

<b>Results for announcement to the market</b>		
Name of issuer	BRISCOE GROUP LIMITED	
Reporting Period	Half-Year - 1 February 2021 to 1 August 2021	
Previous Reporting Period	Half-Year - 27 January 2020 to 26 July 2020	
Currency	New Zealand Dollars	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$358,421	+22.6%
Total Revenue	\$358,421	+22.6%
Net profit/(loss) from continuing operations	\$ 47,461	+69.6%
Total net profit/(loss)	\$ 47,461	+69.6%
<b>Interim Dividend</b>		
Amount per Quoted Equity Security	\$ 0.11500000	
Imputed amount per Quoted Equity Security	\$ 0.04472222	
Record Date	21 September 2021	
Dividend Payment Date	14 October 2021	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$ 1.2610	\$1.0715
A brief explanation of any of the figures above necessary to enable the figures to be understood	Refer to the section below "Half Year Review" for commentary. Earnings before interest and tax (EBIT) is a non-GAAP measure.	
<b>Authority for this announcement</b>		
Name of person authorised to make this announcement	Geoff Scowcroft	
Contact person for this announcement	Rod Duke	
Contact phone number	+ 64 9 815 3737	
Contact email address	rod.duke@briscoegroup.co.nz	
Date of release through MAP	14/09/2021	

Unaudited abridged financial statements accompany this announcement.

## Half Year Review

Briscoe Group Limited (NZX/ASX code: BGP)

Highlights for the 26-week period – 1 February 2021 to 1 August 2021:

- Total sales \$358.4 million, +22.58%
- Online sales as mix of total Group sales, 16.16%
- Gross profit \$166.66 million, +35.20%
- Gross profit % 46.50% vs 42.16% last year
- Net profit after tax (NPAT) \$47.46 million, +69.63%
- Benefits from strategic initiatives being realised
- Interim Dividend 11.50 cps increased from 9.00 cps last year

The directors of Briscoe Group Limited (NZX/ASX code: BGP) announce a net profit after tax (NPAT) of \$47.46 million for the half-year ended 1 August 2021 compared to \$27.98 million achieved for last year's first half. The half-year results are unaudited.

Dame Rosanne Meo, Briscoe Group Chair said, "The results the team have produced for this first six-month period are very impressive. The way in which the leadership team continues to grow the relevancy of the underlying business model, but also challenge itself to progress strategic initiatives to improve and drive future growth, is a real credit to them."

The directors have resolved to pay an interim dividend of 11.50 cents per share (cps). This compares to last year's interim dividend of 9.00 cps. Books will close to determine entitlements at 5pm on 21 September 2021 and payment will be made on 14 October 2021. The company's dividend policy is to pay out at least 60% of NPAT when calculated on a full year basis.

Rod Duke, Group Managing Director, said, "\$47.46 million of NPAT sets a new benchmark for the Group and we're delighted to have produced such a strong first half result. After the strong post-lockdown recovery experienced during the second half of last year, it's very pleasing to have been able to complement that recovery with the inclusion of other initiatives which we have introduced in relation to our three key strategic areas; enhancing the shopping experience, improving our supply chain and developing new revenue streams.

The earnings were generated on sales revenue of \$358.4 million, an increase of 22.58% on the same period last year. Rod Duke said, "Clearly, the impact of COVID-19 caused unprecedented and volatile sales patterns across the first half of last year, but even using a more normalised comparison with the first half sales produced 2 years ago, the Group's sales increased significantly by 18.30%, with the first quarter increasing by 14.94% and then strengthening to an increase of 21.61% for the second quarter.

Gross margin dollars increased by 35.20% for the period from \$123.28 million to \$166.66 million, with gross margin percentage increasing from 42.16% to 46.50%. Rod Duke said, "The enhanced analysis and management of promotional activity has contributed to a step-

change in gross margin and we continue to work very hard to consolidate these gains. We are also seeing the benefits emerging from the work we are doing with KPMG to improve inventory in relation to optimising our ordering, allocation, flow in to store and overall stock levels.

