe Working Environment	Deliver a workplace where employees feel secure and enjoy a safe space.	Worker wellbeing	Work-life balance	
	Career Development	Provide opportunity to further development of career aspirations and goals.	Investing in people	Training & Education	

GOVERNANCE — ESG LEADERSHIP

We take ESG (Environmental, Social and Governance) very seriously. In 2024 we streamlined our governance of sustainability, with creation of the Sustainability Committee to oversee the overall direction of the Group's sustainability strategy.

Major decisions that impact the company as a whole around ESG issues, are raised to the full Board for approval.

ACCOUNTABILITY — SUSTAINABILITY COMMITTEE

CHRIS KINRAID Group Chief Executive Officer	**JOANNE APPLEYARD** Non-executive Independent Director
JAMES GLASSON Executive Director and CEO — Glassons Australia	**CAMERON ALDERTON** Group CFO
KAREN BYCROFT Non-executive Independent Director	**APRIL WARD** CEO — Glassons New Zealand

PRODUCT PILLAR

The materials we source and the ways we manufacture them are at the core of our sustainability strategy.

Choosing better materials, and always looking to improve them further, is the key starting point to designing and retailing high quality menswear, womenswear, and accessories.

OUR GOAL IS TWO-FOLD:

1. make our products as sustainable as possible and

2. ensure that it is affordable and accessible for our customers, so they can make a better choice without compromise.

Our garments should function properly, look good, and do so with minimal negative impact on the environment.

ETHICAL FACTORIES

Our product currently comes from factories in Southeast Asia where, quite rightly, working conditions and the rights of workers come under scrutiny. The good news is, we have built long-term relationships with suppliers who know our standards, and what we expect of them as a preferred supplier.

Collaborating closely, often on a daily basis, is crucial to ensure our suppliers understand the importance of people and planet, in terms of our sustainability priorities. This ongoing dialogue helps us to foster a shared commitment to making continual positive changes throughout our supply chain. It's something we as a business are deeply committed to doing.

Ethical factories have basic standards in common; worker welfare, a safe working environment and they uphold international labour rights and respect the environment.

CODE OF CONDUCT

To continue to manufacture for the Group, our suppliers must demonstrate:

— there is no child labour

— there is no discrimination in the workplace

— the work environment is safe and healthy

— wages, working hours and benefits comply with local industry requirements

— there is no excessive overtime

— there is no harsh or inhumane treatment

— workers have freedom of association and the right to collective bargaining

— compliance with all environmental laws

PLANET PILLAR

We live in a world that is rapidly evolving, and the impacts of global warming and climate change are now undeniable. With a global supply chain we know we're not immune to these impacts and recognise the urgency for us to act — Climate Action is needed, and it's needed now. We also understand that addressing climate change is not only a responsibility but an opportunity to innovate, build resilience, and lead by example for future generations.

BUILDING A CLIMATE RESILIENT BUSINESS

Climate action is about mitigating our impact by measuring and reducing our greenhouse gas emissions, whilst building a climate resilient business that understands the futures risks and is prepared for them.

Businesses like ours need to consider two things when developing a Climate Action programme

1. The impact of our activities and its contribution to global warming, and
2. The challenges and opportunities we will face as the planet warms

As a listed NZX company, we now have to disclose this information annually. Called our "Climate Related Disclosures", the information we share is prescribed by the Aotearoa New Zealand Climate Standard. The content within these disclosures is significant, and we have opted to report them in a standalone Climate Related Disclosure document. It will be published by the end of November on our website — www.hallensteinglasson.co.nz/climate-related-disclosures.

3 RS — A LACK OF WASTE IS A GOOD THING

HGH has some great partners that share our sustainability journey. Our collaborations with Better Packaging, EnviroWaste, and Waste Pro play a vital role in helping us achieve our waste reduction targets.

Our Auckland Distribution Centre has successfully reduced landfill waste from two bins to just one per week. That's a 50% reduction in volume, and we will be tracking the decrease in weight as we move into the new year

Monthly training is the key to reducing waste at Glassons Australia Distribution Centre. Each month, Wastepro report on how well the centre performed in terms of reducing waste. This is shared with the wider team — making sure everyone understands how important it is to be constantly vigilant.

In late 2022, Better Packaging Co. produced the world's first poly mailers made from 100% recycled Ocean Bound Plastic (OBP) and since then, HGH has been one of their key partners in this incredible initiative.

HGH alone has been responsible for the collection and recycling of over 65 tonnes of certified OBP.

PEOPLE PILLAR

PEAK TRAINING AT HALLENSTEINS

Peak is our foundation management training program. We launched it in early 2024. Peak modules provide intensive, high impact learning for all leadership roles across both Australia and New Zealand. The sessions focus on sales management, leadership, coaching, and empowerment, providing our retail teams opportunities for professional growth and development.

RETURN-ITY MADE SEAMLESS

Glassons is committed to creating a supportive and inclusive environment for all our employees, and we're very familiar with the challenges and joys of parenthood as a working parent. Glassons have created a seamless, supportive transition from maternity leave back to work (we like to call it our 'return-ity'). Our Parent Policy Handbook provides an overview of employee entitlements and is designed to help re-integrate employees returning from parental leave in a mindful way.

HALLENSTEINS

TOTAL SALES

$107.45M

UP 1.3%

TIKTOK FOLLOWERS

112,167

INSTAGRAM FOLLOWERS

63,866

40
STORES
IN NEW ZEALAND

5
STORES
IN AUSTRALIA

GLASSONS

NEW ZEALAND SALES

$110.06M

DOWN 2.1%

AUSTRALIAN SALES

$218.12M

UP 14.1%

TIKTOK FOLLOWERS

227,023

INSTAGRAM FOLLOWERS

709,329

34 STORES

IN NEW ZEALAND

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38 STORES

IN AUSTRALIA

Independent auditor's report

To the shareholders of Hallenstein Glasson Holdings Limited

Our opinion

In our opinion, the accompanying consolidated 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 2024, 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 consolidated financial statements comprise:

- the consolidated statement of financial position as at 1 August 2024;
- 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 consolidated 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.

Our firm carries out other services for the Group in the areas of tax compliance and tax advisory. In addition, certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the Group. The provision of these other services and relationships have not impaired our independence as auditor of 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 consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers, PwC Tower, 15 Customs Street West, Private Bag 92162, Auckland, 1142, New Zealand
T: +64 9 355 8000, www.pwc.co.nz

Description of the key audit matter	How our audit addressed the key audit matter
Inventory Valuation As at 1 August 2024, the Group held $27.5 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; • testing, on a sample basis, the net realisable value of inventory items by comparing the selling price to the cost; • performing analytical procedures on selected inventory provisions to assess their reasonableness and that the provisions amounts were within expectations; • assessing the level of aged inventory by comparison to historical amounts, inventory turnover levels and enquiries with management; • considering the results of our testing and in conjunction with management enquiry determined whether any specific write downs were required; and • reviewing the appropriateness of disclosures in the consolidated financial statements.

Our audit approach

Overview

Overall Group materiality: $2.6 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.

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 consolidated 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 consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated 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 aggregate, on the consolidated 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 consolidated 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, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

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

Chartered Accountants
30 September 2024

Auckland

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 1 AUGUST 2024

$'000	NOTE	2024	2023
Sales revenue	2.1	**435,635**	409,711
Cost of sales	2.1	**(176,904)**	(174,863)
Gross profit		**258,731**	234,848
Other operating income	2.2	**353**	253
Selling expenses		**(152,844)**	(140,462)
Distribution expenses		**(15,552)**	(14,008)
Administration expenses		**(36,392)**	(32,825)
Total expenses		**(204,788)**	(187,295)
Operating profit		**54,296**	47,806
Finance income	2.1	**1,957**	1,171
Finance expense	2.1, 2.2	**(4,168)**	(3,556)
Profit before income tax		**52,085**	45,421
Income tax expense	6.1	**(17,599)**	(13,444)
Net profit after tax attributable to the shareholders of the Holding Company	2.1	**34,486**	31,977
Other comprehensive income			
– Items that will not be reclassified to profit or loss			
(Loss)/Gain (net of tax) on revaluation of land and buildings	6.1	**(421)**	1,632
Increase in share option reserve	6.1	**-**	135
– Items that may be subsequently reclassified to profit or loss			
Fair Value (Loss)/Gain (net of tax) in cash flow hedge reserve	6.1	**(63)**	367
Total comprehensive income for the year attributable to the shareholders of the Holding Company		**34,002**	34,111
Earnings per share			
Basic and diluted earnings per share	2.4	**57.82**	53.61

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 1 AUGUST 2024

$'000	NOTE	2024	2023
Equity			
Contributed equity	5.1	**29,279**	28,140
Asset revaluation reserve		**26,105**	26,526
Cashflow hedge reserve		**936**	999
Share option reserve		**-**	294
Retained earnings		**46,887**	40,717
Total equity		**103,207**	96,676
Represented by			
Current assets			
Cash and cash equivalents	3.1	**45,915**	32,478
Trade and other receivables		**407**	318
Advances to employees		**847**	160
Prepayments		**5,841**	5,431
Inventories	3.2	**27,484**	31,005
Derivative financial instruments	7.5	**1,317**	1,452
Total current assets		**81,811**	70,844
Non-current assets			
Property, plant and equipment	4.2	**58,779**	56,367
Right of use assets	4.1	**67,029**	65,285
Investment property	4.3	**3,080**	3,208
Intangible assets		**993**	717
Deferred tax	6.2	**7,323**	6,005
Total non-current assets		**137,204**	131,582
Total assets		**219,015**	202,426
Current liabilities			
Trade payables		**9,828**	8,104
Employee benefits	7.1	**8,928**	7,294
Other payables		**15,400**	13,390
Lease liabilities	4.1	**26,691**	25,147
Derivative financial instruments	7.5	**2**	47
Taxation payable		**2,466**	590
Total current liabilities		**63,315**	54,572
Non-current liabilities			
Lease liabilities	4.1	**52,493**	51,178
Total liabilities		**115,808**	105,750
Net assets		**103,207**	96,676

The Notes to the Financial Statements form an integral part of and are to be read in conjunction with these Financial Statements.
The Financial Statements are signed for and on behalf of the Board and were authorised for issue on 30 September 2024.