“The team right across-the-board continues to do a fantastic job for us day-in, day-out and we were pleased to be able to increase the wage rates for our in-store hourly-paid team by 6.4% from May 2021. The employment market remains extremely competitive and we expect it to remain so for some time.”

The Group received a dividend of \$0.96 million from its investment in Kathmandu Holdings Limited (Kathmandu) during the six months. There was no dividend received last year as a result of Kathmandu’s response to the COVID-19 situation.

Homeware sales increased by 20.77% from \$184.35 million to \$222.63 million and sporting goods sales by 25.66% from \$108.06 million to \$135.79 million.

The Group’s online business continues to perform exceedingly well, representing 16.16% of Group sales for the half-year. Rod Duke said, “System developments in relation to the way in which online orders are picked in-store have resulted in significant productivity and efficiency gains. In addition to these back-end process improvements we have also enhanced the front-end online experience with the introduction of functionality allowing customers to easily find matching and recommended products, as well as receiving relevant communications via our new personalised email system. In addition, new search functionality and the introduction of our ‘Find-In-Store’ stock availability feature will significantly improve the online customer experience.”

Inventory levels as at 1 August 2021 were \$101.09 million, up from \$86.67 million at the same time last year. Rod Duke said, “Whilst this includes an additional store opened by the Group during the period, the majority of the increase reflects significant work undertaken by our merchandise team to secure inventory in advance of traditional timings, to minimise potential international supply chain disruptions as a result of ongoing impacts of Covid-19. These include factory delays, lack of shipping availability, port disruptions and increased costs. Although inventories have closed higher than in recent years, we’re in great shape for the second half to avoid being hindered by shortages we have already seen occurring across the wider retail market. Having sufficient inventory in the current retail environment is a distinct competitive advantage.”

The Group’s balance sheet remains strong with cash balances of \$93.93 million at the close of the period, compared to \$98.56 million held at the same time last year.

Work also continued on a number of projects in relation to Group owned properties during this first half. Significantly, the construction of a new concept Briscoes Homeware store at 36 Taylors Road, Auckland was completed and the store opened in early March. Rod Duke said, “We’re extremely pleased with this store and it’s trading above expectations. The feedback has been exceptional with customers enjoying the bigger, brighter and more contemporary fit-out. Furthermore, it allowed us to introduce a brand-new Rebel Sport store in the retail space on the ground floor of the Support Office building at 1 Taylors

Road. Again, we're pleased with this new concept store which opened towards the end of April and services a wide catchment that we have been keen to be a part of for some time. The success of these new stores across both our major brands gives us confidence for further network growth opportunities in relation to the refurbishment and/or establishment of new stores."

The Group's development at Silverdale is continuing well, with completion estimated for November 2021. This will see the opening of new generation Briscoes Homeware and Rebel Sport stores to service the significant catchment of Silverdale, Hibiscus Coast, Orewa and surrounding areas.

Rod Duke said, "While we continue to enjoy the benefits of a buoyant retail environment, we are also very focused on progressing our strategic initiatives, which we see as critical to ensuring the business is strong and sustainable moving forward. The first year's benefits are on track to meet expectations and provide a solid complement to the continued strength of the retail environment.

"Having established improved data and analytics capability we are now beginning to see the benefits from the programme of work with KPMG in relation to supply chain improvements. Examples of this include the redirection of imported product between North and South Island ports as well as the identification and reallocation of slow-moving product across the wider store network. Both of these are part of a wider work stream in relation to optimising the levels, availability and flow of inventory across the Group's retail network.

"Other initiatives we are seeing benefits from, in addition to the online developments outlined earlier, include the establishment of easy-to-use in-store kiosks enabling customers to purchase products online that may be out of stock in-store, as well as the introduction of new product lines online which are shipped direct from suppliers. We see the latter initiative as particularly promising creating the opportunity for us to offer many additional products that we may not have traditionally held in-store."

## **Level 4 Lockdown**

New Zealand's extended period of near-normality came to a sudden conclusion with the announcement of a return to national Level 4 lockdown from 18 August 2021.

The Group's first priority is to ensure the health and wellbeing of our employees and customers – protecting them from the virus itself and, in the case of employees, from the resulting threats to job and income security. As we had done in the previous Level 4 lockdown, we have again committed to continue paying our people in full.

The financial impact of nationwide store closures, as we know from the previous national lockdown, is immediate and severe. However, we also know from the same experience that pent-up demand during lockdown drove strong consumer demand post-lockdown.

The impact of the latest lockdown has again proved immediate for the Group with the final 2 weeks of August sales negatively impacted by around \$17 million. Whilst the continued lockdown in Auckland will continue to have an impact on sales we are encouraged by the

rest of the country moving down alert levels. Level 3 enables us to extend our product range from essential items only to our full range via online trading, and also to offer Click-and-Collect service. Level 2 enables our stores to re-open responsibly, ensuring we follow prescribed protocols in relation to social distancing and PPE.

Our modelling assumes Auckland to be at Level 4 or 3 for the remainder of September, with the rest of the country at level 2 or 1. Under these assumptions we estimate September sales could be negatively impacted by around the same level as August.

Clearly, the level of uncertainty around economic conditions has greatly increased since 18 August, and the degree to which consumer demand will rebound as different parts of the country move down alert levels is also not certain; however, from last year's experience we do expect pent-up demand to drive strong Group sales levels from October through to the end of the Group's financial year on 30 January 2022.

If that is the case and New Zealand continues to progress without any further lockdowns or outbreaks, we currently expect to be able to produce a NPAT above last year's record of \$73.2 million and up to \$85 million.

The Group's next planned market release will be shortly after its 3<sup>rd</sup> quarter which closes on 31 October 2021.

Tuesday 14 September 2021  
Contact for enquiries:

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<b>BRISCOE GROUP LIMITED</b> <b>CONSOLIDATED INCOME STATEMENT</b> <b>for the 26 week period ended 1 August 2021 (unaudited)</b>
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	Period ended 1 August 2021 \$000	Period ended 26 July 2020 \$000
Sales revenue	358,421	292,407
Cost of goods sold	<u>(191,758)</u>	<u>(169,132)</u>
<b>Gross profit</b>	<b>166,663</b>	<b>123,275</b>
Other income	1,960	106
Store expenses	<b>(54,809)</b>	<b>(41,987)</b>
Administration expenses	<u>(40,774)</u>	<u>(35,446)</u>
<b>Earnings before interest and tax</b>	<b>73,040</b>	<b>45,948</b>
Finance income	155	228
Finance costs	<u>(7,144)</u>	<u>(7,456)</u>
Net finance income	<b>(6,989)</b>	<b>(7,228)</b>
<b>Profit before income tax</b>	<b>66,051</b>	<b>38,720</b>
Income tax expense	<u>(18,590)</u>	<u>(10,741)</u>
<b>Net profit attributable to shareholders</b>	<u><b>47,461</b></u>	<u><b>27,979</b></u>

<b>BRISCOE GROUP LIMITED</b> <b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b> <b>for the 26 week period ended 1 August 2021 (unaudited)</b>
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	Period ended 1 August 2021 \$000	Period ended 26 July 2020 \$000
Net Profit attributable to shareholders	47,461	27,979
<b>Other comprehensive income:</b>		
<b>Items that will not be subsequently reclassified to profit or loss:</b>		
Change in value of investment in equity securities	3,840	(97,935)
<b>Items that may be subsequently reclassified to profit or loss:</b>		
Fair value gain recycled to income statement	2,993	(3,048)
Fair value gain taken to the cashflow hedge reserve	446	1,989
Deferred tax on fair value gain taken to income statement	(838)	853
Deferred tax on fair value gain taken to cashflow hedge reserve	(125)	(557)
<b>Total other comprehensive income</b>	<b>6,316</b>	<b>(98,698)</b>
<b>Total comprehensive income attributable to shareholders</b>	<b>53,777</b>	<b>(70,719)</b>