GRAEME POPPLEWELL
DIRECTOR
30 SEPTEMBER 2024

MALCOM FORD
DIRECTOR
30 SEPTEMBER 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 1 AUGUST 2024

$'000	NOTE	SHARE CAPITAL	TREASURY STOCK	ASSET REVALUATION RESERVE	CASH FLOW HEDGE RESERVE	SHARE OPTION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance at 1 August 2022		**29,279**	**(1,474)**	**24,894**	**632**	**228**	**37,249**	**90,808**
Comprehensive income								
Profit for Year		-	-	-	-	-	31,977	31,977
Revaluation net of tax	6.1	-	-	1,632	-	-	-	1,632
Cash flow hedges net of tax	6.1	-	-	-	367	-	-	367
Increase in share option reserve	6.1	-	-	-	-	135	-	135
Total comprehensive income		-	-	**1,632**	**367**	**135**	**31,977**	**34,111**
Transactions with owners								
Sale of Treasury Stock	5.1, 5.2	-	303	-	-	-	-	303
Dividends	2.3, 5.1	-	86	-	-	-	(28,632)	(28,546)
Transfer of share option reserve to retained earnings	-	-	-	-	-	(69)	69	-
(Gain) / loss on sale of treasury stock transferred to retained earnings	5.1	-	(54)	-	-	-	54	-
Total transactions with owners		**-**	**335**	**-**	**-**	**(69)**	**(28,509)**	**(28,243)**
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 excercised	**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**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 1 AUGUST 2024

$'000	NOTE	2024	2023
Cash flows from operating activities			
Cash was provided from:			
Sales to customers		**435,154**	409,444
Rent received	2.2	**248**	253
Government grants	2.2	**-**	243
Interest income	2.1	**1,951**	1,165
Interest on debtors	2.1	**6**	6
		437,359	411,111
Cash was applied to:			
Payments to suppliers		**252,304**	253,254
Payments to employees		**78,808**	74,429
Interest paid on leases	2.2	**4,168**	3,556
Taxation paid		**16,769**	11,849
		352,049	343,088
Net cash flows from operating activities		**85,310**	68,023
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment and intangible assets		**168**	397
Repayment of employee advances		**261**	82
		429	479
Cash was applied to:			
Purchase of property, plant and equipment and intangible assets	4.2	**15,944**	14,811
		15,944	14,811
Net cash flows applied to investing activities		**(15,515)**	(14,332)
Cash flows from financing activities			
Cash was provided from:			
Sale of treasury stock and dividends	5.1, 5.2	**170**	389
		170	389
Cash was applied to:			
Dividend paid	2.3	**28,632**	28,632
Lease liability payments	4.1	**27,896**	28,083
		56,528	56,715
Net cash flows applied to financing activities		**(56,358)**	(56,326)
Net increase/(decrease) in funds held		**13,437**	(2,635)
Cash and cash equivalents at the beginning of the year		**32,478**	35,113
Cash and cash equivalents at the end of the year	3.1	**45,915**	32,478

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

CONSOLIDATED STATEMENT OF CASHFLOWS CONTINUED

FOR THE YEAR ENDED 1 AUGUST 2024

RECONCILIATION OF PROFIT AFTER TAXATION TO CASH FLOWS FROM OPERATING ACTIVITIES

$'000	NOTE	2024	2023
Net profit after taxation		**34,486**	31,977
Add/(deduct) items classified as investing or financing activities			
Loss/(Gain) on sale of plant and equipment	2.2	**528**	(217)
Add/(deduct) non cash items			
Depreciation and amortisation	2.2	**38,516**	38,111
Gain on termination of lease	2.2	**(112)**	(304)
Net fair value loss on investment property	2.2	**128**	164
Deferred taxation	6.2	**(1,045)**	435
Share option expense		**43**	135
Add/(deduct) movements in working capital items			
Taxation payable		**1,876**	1,162
Trade and other receivables and prepayments		**(499)**	(8)
Trade and other payables and employee benefits		**7,868**	(5,868)
Inventories		**3,521**	2,436
Net cash flows from operating activities		**85,310**	68,023

The Notes to the Financial Statements form an integral part of and are to be read in conjunction with these 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 30 September 2024.

1. BASIS OF PREPARATION (CONTINUED)

1.2 GENERAL ACCOUNTING POLICIES

Statement of compliance
These financial statements for the year ended 1 August 2024 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.

Certain comparative balances have been restated for consistency with the treatment in the 1 August 2024 consolidated financial statements.

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
	2024	**2023**	
Hallenstein Bros Limited	**100%**	100%	Retail of menswear in New Zealand
Hallenstein Brothers Australia Limited	**100%**	100%	Retail of menswear in Australia
Glassons Limited	**100%**	100%	Retail of womenswear in New Zealand
Glassons Australia Limited	**100%**	100%	Retail of womenswear in Australia
Hallenstein Properties Limited	**100%**	100%	Property ownership in New Zealand

1. BASIS OF PREPARATION (CONTINUED)

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. During the year ended 1 August 2024, the Group completed its first climate related risk assessment for its Climate Related Disclosure under the Aotearoa New Zealand Climate Standards. As part of this assessment, we have not identified any material impacts requiring specific disclosure in the financial statements. 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 2024 on our website – 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: 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.

Transactions and balances
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:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet; and
(b) income and expenses for each statement of comprehensive income are translated at average exchange rates.

All resulting exchange differences are recognised in the statement of comprehensive income.

1. BASIS OF PREPARATION (CONTINUED)

REVISED COMPARATIVE BALANCES

Changes to record anticipated breakage of contract liabilities

The Group revised its estimates of prior period breakage for unredeemed gift cards, leading to changes in the 2023 consolidated financial statement of position, consolidated statement of changes in equity, and respective notes to the consolidated financial statements. As a result, other payables decreased by $0.5M, deferred tax reduced by $0.1M and 2023 opening retained earnings increased by $0.4M. The Group considered this revision as immaterial to the consolidated financial statements as a whole.

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:

— Hallenstein Bros Limited (New Zealand) and Hallenstein Brothers Australia Limited (Australia)

— Glassons Limited (New Zealand)

— Glassons Australia Limited (Australia)

— Hallenstein Properties Limited (New Zealand) (Property)

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 statement of comprehensive income. There are no material revenues derived from a single external customer.

2. PERFORMANCE (CONTINUED)

SEGMENT RESULTS
For the year ended 1 August 2024

$'000	GLASSONS NEW ZEALAND	GLASSONS AUSTRALIA	HALLENSTEINS	PROPERTY	PARENT	TOTAL GROUP
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 expenses	**(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 intangibles assets	**3,774**	**8,029**	**4,131**	**10**	**-**	**15,944**

For the year ended 1 August 2023

$'000	GLASSONS NEW ZEALAND	GLASSONS AUSTRALIA	HALLENSTEINS	PROPERTY	PARENT	TOTAL GROUP
INCOME STATEMENT						
Segment revenue	122,336	192,070	106,309	-	753	421,468
Intercompany segment revenue	(9,888)	(841)	(275)	-	(753)	(11,757)
Sales revenue from external customers	112,448	191,229	106,034	-	-	409,711
Cost of sales	(51,924)	(75,567)	(47,372)	-	-	(174,863)
Finance income	149	487	449	-	86	1,171
Finance expenses	(1,268)	(1,226)	(1,045)	-	(17)	(3,556)
Depreciation and amortisation	(11,518)	(15,826)	(10,288)	(422)	(57)	(38,111)
Profit/(loss) before income tax	15,149	24,602	5,425	320	(75)	45,421
Income tax expense	(4,256)	(7,496)	(1,540)	(136)	(16)	(13,444)
Net profit/(loss) after income tax	10,893	17,106	3,885	184	(91)	31,977
STATEMENT OF FINANCIAL POSITION						
Current assets	22,836	18,356	21,601	5,503	2,548	70,844
Non-current assets	43,412	39,018	26,663	22,489	-	131,582
Current liabilities	16,715	21,003	16,440	379	35	54,572
Non-current Liabilities	20,370	17,694	13,114	-	-	51,178
Purchase of property, plant and equipment and intangibles assets	2,965	8,755	3,083	8	-	14,811

2. PERFORMANCE (CONTINUED)

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 when they expire. As at 1 August 2024, the gift card liability balance recognised under “Other payables” was $2.22M (2023: $2.61M, 2022: $2.98M).

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.

2. PERFORMANCE (CONTINUED)

2.2 INCOME AND EXPENSES (CONTINUED)

INCOME AND EXPENSES

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

$'000	2024	2023
Other operating income		
Rental income	**248**	253
Insurance proceeds	**105**	-
Expenses		
Occupancy costs	**9,355**	6,156
Audit of financial statements		
PwC New Zealand	**249**	230
Other services		
Performed by PwC Australia[1]	**18**	21
Directors' fees	**698**	647
Wages, salaries and other short term benefits[2]	**80,753**	74,229
Depreciation of property, plant and equipment	**11,415**	10,423
Depreciation of right of use assets	**26,604**	27,273
Amortisation of software	**497**	415
Total depreciation and amortisation	**38,516**	38,111
Net fair value loss on investment property	**128**	164
Interest on leases	**4,168**	3,556
Gain on termination of lease	**(112)**	(304)
Loss/(gain) on disposal of property, plant and equipment	**528**	(217)

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

[2] Wages, salaries and other short term benefits includes wage subsidy benefit from the New Zealand government of $Nil (2023: $0.24M).