**BRISCOE GROUP LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**As at 1 August 2021 (unaudited)**

	1 August 2021 \$000	26 July 2020 \$000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	93,926	98,560
Trade and other receivables	5,559	2,672
Inventories	101,091	86,673
Derivative financial instruments	764	65
<b>Total current assets</b>	<b>201,340</b>	<b>187,970</b>
<b>Non-current assets</b>		
Property, plant and equipment	124,335	108,720
Intangible assets	2,204	3,463
Right-of-use assets	246,118	260,368
Deferred tax	13,840	14,240
Investment in equity securities	65,770	56,169
<b>Total non-current assets</b>	<b>452,267</b>	<b>442,960</b>
<b>TOTAL ASSETS</b>	<b>653,607</b>	<b>630,930</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	74,241	87,177
Lease liabilities	18,998	18,364
Taxation payable	11,825	4,237
Derivative financial instruments	619	1,814
<b>Total current liabilities</b>	<b>105,683</b>	<b>111,592</b>
<b>Non-current liabilities</b>		
Trade and other payables	892	969
Lease liabilities	264,186	276,801
<b>Total non-current liabilities</b>	<b>265,078</b>	<b>277,770</b>
<b>TOTAL LIABILITIES</b>	<b>370,761</b>	<b>389,362</b>
<b>Net assets</b>	<b>282,846</b>	<b>241,568</b>
<b>EQUITY</b>		
Share capital	61,992	60,869
Cashflow hedge reserve	19	(1,282)
Equity-based remuneration reserve	358	892
Other reserves	(22,083)	(31,684)
Retained earnings	242,560	212,773
<b>TOTAL EQUITY</b>	<b>282,846</b>	<b>241,568</b>
<b>Net Tangible Assets per Security (cents)</b>	<b>126.10</b>	<b>107.15</b>

<b>BRISCOE GROUP LIMITED</b> <b>CONSOLIDATED STATEMENT OF CASH FLOWS</b> <b>for the 26 week period ended 1 August 2021 (unaudited)</b>
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	Period ended 1 August 2021 \$000	Period ended 26 July 2020 \$000
<b>OPERATING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Receipts from customers	358,406	292,366
Rent received	3	7
Dividends received	963	-
Interest received	136	220
Insurance recovery	131	-
	359,639	292,593
<b>Cash was applied to:</b>		
Payments to suppliers & employees	(272,539)	(211,168)
Interest paid	(7,145)	(7,456)
Net GST paid	(15,231)	(11,475)
Income tax paid	(19,247)	(13,666)
	(314,162)	(243,765)
<b>Net cash inflows from operating activities</b>	<b>45,477</b>	<b>48,828</b>
<b>INVESTING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Proceeds from sale of property, plant and equipment	12	1,996
	12	1,996
<b>Cash was applied to:</b>		
Purchase of property, plant and equipment	(11,649)	(12,587)
Purchase of intangible assets	(671)	(846)
Investment in equity securities	-	-
	(12,320)	(13,433)
<b>Net cash outflows from investing activities</b>	<b>(12,308)</b>	<b>(11,437)</b>
<b>FINANCING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Issue of new shares	-	99
Net proceeds from borrowings	-	-
	-	99
<b>Cash was applied to:</b>		
Dividends paid	(30,045)	-
Lease liabilities payments	(9,563)	(6,289)
	(39,608)	(6,289)
<b>Net cash outflows from financing activities</b>	<b>(39,608)</b>	<b>(6,190)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(6,439)</b>	<b>31,201</b>
Cash and cash equivalents at beginning of period	100,417	67,414
Foreign cash balance cash flow hedge adjustment	(52)	(55)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>93,926</b>	<b>98,560</b>

**BRISCOE GROUP LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the 26 week period ended 1 August 2021 (unaudited)**