2. PERFORMANCE (CONTINUED)

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

DIVIDENDS	2024 Cents per share	2023 Cents per share	2024 $'000	2023 $'000
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	
Final dividend for the year ended 1 August 2022		24.00		14,316
Interim dividend for the year ended 1 August 2023		24.00		14,316
Total	**48.00**	48.00	**28,632**	28,632

Dividends paid were partially imputed. Supplementary dividends of $177,160 (2023: $64,315) 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. There were no options convertible into shares as at 1 August 2024 (2023: Nil).

Earnings per share

$'000	2024	2023
Profit after tax	**34,486**	31,977
Weighted average number of ordinary shares outstanding	**59,649**	59,649
Basic and diluted earnings per share (cents per share)	**57.82**	53.61

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

$'000	2024	2023
Cash at bank	**44,470**	28,667
Short term bank deposits	**1,364**	3,739
Cash on hand	**81**	72
Total cash and cash equivalents	**45,915**	32,478

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.

Inventories

$'000	2024	2023
Finished goods	**27,659**	31,285
Inventory adjustments	**(175)**	(280)
Net inventories	**27,484**	31,005

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 $176,649,177 (2023: $174,548,112).

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.

4. LONG TERM ASSETS (CONTINUED)

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

Right of use assets

$'000	2024	2023
Opening net book value	**65,285**	67,146
Depreciation	**(26,604)**	(27,273)
Modifications and additions	**30,253**	27,037
Lease terminations	**2,104**	1066
FX impact	**199**	559
Carrying amount	**67,029**	65,285

Lease liabilities

$'000	2024	2023
Opening lease liabilities	**76,325**	77,410
Lease modifications and additions	**32,724**	29,344
Interest for the period	**4,168**	3,556
Lease payments made	**(32,064)**	(31,639)
Covid-19 rent abatements received	**-**	(234)
Lease terminations	**(2,216)**	(1,370)
FX impact	**247**	(742)
Closing lease liabilities	**79,184**	76,325

4. LONG TERM ASSETS (CONTINUED)

Lease liabilities maturity analysis for the year ended 1 August 2024

$'000	MINIMUM LEASE PAYMENTS	INTEREST	PRESENT VALUE
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 liabilities maturity analysis for the year ended 1 August 2023

$'000	MINIMUM LEASE PAYMENTS	INTEREST	PRESENT VALUE
Due within one year	28,130	(2,983)	25,147
One to two years	22,851	(1,992)	20,859
Two to five years	31,628	(1,924)	29,704
Later than five years	628	(13)	615
Total	83,237	(6,912)	76,325
Current			25,147
Non-current			51,178
Total			76,325

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

$'000	2024	2023
Depreciation	**26,604**	27,273
Rent on short-term leases	**9,355**	6,390
Covid-19 rent abatements received	**-**	(234)
Gain on lease termination	**(112)**	(304)
Interest on leases	**4,168**	3,556
Total	**40,015**	36,681

Lease payments included in the consolidated statement of cash flows:

$'000	2024	2023
Interest paid on leases (operating activities)	**4,168**	3,556
Payments for lease liabiities principal (financing activities)	**27,896**	28,083
Total cash outflows from leases	**32,064**	31,639

Lease commitments
The Group currently has no non-cancellable short-term operating lease agreements as at 1 August 2024 (2023: $Nil).

4. LONG TERM ASSETS (CONTINUED)

4.2 PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Land and buildings were valued on 1 August 2024 by Telfer Young (Hawkes Bay) Limited, Fordbaker Valuation Limited and Colliers International (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 have 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 approach 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.

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.

4. LONG TERM ASSETS (CONTINUED)

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 2024	2023	SENSITIVITY
Land and Buildings – Retail and Investment Property	Net Market Rent	**$355 per m^2**	$359 per m^2	The higher the market rent and growth rate, the higher the fair value
	Rental growth rate	**2.00% - 2.50%**	1.50% - 2.50%	
	Capitalisation rate (yield)	**6.76%**	6.56%	The higher the capitalisation rates and discount rate, the lower the fair value.
	Discount rate	**7.89%**	7.80%	
	Terminal Capitalisation Rate	**7.50%**	7.25%	
	Expenses growth	**2.0% - 3.0%**	1.8% - 4.4%	The higher the expenses, the lower the fair value.

		2024	2023	
Land and Buildings — Warehouse	Net Market Rent	**$127 - $214**	$128 — $210	The higher the market rent and growth rate, the higher the fair value
	Rental growth rate	**1.80% - 2.80%**	1.70% — 3.10%	
	Capitalisation rate (yield)	**5.49% - 6.70%**	5.25% — 6.75%	The higher the capitalisation rates and discount rate, the lower the fair value.
	Discount rate	**7.50% - 8.00%**	7.38% — 7.75%	
	Terminal Capitalisation Rate	**5.75% - 7.00%**	5.50% — 6.75%	
	Expenses growth	**0.00% - 2.53%**	0.00% — 5.00%	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.

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 and 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 and equipment — 2 — 5 years
- Furniture and fittings — 5 — 10 years

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

4. LONG TERM ASSETS (CONTINUED)

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.

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 2024 (2023: $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.

4. LONG TERM ASSETS (CONTINUED)

FOR THE YEAR ENDED 1 AUGUST 2024

$'000	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**

FOR THE YEAR ENDED 1 AUGUST 2023

$'000	LAND AT FAIR VALUE	BUILDINGS AT FAIR VALUE	FIXTURES & FITTINGS	PLANT & EQUIPMENT	TOTAL
Opening NBV	**11,045**	**18,363**	**16,292**	**4,715**	**50,415**
Additions	-	-	10,779	3,502	14,281
Disposals	-	-	(142)	(38)	(180)
Depreciation	-	(519)	(7,140)	(2,764)	(10,423)
Revaluations	(20)	2,294	-	-	2,274
Closing NBV	**11,025**	**20,138**	**19,789**	**5,415**	**56,367**
Cost/valuation	11,025	20,138	70,006	26,482	127,651
Accumulated depreciation	-	-	(50,217)	(21,067)	(71,284)
Closing NBV	**11,025**	**20,138**	**19,789**	**5,415**	**56,367**

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

$'000	2024	2023
Land	**4,270**	4,270
Buildings	**12,792**	12,792
Cost	**17,062**	17,062
Accumulated depreciation	**(2,993)**	(2,737)
Net book amount	**14,069**	14,325

4. LONG TERM ASSETS (CONTINUED)

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 2024 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. These valuation approaches and the key assumptions used by the valuer in order to arrive at fair value has been summarised in note 4.2.

The loss of $128,000 on the fair value revaluation of Investment Property was recognised as an operating expense in the Consolidated Statement of Comprehensive Income (2023: $164,000). 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.

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

$'000	2024	2023
Opening balance	**3,208**	3,372
Net loss from fair value adjustment	**(128)**	(164)
Closing balance	**3,080**	3,208

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:

$'000	2024	2023
Due within one year	**83**	207
One to two years	**-**	74
Total lease receivables	**83**	281

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

Shares purchased on market under the executive share scheme are treated as treasury stock on acquisition at cost. On vesting to the employee, treasury stock shares are credited to equity and an employee loan is recorded initially at fair value and subsequently at amortised cost.

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.

CONTRIBUTED EQUITY

	2024 SHARES	2023 SHARES	**2024 $000's**	2023 $000's
Balance at beginning of year	**59,452,061**	59,402,061	**28,140**	27,805
Sale of treasury stock	**25,000**	50,000	**141**	303
Dividends	**-**	-	**29**	86
Share Options Exercised	**172,000**	-	**948**	-
Loss/(gain) on sale of treasury stock transferred to retained earnings	**-**	-	**21**	(54)
Balance at end of year	**59,649,061**	59,452,061	**29,279**	28,140
Representing:				
Share capital	**59,649,061**	59,649,061	**29,279**	29,279
Treasury stock (net of dividends)	**-**	(197,000)	**-**	(1,139)
Total	**59,649,061**	59,452,061	**29,279**	28,140

All shares are fully paid and rank equally.

5. EQUITY (CONTINUED)

5.2 EXECUTIVE SHARE SCHEME

Equity settled share-based compensation benefits are provided to certain employees in accordance with the Group's executive share scheme. The fair value of share rights granted under the scheme is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the share rights.

The fair value at grant date of the share rights are determined using a Black Scholes Pricing model that takes into account the exercise price, the term of the share right, the vesting and performance criteria, the non-tradable nature of the share right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the share right.

At each balance date, the Group revises its estimate of the number of share rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the vesting of share rights, the balance of the share option reserve relating to the share rights is transferred to retained earnings.

The Company operates an employee share scheme for certain senior executives to purchase ordinary shares in the Company.

The Company provides the employees with limited recourse loans on an interest free basis to assist employees' participation.

The loans are applied to purchase shares on market and the shares are treated as treasury stock.

The loan amount is the total market value of the shares plus any commission applicable on the date of purchase.

Any dividends payable on the shares are applied towards the repayment of the advance.

Shares purchased under the scheme are held by two directors as custodians and vest three years from the date of purchase. In the event the employee leaves the company during the vesting period, the loan is repaid by selling the shares on market. Any gain or loss arising from the sale of shares is included in equity. Refer to note 5.1 for further detail on treasury stock.

In accordance with NZ IFRS 2 Shared-based payment, this scheme is an equity-settled scheme.

There were no shares issued during the 2024 financial year (2023: Nil).

Executive share scheme	YEAR ENDED 1 AUGUST 2024		YEAR ENDED 1 AUGUST 2023	
	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**	247,000	$6.62
Forfeited during the year	**(25,000)**	**$5.62**	(50,000)	$6.06
Exercised during the year	**(172,000)**	**$6.65**	-	$0.00
Balance at end of financial year	**-**	**-**	197,000	$6.74

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.

Income tax expense

$'000	2024	2023
The tax expense comprises:		
Current tax expense	**17,567**	12,954
Prior period adjustment	**1,077**	55
Deferred tax expense (note 6.2)		
- Future tax expense current year	**459**	435
- Prior period adjustment	**(1,504)**	-
Total income tax expense	**17,599**	13,444
Reconciliation of income tax expense to tax rate applicable to profits		
Profit before income tax expense	**52,085**	45,421
Tax at 28% (2023: 28%)	**14,584**	12,718
Tax effect of:		
- Income not subject to tax	**35**	-
- Expenses not deductible for tax	**245**	144
- Adjustment due to different rate in different jurisdictions	**605**	527
- Prior period adjustment	**(427)**	55
- Removal of tax base on buildings	**2,557**	-
Total income tax expense	**17,599**	13,444

The effective tax rate for the year was 33.8% (2023: 29.6%). The Group has no tax losses (2023: Nil) and no unrecognised temporary differences (2023: Nil).

6. TAXATION (CONTINUED)

The Taxation (Annual Rates for 2023-24, Multinational Tax and Remedial Matters) Act, which received Royal Assent on 28 March 2024, removes tax depreciation deductions for commercial buildings with effect from the beginning of the 2025 income tax year. This legislative change reduces the tax base of the commercial buildings in New Zealand. This change decreased the deferred tax asset recognised in respect of property, plant and equipment, and investment property by $2.6 million, partially off-set by a $1.5 million related prior period adjustment. A net non-cash deferred tax expense of $1.1 million has been recognised in the current year tax expense.

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

$'000	2024			2023		
	BEFORE TAX	TAX CREDIT	AFTER TAX	BEFORE TAX	TAX CHARGED	AFTER TAX
(Loss)/Gain (net of tax) on revaluation of land and buildings	**(666)**	**245**	**(421)**	2,274	(642)	1,632
Fair Value (Loss)/Gain (net of tax) in Cash Flow Hedge Reserve	**(91)**	**28**	**(63)**	506	(139)	367
Increase in Share Option Reserve	**-**	**-**	**-**	135	-	135

6.2 DEFERRED TAX

$'000	2024	2023
Amounts recognised in profit or loss		
Depreciation	**2,583**	3,937
Provisions and accruals	**3,042**	1,567
Right of use assets	**(21,145)**	(20,459)
Lease liabilities	**22,979**	22,010
	7,459	7,055
Amounts recognised directly in equity		
Asset revaluation reserve	**245**	(642)
Cash flow hedges	**(381)**	(408)
Total amount recognised	**7,323**	6,005
Movements		
Balance at beginning of year	**6,005**	7,364
Credited/(Charged) to the Income Statement	**(459)**	(435)
Prior period adjustment	**1,504**	-
Charged to equity	**273**	(924)
Balance at end of the year	**7,323**	6,005

6. TAXATION (CONTINUED)

6.3 IMPUTATION CREDITS

$'000	2024	2023
Imputation credits available for subsequent reporting periods	**3,691**	4,172

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.

Employee benefits

$'000	2024	2023
Holiday pay accrual and other benefits	**8,928**	7,294

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:

Contingencies

$'000	2024	2023
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

$'000	2024	2023
Commitments in relation to store fitouts	**986**	1,043

7. OTHER (CONTINUED)

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:

$'000	2024	2023
T C Glasson		
Rent payments on retail premises	**1,373**	2,166
Balance as at year end - lease liabilities	**4,143**	3,556

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

	DIRECTORS' FEES		DIVIDENDS	
$'000	2024	2023	2024	2023
Ms J Appleyard	**86**	62	**-**	-
Mr W J Bell	**141**	135	**-**	-
Ms K Bycroft	**99**	95	**-**	-
Mr M Ford	**106**	100	**4**	4
Mr J C Glasson	**-**	-	**41**	20
Mr T C Glasson	**86**	85	**5,338**	5,338
Mr G Popplewell	**94**	85	**91**	91
Ms S Vincent	**86**	85	**22**	22
	698	647	**5,496**	5,475

During the financial year, consulting fees of $10,000 (2023: $9,000) were paid to Karen Bycroft. There was no balance outstanding as at 1 August 2024 (2023: $Nil).

Total remuneration of $702K 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 2024 (2023: $440K).

Key management compensation was as follows:

$'000	2024	2023
Short term employee benefits	**3,864**	2,912
Share scheme benefit	**43**	135

The Company operates an employee share scheme for certain senior executives and is outlined in Note 5.2.

7. OTHER (CONTINUED)

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. OTHER (CONTINUED)

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 $45.915 million (2023: $32.478 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.

7. OTHER (CONTINUED)

7.5.2 LIQUIDITY RISK

AS AT 1 AUGUST 2024

$'000	LESS THAN 3 MONTHS	3-12 MONTHS	TOTAL	CARRYING VALUE
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**

AS AT 1 AUGUST 2023

$'000	LESS THAN 3 MONTHS	3-12 MONTHS	TOTAL	CARRYING VALUE
Trade and other payables	21,494	-	21,494	21,494
	21,494	-	21,494	21,494
Forward foreign exchange contracts				
Cash flow hedges:				
— Outflow	(28,127)	(39,403)	(67,530)	(67,530)
— Inflow	28,626	40,375	69,001	68,935
Net	499	972	1,471	1,405

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. 0.0% (2023: 0.1%) 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. OTHER (CONTINUED)

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% (2023: 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$64.931 million (2023: NZ$67.530 million), primarily in US and AU Dollars. At balance date these contracts are represented by net assets of $1.315 million (2023: assets of $1.405 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 (2023: 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 $0.5949 (2023: $0.6192).
- Proportional foreign exchange movement of -10% (depreciation of NZD) and +10% (appreciation of NZD) against the AUD, from the year end rate of $0.9151 (2023: $0.9279).
- A parallel shift of +2% / -2% in the market interest rates from the year end deposit rate of 5.5% (2023: 5.5%).

7. OTHER (CONTINUED)

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

The parent is not exposed to any interest rate or foreign exchange risk.

AS AT 1 AUGUST 2024		INTEREST RATE				FOREIGN EXCHANGE RATE			
		-2%		+2%		-10%		+10%	
$'000	CARRYING AMOUNT	PROFIT	EQUITY	PROFIT	EQUITY	PROFIT	EQUITY	PROFIT	EQUITY
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)**

AS AT 1 AUGUST 2023		INTEREST RATE				FOREIGN EXCHANGE RATE			
		-2%		+2%		-10%		+10%	
$'000	CARRYING AMOUNT	PROFIT	EQUITY	PROFIT	EQUITY	PROFIT	EQUITY	PROFIT	EQUITY
FINANCIAL ASSETS									
Loans and receivables									
Cash and cash equivalents	32,478	(650)	(650)	650	650	2,180	2,180	(1,784)	(1,784)
Accounts receivable	318	-	-	-	-	-	-	-	-
Advances to employees	160	-	-	-	-	-	-	-	-
Derivatives used for hedging									
Derivatives designated as cash flow hedges (forward foreign exchange contracts)	1,405	-	-	-	-	-	5,520	-	(4,516)
FINANCIAL LIABILITIES									
Liabilities at amortised cost									
Trade and other payables	21,494	-	-	-	-	(1,062)	(1,062)	869	869
Total increase / decrease		(650)	(650)	650	650	1,118	6,638	(915)	(5,431)

7. OTHER (CONTINUED)

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 26.5 cents per share (partially imputed at 75.6%) (2023: 24.0 cents partially imputed 75%). The dividend will be paid on 13th December 2024 to all shareholders on the Company's register as at 5:00pm, 6th December 2024.

Effective from 2 August 2024, Glassons Australia and Hallensteins Australia, previously registered as branches in New Zealand, will become Australian companies registered with ASIC in accordance with Part 5B.1 of the Corporations Act 2001 (Cth) (Australia). The effect of this will give rise to two operating subsidiaries in Australia.

There is no current year impact of the domiciliation.

Subsequent to year end, the functional currency of the Australian branches/subsidiaries has 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 NZD to AUD upon the restructuring of the Australian branches on 2 August 2024 is appropriate. This change will be applied prospectively with effect from 2 August 2024 and the Group will record exchange differences on translation to presentation currency in a foreign currency translation reserve (FCTR) with effect from FY25.

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 2024 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 2024 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.

GENERAL DISCLOSURES

Board of Directors
Directors of the Company in office at the end of the year or who ceased to hold office during the year:

Director	Qualifications / Experience	Special Responsibilities
Warren James Bell	M Com FCA. Appointed December 1986. Mr Bell holds appointments on a number of boards of both public and private companies, and is a professional director.	Chairman of the Board Non-executive Non-independent Director
Timothy Charles Glasson	Appointed November 1985 on merger with Hallensteins. Tim is the founder of Glassons womenswear retail chain and has a wealth of experience in retail previously holding the CEO role within the business for a number of years.	Non-executive Non-independent Director
Graeme James Popplewell	B Com FCA. Appointed March 1985. Graeme has a wealth of experience in finance and retail previously holding the CFO and CEO roles within the business for a number of years.	Non-executive Independent Director
Malcolm Ford	Appointed June 2010. Background includes 20 years with experience in direct sourcing particularly in Asia, Mr Ford also has experience in brand management across wholesale and retail markets.	Non-executive Independent Director
Karen Bycroft	BSC, Postgrad Marketing. Appointed November 2014. Background includes 30 years in Retail in the UK and Australia with Marks and Spencer, Sears, Woolworths, Spotlight and Country Road. Experience in Strategy, Marketing, and Leadership. Also a Leadership Facilitator and Executive Coach.	Non-executive Independent Director
Sandra Vincent	Appointed October 2020. Background includes 35 years of experience in the wholesale and retail fashion industry. Sandra is also the joint Owner and Managing Director of Hartleys which has 18 retail stores across New Zealand.	Non-executive Independent Director
James Glasson	Appointed April 2021. James joined Glassons Australia in 2013, after completing a Master of Arts; Fashion Retail at the London College of Fashion (University of Arts). Taking on various roles within the business over the last 10 years, including Brand Manager, General Manager, Acting National Retail Manager, James was appointed to CEO of Glassons Australia in October 2017.	CEO — Glassons Australia Non-independent executive Director
Joanne Appleyard	LLB (Hons), Appointed November 2022. Jo is a partner well-regarded at Chapman Tripp and is a senior practitioner with over 30 years' experience. Jo specialises in employment, commercial and resource management law. Jo was a member of the NZ Markets Disciplinary Tribunal between 2011 and 2020.	Non-executive Independent Director

Principal activities of the Group
Hallenstein Glasson Holdings Limited is a non-trading holding company. The Company's principal trading subsidiaries are Glassons Australia Limited (now Glassons Australia Pty Ltd) and Glassons Limited (involved in the retail of women's apparel) and Hallenstein Brothers Australia Limited (now Hallensteins Australia Pty Ltd) and Hallenstein Bros Limited (retail of men's apparel). The subsidiaries are 100% owned by Hallenstein Glasson Holdings Limited.

GENERAL DISCLOSURES

Review of operations

(a) Consolidated results for the Year Ended 1 August 2024

$'000	2024	2023
Operating revenue	**435,635**	409,711
Profit before income tax	**52,085**	45,421
Income tax	**(17,599)**	(13,444)
Profit for the year	**34,486**	31,977

(b) Dividend

Subsequent to the balance date the Directors have declared a final dividend of 26.5 cents per share payable 13th December 2024 (partially imputed at 75.6%).

(c) Donations

During the financial year ended 1 August 2024, the Group made total donations of $895.

Directors

(a) Remuneration and all other benefits

The table below sets out the total of the remuneration and the value of other benefits received by each Director during the financial year ended 1 August 2024.

Remuneration of Directors	2024			2023		
$'000	DIRECTORS FEES	OTHER PAYMENTS/ BENEFITS	TOTAL REMUNERATION	DIRECTORS FEES	OTHER PAYMENTS/ BENEFITS	TOTAL REMUNERATION
Ms J Appleyard	**86**	**-**	**86**	62	-	62
Mr W J Bell	**141**	**-**	**141**	135	-	135
Ms K Bycroft	**99**	**10**	**109**	95	9	104
Mr M Ford	**106**	**-**	**106**	100	-	100
Mr J Glasson*	**-**	**826**	**826**	-	927	927
Mr T C Glasson	**86**	**-**	**86**	85	-	85
Mr G Popplewell	**94**	**-**	**94**	85	-	85
Ms S Vincent	**86**	**-**	**86**	85	-	85
	698	**836**	**1,534**	647	936	1,583

* Other Payments/Benefits for Mr J Glasson comprise a base salary, short-term incentives, company car and contributions to superannuation as remuneration for his role as CEO of Glassons Australia.

Directors do not receive any additional remuneration for acting as a director of any subsidiary of the Company.

(b) Shareholdings

As at 1 August 2024 the Directors of the Company had the following relevant interests in the Company's shares.

Beneficially held	2024	2023
M Ford	**10,000**	10,000
J Glasson*	**515,064**	141,233
T C Glasson	**11,408,757**	11,950,588
G J Popplewell	**203,604**	203,604
S Vincent	**50,300**	50,300
Non-beneficially held		
M Ford and G Popplewell as custodians for Staff Share Scheme	**-**	197,000

*The 515,064 shares in which James Glasson holds a relevant interest includes 130,233 shares which previously held for James' benefit under the Executive Employee Shares Scheme. These shares have now vested under the scheme following which legal title to the shares was transferred to James.

(c) Interests in share dealing

In accordance with the Companies Act 1993, between 2 August 2023 and 1 August 2024 the Board received the following disclosures from Directors of acquisitions and dispositions of relevant interests in shares issued by the Company and details of such dealings were entered in the Company's interests register.

	DATE	PURCHASE / (SALE) NUMBER OF SHARES	$
M Ford and G Popplewell as Trustees for the share purchase scheme			
On Market Sale	11/12/23	(1,062)	(6,503)
On Market Sale	8/12/23	(12,505)	(71,359)
On Market Sale	12/12/23	(4,930)	(27,684)
On Market Sale	12/12/23	(6,503)	(35,897)
Mr T Glasson			
On Market Sale	10/06/24	(168,000)	(898,800)
On Market Sale	19/06/24	(373,831)	(1,999,996)
Mr J Glasson*			
On Market Purchase	19/06/24	373,831	1,999,996

*See also above note marked * in section (b) in relation to shares previously James' benefit under the Executive Employee Shares Scheme.

d) Disclosures of interests by Directors

In accordance with section 140(2) of the Companies Act 1993 the Company maintains an interests register in which Directors' interests are recorded. The following are particulars of general disclosures of interest by Directors holding office at 1 August 2024.

W J Bell

Director	New North Holdings Limited
Director	Waiwetu Trustees Limited
Director	Meadow Mushrooms Group of Companies
Director	Cyprus Enterprises Limited
Director	Sabina Ltd
Director	Glasson Trustee Limited
Director	152 Hereford Limited
Director	CHC Properties Ltd
Director	Warren Bell Ltd
Director	Poraka Ltd
Director	Hickman Family Trustees Limited
Trustee	Emerald Trust

S Vincent

Director	Harpers Fashions Ltd
Trustee	The Harpers No.2 Family Trust

J Appleyard

Partner	Chapman Tripp
Member	Community Law Canterbury
Member	University of Canterbury Vice-Chancellor Employment Committee

T C Glasson

Director	Sabina Ltd
Director	Glasson Trustee Limited
Director	CHC Properties Limited
Director	JCG Trustee Limited
Director	152 Hereford Limited
Director	SIG Trustee Limited
Director	New North Holdings Limited
Director	847 New North Road Limited
Trustee	Hallenstein Glasson Staff Benefit Trust

M Ford

Trustee	Hallenstein Glasson Staff Benefit Trust

K Bycroft

None

G J Popplewell

Trustee	Hallenstein Glasson Staff Benefit Trust

J Glasson

Director	Glasson Trustee Limited
Director	JCG Trustee Limited

(e) Subsidiary Companies

The persons who held office as Directors of subsidiary companies at 1 August 2024 are as follows:

Hallenstein Bros Limited
Mr W J Bell, Mr M Ford, Mr T C Glasson and Mr G J Popplewell

Hallenstein Brothers Australia Limited (now Hallensteins Australia Pty Ltd)
Mr W J Bell, Mr J C Glasson, Mr T C Glasson and Mr G J Popplewell

Glassons Limited

Mr W J Bell, Mr T C Glasson and Mr G J Popplewell

Glassons Australia Limited (now Glassons Australia Pty Ltd)
Mr W J Bell, Mr J C Glasson, Mr T C Glasson and Mr G J Popplewell

Hallenstein Properties Limited
Mr W J Bell, Mr T C Glasson and Mr G J Popplewell

(f) Directors' Insurance

As provided by the Company's Constitution and in accordance with section 162 of the Companies Act 1993 the Company has arranged Directors' and Officers' Liability Insurance that ensures Directors will incur no monetary loss as a result of actions undertaken by them as Directors provided they act within the law.

(g) Directors' and Officers' Use of Company Information

During the period the Board received no notices pursuant to section 145 of the Companies Act 1993 relating to use of Company information.

State of Affairs

The Directors are of the opinion that the state of affairs of the Company is satisfactory. Details of the period under review are included in the Chairman's Report and the audited Consolidated Statement of Comprehensive Income.

Employee Remuneration

The number of employees with the Group (other than Directors) receiving remuneration and benefits above $100,000 in relation to the year ended 1 August 2024 was:

Employee Remuneration	2024	2023
100,000-109,999	**16**	7
110,000-119,999	**8**	7
120,000-129,999	**9**	7
130,000-139,999	**4**	5
140,000-149,999	**5**	4
150,000-159,999	**4**	5
160,000-169,999	**2**	1
170,000-179,999	**3**	1
180,000-189,999	**3**	3
190,000-199,999	**-**	1
200,000-209,999	**2**	1
210,000-219,999	**-**	1
220,000-229,999	**1**	2
230,000-239,999	**1**	-
240,000-249,999	**1**	2
250,000-259,999	**1**	-
260,000-269,999	**1**	1
270,000-279,999	**1**	1
300,000-309,999	**-**	2
320,000-329,999	**1**	1
330,000-339,999	**-**	1
340,000-349,999	**-**	1
350,000-359,999	**2**	3
360,000-369,999	**-**	1
370,000-379,999	**-**	1
380,000-389,999	**1**	-
400,000-409,999	**2**	-
420,000-429,999	**1**	-
470,000-479,999	**2**	1
490,000-499,999	**1**	-
500,000-509,999	**1**	1
620,000-629,999	**1**	-
690,000-699,999	**-**	1

Chief Executive Remuneration

	SALARY	SHORT-TERM INCENTIVE	LONG-TERM INCENTIVE	OTHER BENEFITS	TOTAL REMUNERATION
Group Chief Executive Officer — Stuart Duncan	458,976	-	-	20,114	479,090
Group Chief Executive Officer — Chris Kinraid	452,083	5,000	-	41,889	498,972

The remuneration of the Group Chief Executive Officer comprises fixed and performance payments. Fixed remuneration includes a base salary, contributions to KiwiSaver, health insurance and a carpark. Performance payments for the financial year ending 1 August 2024 comprised a discretionary bonus payment approved by the Board.

Remuneration to Auditors

The fee for the audit of the Holding Company and subsidiaries, paid to PricewaterhouseCoopers, was $249,349.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the Board) of Hallenstein Glasson Holdings Limited (HGH) is committed to maintaining best-practice standards of corporate governance. This corporate governance statement provides an overview of HGHL's key corporate governance arrangements and the policies and practices that HGHL and its subsidiaries (the Group) have developed and implemented, in line with the NZX Corporate Governance Code dated 1 April 2023 (the Code) and the NZX Listing Rules.

This corporate governance statement outlines each principle contained in the Code and how HGHL is applying the corresponding Code recommendations. Where HGHL is not currently following a particular Code recommendation, the reason for HGHL not following the Code recommendation and a description of the alternative governance practice adopted by HGHL (and approved by the Board) is provided (refer to the table on page 70 of this report).

This corporate governance statement is current as at 1 August 2024 (except where specified otherwise), and has been approved by the Board.

The key HGHL corporate governance policy documents (including the Board charter and other relevant charters and policies) are available at www.hallensteinglasson.co.nz/investment-centre.

PRINCIPLE 1 – ETHICAL STANDARDS

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

CODE OF ETHICS

HGHL is committed to ensuring the highest standards of conduct and ethical behaviour are followed in respect of all business activities of the Group. The Board has adopted a code of ethics (the Code of Ethics) to promote and support a culture of integrity, transparency, honest and ethical behaviour, corporate compliance and good corporate governance.

The Code of Ethics sets out the minimum standards of conduct expected of the directors, senior management and employees of the Group in carrying out their day-to-day duties. The Code of Ethics provides a guide to the conduct that is consistent with HGHL's values, business goals and legal obligations.

The Code of Ethics also sets out the internal reporting procedures for any wrongdoing or breaches of the Code of Ethics (or any other HGHL policy) or legal obligations, and HGHL's expectations around how such wrongdoing and breaches will be investigated and/or escalated to the Board (if necessary). HGHL is committed to standing behind any Group employee who, acting in good faith, reports a breach, serious problem or wrongdoing.

All new directors, senior managers and employees of the Group are directed to the Code of Ethics as part of their induction. The Code of Ethics is also available on HGHL's website. The Board reviews the Code of Ethics annually.

FINANCIAL PRODUCT TRADING POLICY

The Board has adopted a Financial Product Trading Policy which details HGHL's policy in relation to directors and employees of the Group trading HGHL shares, including certain prohibitions and restrictions on, and procedures for, directors and employees of the Group.

The Financial Product Trading Policy sets out applicable insider trading laws and guidance around material information and the trading of HGHL shares. This policy also details the procedure which must be followed by directors, senior managers and certain other Group employees (or their related parties) who wish to trade in HGHL's shares. All directors and senior managers (and other applicable Group employees) must notify HGHL and obtain consent prior to trading in HGHL shares, and are only permitted to trade in HGHL's shares within the periods of two trading windows under the policy.

These trading windows are:

- between the date on which HGHL's half year results are released (during March) and 1 July; and
- between the date on which HGHL's full year results are released (during September) and 1 January.

Trading by an individual holding non-public material information about HGHL is prohibited. All directors and senior managers (and other applicable Group employees) are required to confirm to HGHL that they do not hold material information prior to trading in HGHL shares during a trading window.

Directors and senior managers must advise the NZX if they trade in HGHL's shares within the timeframes required by law.

The Financial Product Trading Policy is available on HGHL's website

PRINCIPLE 2 — BOARD COMPOSITION AND PERFORMANCE

"To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives."

THE BOARD

The Board is elected by shareholders to govern and oversee the management of HGHL and is responsible for all corporate governance matters and reporting to shareholders. The Board has adopted a board charter (the Board Charter) which sets out the roles and responsibilities of the Board and outlines how these roles and responsibilities interact with the roles and responsibilities of the Group's management. The Board Charter is available on HGHL's website.

The Board establishes HGHL's objectives, determines the strategies for achieving those objectives, and monitors management's performance in respect of implementing those strategies. It also establishes delegated authority limits for capital expenditure, treasury, and remuneration.

Glassons New Zealand, Glassons Australia and Hallensteins operate as separate subsidiaries, each with its own management team. The Board delegates the responsibility for the day-to-day management of HGHL and each subsidiary to the Group Chief Executive Officer, who in turn delegates parts of this responsibility to the management team of HGHL or the relevant subsidiary (as applicable). The Board is responsible for the appointment of, and assessment of the performance of, the Group Chief Executive Officer.

The Board meets no less than 9 times each year, in addition to a full corporate strategy meeting which is held each year. Directors receive monthly reporting including profit and loss and balance sheets for each operating subsidiary, together with operations reports from the senior executive from each operating subsidiary.

BOARD MEMBERSHIP

At the date of this annual report the Board comprises seven non-executive directors and one executive director (being James Glasson, the Chief Executive Officer of Glassons Australia). The Chairperson is a non-executive director and is a different person to the Group Chief Executive Officer for the purposes of Code Recommendation 2.10.

INDEPENDENT DIRECTORS AT 1 AUGUST 2024:

Malcolm Ford

Karen Bycroft

Graeme Popplewell

Sandra Vincent

Joanne Appleyard

NON INDEPENDENT DIRECTORS AT 1 AUGUST 2024:

Warren Bell (Chairman)

Timothy Glasson

James Glasson

In determining director independence, the Board has regard to the disqualifying relationship factors set out in the NZX Listing Rules and the factors that may affect the independence of a director set out in the Code.

- Timothy Glasson is not an independent director because of his substantial shareholding in HGHL (refer to the shareholder information section on page 72 of this report).
- Warren Bell is not an independent director because of his close business connections with Timothy Glasson.
- James Glasson is not an independent director because he is also an executive of the Group.

The Board is currently comprised of a majority of independent directors (Code Recommendation 2.8) and is of the view it has an optimal mix of skills and experience to govern the Group effectively. The Board is satisfied that it operates in an effective and independent manner notwithstanding a number of its directors are technically considered to be non-independent directors for the purpose of the NZX Listing Rules.

Under the NZX Listing Rules, a director must not hold office past the later of three years and the third annual meeting after their appointment without being re-elected by shareholders.

The Board may at any time appoint a person to be a director either as an additional director or to fill a casual vacancy. Any person who is appointed a director by the Board will retire from office at the next annual meeting of HGHL but will be eligible for election by shareholders at that next meeting.

A list of the directors and their profiles, experience and qualifications is on page 58 of this report. A list of their relevant ownership interests is on page 60 of this report.

NOMINATION AND APPOINTMENT OF DIRECTORS

The Nominations Committee identifies suitably qualified people who could be considered for nomination or appointment as a director in the event of a vacancy on the Board. The Nominations Committee Charter includes guidelines relating to Board composition, considerations for new director appointments and the procedure by which potential directors are nominated and assessed. All new directors enter into a written agreement with HGHL setting out the terms of their appointment.

DIVERSITY

HGHL believes that all eligible people should get an equal opportunity and be treated fairly regardless of their background, views, experiences and capabilities as well as their beliefs, physical differences, ethnicity, gender, age, thinking style or preferences. The Board has adopted a Diversity and Inclusion Policy that ensures HGHL is continually developing a work environment that supports equality and inclusion regardless of difference. The Diversity and Inclusion Policy applies to all HGHL's practices and policies relating to, but not limited to, recruitment, pay and benefits, training and development, promotions, restructures and terminations.

The Diversity and Inclusion Policy includes a requirement that the Board establish and separately record measurable objectives and assess performance against the objectives on an annual basis. The Board is responsible for implementing, reviewing, reporting and overseeing the Diversity and Inclusion Policy.

Details of gender composition of HGHL's directors, officers* and senior leaders** as at 1 August 2024 (being HGHL's most recent balance date) are as follows:

Gender diversity as at 1 August	2024	2023
Directors		
Female	**3**	3
Male	**5**	5
Officers*		
Female	**1**	1
Male	**3**	4
Senior Leaders**		
Female	**6**	5
Male	**3**	4

*Officers means those persons who are concerned or take part in the management of HGHL's business and who report directly to the Board or to a person who reports to the Board.

**Senior Leaders means those persons who are members of the senior leadership team of an HGHL subsidiary and who assist the chief executive officer of that HGHL subsidiary in the management of the relevant subsidiary's business.

EDUCATION, TRAINING AND PERFORMANCE

The Board ensures that new directors are appropriately inducted to their role. Directors are also expected to undertake continuous education and training as appropriate to ensure that their skills and knowledge remain relevant and current, and that allow them to perform their role as directors of a listed issuer.

The Board evaluates its own performance and that of its committees annually. The Chairperson also meets with directors individually to discuss their individual performance during the year.

PRINCIPLE 3 — BOARD COMMITTEES

"The Board should use committees where this will enhance effectiveness in key areas, while retaining Board responsibility."

OVERVIEW OF BOARD COMMITTEES

At the date of this report, the Board has established the Remuneration Committee, the Audit & Risk Committee, the Nominations Committee and the Sustainability Committee (each a Committee). The Board has considered whether any other standing Board committees are appropriate and has determined that no other Board committees are necessary at this time. Each Board committee operates under a charter which is available on HGHL's website. Board Committee members are appointed solely from members of the Board (except for the Sustainability Committee which also includes senior employees of HGHL) and committee membership is reviewed on an annual basis. Any recommendations made by the committees are submitted to the full Board for formal consideration and approval (if appropriate).

HGHL has also established a Health and Safety Committee to ensure appropriate governance, performance and compliance is carried out in this key area. The Committee's membership includes HGHL directors and employees of the Group. The Health and Safety Committee is not a Board committee.

DIRECTOR ATTENDANCE AT BOARD AND COMMITTEE MEETINGS FOR THE YEAR ENDED 1 AUGUST 2024

	Board	Remuneration	Audit & Risk	Nominations	Sustainability
Number of meetings held	12	2	2	2	5
	Attended	**Attended**	**Attended**	**Attended**	**Attended**
Warren Bell	12	2	2	2	-
Timothy Glasson	11	-	-	-	-
Graeme Popplewell	11	2	2	2	-
Malcolm Ford	12	-	2	-	-
Karen Bycroft	12	-	-	-	5
Sandra Vincent	11	2	-	2	-
James Glasson	12	-	-	-	2
Joanne Appleyard	12	2	-	2	5

REMUNERATION COMMITTEE

The Remuneration Committee is comprised of non-executive members of the Board and is chaired by Graeme Popplewell. The other members of the Remuneration Committee as at 1 August 2024 are Warren Bell, Sandra Vincent and Joanne Appleyard. The Remuneration Committee comprises a majority of independent directors.

The Remuneration Committee's primary function is to make specific recommendations to the Board on remuneration packages and other terms of employment for directors and senior managers. HGHL's senior management may only attend Remuneration Committee meetings at the Committee's invitation. The Remuneration Committee utilises independent advice from industry experts where necessary to ensure remuneration practices are appropriate for HGHL, and to ensure the best possible people are recruited and retained.

The Remuneration Committee Charter is available on HGHL's website.

AUDIT & RISK COMMITTEE

The Audit & Risk Committee is comprised of non-executive members of the Board and is chaired by Malcolm Ford. The other members of the Audit & Risk Committee as at 1 August 2024 are Warren Bell and Graeme Popplewell, both of whom are Fellows of Chartered Accountants Australia New Zealand (CAANZ) with an extensive accounting and financial background. The Audit & Risk Committee comprises a majority of independent directors.

The Board believes the Audit & Risk Committee's current membership has an optimal mix of skills and experience to ensure the Committee achieves its objectives. The Audit & Risk Committee meets directly with HGHL's external auditors and receives and reviews all correspondence between HGHL and its auditors. The main responsibility of the Committee is to ensure internal controls are effective, financial reporting is reliable, and applicable laws and regulations are complied with. HGHL's senior management may only attend Audit & Risk Committee meetings at the Committee's invitation.

The Audit & Risk Committee Charter is available on HGHL's website.

NOMINATIONS COMMITTEE

The Nominations Committee is comprised of non-executive members of the Board and is chaired by Graeme Popplewell. The other members of the Nominations Committee are Warren Bell, Sandra Vincent and Joanne Appleyard. The Nominations Committee comprises a majority of independent directors. Where appropriate, the Nominations Committee will make recommendations to the Board on the appointment of directors.

The Nominations Committee Charter is available on HGHL's website.

SUSTAINABILITY COMMITTEE

The Sustainability Committee is comprised of HGHL directors and senior employees, including directors Karen Bycroft, Joanne Appleyard and James Glasson (also Chief Executive Officer of Glassons Australia) and senior employees Chris Kinraid (Group Chief Executive Officer), Cameron Alderton (Group Chief Financial Officer) and April Ward (Chief Executive Officer of Glassons New Zealand).

The Sustainability Committee is chaired by Karen Bycroft. The Sustainability Committee guides HGHL's sustainability strategy, monitors how HGHL is tracking against its sustainability goals and makes recommendations to the Board including around HGHL's climate related disclosures. The Committee meets every quarter to review performance and provide strategic input and governance to the Board where appropriate. The establishment of the Sustainability Committee reflects the importance HGHL (and the Board) places on sustainability initiatives and climate related disclosures and helps to ensure that sustainability-related matters are given due regard at the Board level.

The Sustainability Committee Charter is available on HGHL's website.

HEALTH & SAFETY COMMITTEE

HGHL has established a Health and Safety Committee. The Health and Safety Committee is not a committee of the Board, although its members include directors, Chris Kinraid (Group Chief Executive Officer) and other employees of the Group. The Health and Safety Committee is chaired by Malcolm Ford.

— The Group's existing health and safety systems and processes.

— Approval of health & safety policies and procedures for the Group.

— Monitoring of any incidents, hazards and risks within the Group's business.

— Communication to the Board on health and safety matters and ensures the Board is informed on matters relating to health and safety governance, performance and compliance.

— Regular assessments on health and safety systems.

The Health and Safety Committee met three times during the year ended 1 August 2024.

The Health and Safety Committee Charter is available on the Group's website.

TAKEOVER RESPONSE

The Board has implemented protocols that set out the procedures to be followed if a takeover offer is received by HGHL.

PRINCIPLE 4 — REPORTING AND DISCLOSURE

"The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

Financial reporting to shareholders and the market is in accordance with generally accepted accounting principles applied in New Zealand, and in compliance with relevant legislation and NZX requirements.

The Board has adopted a Market Disclosure Policy which outlines the obligations of HGHL and relevant HGHL personnel in satisfying HGHL's continuous disclosure requirements. A copy of the Market Disclosure Policy is available on HGHL's website.

HGHL is responsible for ensuring it meets its continuous disclosure obligations under the NZX Listing Rules and acknowledges that the intent of these rules is to enable shareholders and the investment market generally to be promptly informed of any events that may be price sensitive in regard to HGHL's share price.

SUSTAINABILITY

The Group publishes a sustainability report on an annual basis (refer to the Group's sustainability report on page 10 of this report). The Sustainability Committee appointed by the Board has to date developed the following key areas of focus for the Group in relation to environmental, social and governance factors:

— environmentally sustainable certified fabrics and product stewardship;
— supplier partnerships and ethical factories;
— the Group's carbon footprint, climate change preparations and environmental impact;
— diverse workforce and safe working environment for all; and
— team career development.

CLIMATE-RELATED DISCLOSURES

HGHL is a Climate Reporting Entity for the purposes of Part 7A of the Financial Markets Conduct Act 2013. HGHL will publicly report on the Group's climate-related risks and opportunities for the period ending 1 August 2024 in accordance with the Aotearoa New Zealand Climate Standards released on 15 December 2022. HGHL's Climate Related Disclosure will be published by 30 November 2024 on HGHL's website at www.hallensteinglasson.co.nz/climate-related-disclosures.

PRINCIPLE 5 — REMUNERATION

"The remuneration of Directors and executives should be transparent, fair and reasonable."

Details of directors' and the Group Chief Executive Officer's remuneration are shown on page 59 and 62 of this report.

Shareholders are asked to approve any increases to the pool of directors' fees from time to time as required by the NZX Listing Rules. Fees are generally established using independent surveys covering New Zealand based organisations of a similar scope and size to HGHL.

Key executive remuneration comprises a base salary together with short term and long term incentives. Key executives are eligible for short term incentives each season based on internal profit before tax targets. HGHL has no outstanding long term incentives in place for key executives for the 2024 financial year, but expects to enter into long term incentive arrangements with key executives in the 2025 financial year. The Remuneration Committee seeks independent advice where appropriate when setting key executive remuneration.

HGHL has adopted a Remuneration Policy which outlines the principles that apply to the remuneration of all non-executive directors and senior management with the aim to ensure that remuneration is fair and appropriate. A copy of the Remuneration Policy is available on HGHL's website.

PRINCIPLE 6 — RISK MANAGEMENT

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

RISK MANAGEMENT FRAMEWORK

The Board is responsible for reviewing and approving HGHL's risk management strategy. The Board has adopted a robust risk management framework that identifies and seeks to proactively manage risks throughout the Group. The Board has placed particular emphasis on integrating climate-related risks into the risk management framework to ensure the accuracy of HGHL's climate related disclosures.

HGHL's risk management framework is structured to identify, assess and manage the Group's key risks identified and prioritised by HGHL's risk matrix and set out in HGHL's risk register. The risk matrix assesses both the likelihood and consequence of each key risk concerning the Group. HGHL's key risks include supply chain, brand and reputational, cyber and financial risks. The Board regularly reviews risks concerning the Group in line with the risk management framework.

As part of risk management framework, the Board has also adopted a risk appetite statement which sets out HGHL's risk tolerance and allows HGHL to manage reported risks effectively. Any risks that are classed outside HGHL's current risk appetite (as set out in the risk appetite statement) are escalated and prioritised for action. The Board regularly monitors the risk appetite statement and has categorised the different risks concerning the Group into the following four categories:

- strategic risk;
- financial risk;
- operational risk (people, technology, property and process); and
- operational risk (environment).

Formal reviews of any key risks to HGHL are integrated into the Audit & Risk Committee meetings that occur every six months. The applicable risk reporting that supports the identified risks are referred to at each Audit and Risk Committee meeting where necessary.

DELEGATIONS OF RISK MANAGEMENT

The Board delegates day-to-day management of risk to the Group Chief Executive Officer who may further delegate such responsibilities to his or her executives and other officers. Significant risks are discussed at Board meetings as required.

While the Board is ultimately responsible for oversight of the risk management of the Group, the Audit & Risk Committee reviews the reports of management and the external auditors on the effectiveness of systems for internal control, financial reporting and risk management. To assist in discharging this responsibility, the Board has in place a number of strategies designed to safeguard HGHL's assets and interests and to ensure the integrity of reporting.

INSURANCE

HGHL maintains insurance cover with reputable insurers for most types of insurance risk. All Group directors and senior managers have the benefit of an indemnity as permitted by the Companies Act 1993 and HGHL's constitution. HGHL has also implemented Director and Officer (D&O) insurance cover at HGHL's cost. Details of these indemnities and insurance are disclosed in HGHL's interests register as required.

HEALTH & SAFETY

HGHL has health and safety systems and processes in place that includes training employees and recording any incidents, hazards and risks. These systems ensure HGHL continues to provide a safe working environment for staff, contractors and customers. HGHL has also established a Health and Safety Committee as part of its commitment to protecting the health, safety and wellbeing of Group employees — see details of the Committee and its role above.

The Health and Safety Committee, along with senior management, is responsible for ensuring that health and safety has appropriate focus and is sufficiently resourced within the Group. Senior management work in conjunction with the Health and Safety Committee to investigate incidents, analyse hazard/incident trends to identify and mitigate potential health and safety risks and review, develop and monitor compliance with health and safety processes and procedures. Health and safety is a consistent item on the Board's meeting agendas to keep all directors informed of the Group's performance across a range of measures.

The Board and the Health and Safety Committee receive detailed reporting on health and safety performance including health and safety incidents, injury rates by severity, identified hazards and outputs from the workers' health and safety forum meetings. There has been minimal lost time due to incidents or injuries over the last financial year. HGHL continues to work to mitigate risk both in store and in its distribution centres.

All staff are trained on health and safety procedures as part of their induction, including training on working from height, manual lifting and personal safety. Registers are kept of potential hazards at each store and regular reviews/audits of compliance with health and safety processes and procedures are carried out. The Group also provides an Employee Assistance Programme to support with employee wellbeing.

HGHL places particular focus on safety in its distribution centres and regular risk assessments are carried out. Risks identified by HGHL in its distribution centres include material handling equipment (forklifts), heavy/light vehicles, working at height, falling objects, manual handling strains/injuries and fatigue; slips, trips and falls. HGHL ensures that all forklift and heavy machinery operators are licensed accordingly and have completed appropriate certified training. Daily equipment inspections are performed, site inductions are carried out with all visitors, staff and contractors, and controls are implemented where risks are identified as part of hazard risk assessments.

HGHL has implemented a digital reporting system that records injuries, hazards, aggressive behaviour incidents and overt theft. This digital reporting system has improved HGHL's understanding of the nature and number of incidents that impact its teams and allowed HGHL to respond with solutions tailored to suit individual circumstances. It has also directed HGHL toward any improvement needed in equipment available for use in its stores and distribution centres.

HGHL encourages its staff to report all injuries including minor scrapes, tweaks, and scratches so that HGHL can ensure it is providing the safest possible working environment and as a check that the training HGHL provides stays relevant to the work environment. HGHL's statistics include customers who may have suffered a medical event or similar incident while visiting its premises.

HGHL has engaged Raise, an employee assistance programme (EAP) provider, to offer counselling to support all team members across the Group. Access to the counselling support offered by Raise is not limited to only helping address work related challenges that an employee may be experiencing.

During the 2024 financial year the Group recorded 29 injuries, 8 near misses and 200 sessions initiated by Group employees with Raise. There were no instances of fatalities from work related ill health or injury.

For comparison, during the 2023 financial year the Group recorded 74 injuries, 6 near misses, and 146 sessions initiated by Group employees with Raise. HGHL attributes the reduction in injuries, and greater uptake in counselling support, during the 2024 financial year (when compared to the previous financial year) to its continued focus on health and safety processes and procedures and on mental health and wellbeing, as described above.

PRINCIPLE 7 — AUDITORS

"The Board should ensure the quality and independence of the external audit process."

The Audit & Risk Committee is responsible for overseeing HGHL's external audit arrangements. Ensuring that external audit independence is maintained is one of the key aspects in discharging this responsibility. The Audit & Risk Committee has adopted an Audit Independence Policy to assist the Committee in meeting this responsibility.

The Audit Independence Policy covers the following areas:

— Provision of related assurance services by the external auditors.

— Audit partner rotation.

— Relationships between the auditor and HGHL.

— Approval of auditor.

The Audit & Risk Committee will only recommend the appointment of a firm to be auditor if that firm would be regarded by a reasonable investor with full knowledge of all relevant facts and circumstances as capable of exercising objective and impartial judgement on all issues encompassed within the auditor's engagement. The Audit & Risk Committee must recommend the approval of significant permissible non-audit work assignments that are awarded to an external auditor. A copy of the Audit Independence Policy is available on HGHL's website.

HGHL's external auditors are required to be available at each annual shareholders' meeting.

INTERNAL AUDIT

HGHL does not have an internal audit function. The Board is confident the key risks of the business are being adequately managed without an internal audit function and that the internal control framework is operating effectively, including through the risk identification and management processes outlined above.

PRINCIPLE 8 — SHAREHOLDERS' RIGHTS AND RELATIONS

"The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

HGHL releases all material information to the NZX as required by the NZX Listing Rules, and also posts any key announcements to HGHL's website at www.hallensteinglasson.co.nz. Other key information, including annual reports, HGHL's constitution and key corporate governance documents are also posted on HGHL's website for ease of reference. Consistent with best practice and HGHL's continuous disclosure obligations under the NZX Listing Rules, external communications that may contain market sensitive data are released through NZX in the first instance. The Board approves all communications with shareholders.

HGHL shareholders are provided with the option of receiving communications from HGHL electronically. HGHL's website also includes a section on investor communications and HGHL welcomes investor enquiries.

HGHL aims for notices of annual (and any special) meetings of shareholders to be posted on HGHL's website at least 20 working days prior to the meeting, in line with Code Recommendation 8.5.

HGHL refers any significant matters, as required by the Companies Act 1993 and the NZX Listing Rules, to shareholders for approval at the AGM, and shareholders are given the opportunity to vote by proxy ahead of the meeting or by poll if attending the meeting in person.

AREAS OF DIVERGENCE FROM THE NZX CORPORATE GOVERNANCE CODE DATED 1 APRIL 2023

NZX Code Principle	NZX Code Recommendations	Key Difference	Status
To ensure an effective board there should be a balance of independence, skills, knowledge, experience and perspectives	2.9 An issuer should have an independent chair of the board.	During the reporting period, the chair of the Board was not an independent director.	The Board has determined that the chair of the Board, Warren Bell, is not independent because of his close business connections with HGHL's largest shareholder, Mr Timothy Glasson. HGHL does not follow Code Recommendation 2.9 because: (a) the benefit of Mr Bell's skills and experience as Board chair outweigh any actual or perceived conflict of interest arising from his relationship with the major shareholder; and (b) the Board as a whole comprises a majority of independent directors. In lieu of not following Code Recommendation 2.9, the Board ensures that Mr Bell also recuses himself from deliberations and decision-making around matters where an actual or perceived conflict of interest might arise over something that relates to Mr Timothy Glasson's interests. The Board has approved this alternative governance practice.

SHAREHOLDER INFORMATION

ANALYSIS OF SHAREHOLDING AS AT 30 SEPTEMBER 2024

RANGE	HOLDER COUNT	HOLDER COUNT %	HOLDING QUANTITY	HOLDING QUANTITY %
1 to 499	615	11.4	130,577	0.2
500 to 999	505	9.3	347,257	0.60
1,000 to 1,999	1,039	19.2	1,370,421	2.3
2,000 to 4,999	1,486	27.5	4,456,535	7.5
5,000 to 9,999	852	15.7	5,623,080	9.4
10,000 to 49,999	810	15.0	14,249,389	23.9
50,000 to 99,999	65	1.2	4,416,160	7.4
100,000 to 499,999	29	0.5	4,938,236	8.3
500,000 to 999,999	4	0.1	2,483,894	4.1
1,000,000 Over	7	0.1	21,633,512	36.3
Total	**5,412**		**59,649,061**	**100**

SHAREHOLDER INFORMATION

TOP 20 SHAREHOLDING AS AT 30 SEPTEMBER 2024

RANK	NAME	ADDRESS	UNITS	% OF UNITS
1	Timothy Charles Glasson	PO Box 248, Christchurch, 8140	11,408,757	19.13
2	New Zealand Depository Nominee Limited	PO Box 2959 Wellington, 6140	2,083,274	3.49
3	Accident Compensation Corporation — NZCSD	C/- JP Morgan Attn Asset Services Level 13 2 Hunter Street Wellington, 6011	1,897,838	3.18
4	Custodial Services Limited	C/- Craigs Investment Partners PO Box 13155 Tauranga, 3141	1,677,228	2.81
5	BNP Paribas Nominees (NZ) Limited — NZCSD	PO Box R209 Royal Exchange Sydney,NSW, Australia, 1225	1,653,052	2.77
6	HSBC Nominees (New Zealand) Limited — NZCSD	PO Box 5947 Victoria Street West Auckland, 1142	1,611,998	2.70
7	FNZ Custodians Limited	PO Box 396 Wellington, 6140	1,301,365	2.18
8	Citibank Nominees (New Zealand) Limited — NZCSD	GPO Box 764G Melbourne Vic, Australia, 3000	835,827	1.40
9	Tea Custodians Limited Client Property Trust Account — NZCSD	ATT: Chris Campbell PO BOX 3121 Wellington, 6140	583,067	0.98
10	Hickman Family Trustees Limited	PO Box 79084 Avonhead Christchurch, 8446	565,000	0.95
11	Joanna Hickman	24 Waiwetu Street Fendalton Christchurch, 8052	500,000	0.84
12	Forsyth Barr Custodians Limited	Private Bag 1999 Dunedin, 9054	499,933	0.84
13	HSBC Nominees (New Zealand) Limited — NZCSD	PO Box 5947 Victoria Street West Auckland, 1142	377,613	0.63
14	James Glasson Family Trust	C/- Deloitte PO Box 248 Christchurch, 8140	373,831	0.63
15	JBWere (NZ) Nominees Limited	Private Bag 92085 Victoria Street West Auckland, 1142	288,445	0.48
16	GMH 38 Investments Limited	77B Long Drive St Heliers Auckland, 1071	225,875	0.38
17	Graeme James Popplewell	26 Lemington Road Westmere Auckland, 1022	203,604	0.34
18	HSBC Nominees A/C NZ Superannuation Fund Nominees Limited — NZCSD	C/- HSBC Nominees (New Zealand) Limited PO Box 5947 Victoria Street West Auckland, 1142	190,360	0.32
19	Albany Braithwaite Holdings Limited	Apt 2B 3 Clyde Quay Wharf Te Aro Wellington, 6011	178,098	0.30
20	David John Wensley & Juliet Louise Wensley	12A Strowan Road Strowan Christchurch, 8052	175,000	0.29
Totals: Top 20 Holders Of Ordinary Shares			**26,630,165**	**44.64**
Total Remaining Holders Balance			**33,018,896**	**55.36**

SUBSTANTIAL PRODUCT HOLDERS

As at 1 August 2024, HGHL's only substantial product holder was Timothy Charles Glasson. Mr Glasson held 11,408,757 ordinary shares in HGHL at that date according to both disclosures made by Mr Glasson and HGHL's records. The total number of voting securities (fully paid ordinary shares) of HGHL as at 1 August 2024 was 59,649,061.

DIRECTORY

AUDITORS
PRICEWATERHOUSECOOPERS

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HALLENSTEINGLASSON.CO.NZ
GLASSONS.COM
HALLENSTEINS.COM

CALENDAR

ANNUAL BALANCE DATE	**01 AUGUST**
PRELIMINARY PROFIT ANNOUNCEMENT	**SEPTEMBER**
REPORTS AND ACCOUNTS PUBLISHED	**OCTOBER**
HALF YEAR RESULTS	**MARCH**
INTERIM DIVIDEND	**APRIL**
ANNUAL GENERAL MEETING	**10 DECEMBER 2024**