	Notes	Share Capital Unaudited \$000	Cashflow Hedge Reserve Unaudited \$000	Equity-Based Remuneration Reserve Unaudited \$000	Other Reserves Unaudited \$000	Retained Earnings Unaudited \$000	Total Equity Unaudited \$000
<b>Adjusted balance at 26 January 2020</b>		60,752	(519)	841	66,251	184,794	312,119
Net profit attributable to shareholders for the period		-	-	-	-	27,979	27,979
<b>Other comprehensive income:</b>							
Change in value of investment in equity securities		-	-	-	(97,935)	-	(97,935)
Net fair value gain taken through cashflow hedge reserve		-	(763)	-	-	-	(763)
Total comprehensive income for the period		-	(763)	-	(97,935)	27,979	(70,719)
<b>Transactions with owners:</b>							
Dividends paid		-	-	-	-	-	-
Share options charged to income statement		-	-	-	-	-	-
Performance rights charged to income statement		-	-	68	-	-	68
Share options exercised		117	-	(18)	-	-	99
Transfer for share options lapsed and forfeited		-	-	-	-	-	-
Deferred tax on equity-based remuneration		-	-	1	-	-	1
<b>Balance at 26 July 2020</b>		60,869	(1,282)	892	(31,684)	212,773	241,568
Net profit attributable to shareholders for the period		-	-	-	-	45,220	45,220
<b>Other comprehensive income:</b>							
Change in value of investment in equity securities		-	-	-	5,761	-	5,761
Net fair value loss taken through cashflow hedge reserve		-	(1,175)	-	-	-	(1,175)
Total comprehensive income for the period		-	(1,175)	-	5,761	45,220	49,806
<b>Transactions with owners:</b>							
Dividends paid		-	-	-	-	(33,370)	(33,370)
Share options charged to income statement		-	-	-	-	-	-
Performance rights charged to income statement		-	-	115	-	-	115
Share options exercised		970	-	(150)	-	-	820
Transfer for share options lapsed and forfeited		-	-	(521)	-	521	-
Deferred tax on equity-based remuneration		-	-	108	-	-	108
<b>Balance at 31 January 2021</b>		61,839	(2,457)	444	(25,923)	225,144	259,047
Net profit attributable to shareholders for the period		-	-	-	-	47,461	47,461
<b>Other comprehensive income:</b>							
Change in value of investment in equity securities		-	-	-	3,840	-	3,840
Net fair value gain taken through cashflow hedge reserve		-	2,476	-	-	-	2,476
Total comprehensive income for the period		-	2,476	-	3,840	47,461	53,777
<b>Transactions with owners:</b>							
Dividends paid		-	-	-	-	(30,045)	(30,045)
Share options charged to income statement		-	-	-	-	-	-
Performance rights charged to income statement		-	-	84	-	-	84
Performance rights exercised		153	-	(153)	-	-	-
Transfer for share options lapsed and forfeited		-	-	-	-	-	-
Deferred tax on equity-based remuneration		-	-	(17)	-	-	(17)
<b>Balance at 1 August 2021</b>		61,992	19	358	(22,083)	242,560	282,846

## Accounting Judgements and Estimates

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the interim financial statements. Actual results may differ from these estimates. The same significant judgements, estimates and assumptions included in the notes to the financial statements for the full year period ended 31 January 2021 have been applied to these consolidated condensed interim financial statements.

## Accounting Policies

Apart from the treatment in relation to certain 'Software as a Service' arrangements, explained below, the interim financial statements of the Group for the 26-week period ended 1 August 2021 have been prepared using the same accounting policies and methods of computations as, and should be read in conjunction with, the financial statements and related notes included in the Group's Annual Report for the full year period ended 31 January 2021.

### Software as a Service:

The Group previously capitalised costs incurred in configuring or customising certain suppliers' application software in certain computing arrangements as intangible assets as the Group considered that it would benefit from those costs over the expected term of the computing arrangements.

Following the publication of IFRS Interpretations Committee (IFRIC) agenda decision on *Configuration or Customisation Costs in a Cloud Computing Arrangement* in March 2021 (and ratified by the International Accounting Standards Board (IASB) in April 2021), the Group has reconsidered its accounting treatment in relation to capitalising certain software and adopted the guidance set out in the IFRIC agenda decision, which is to recognise those costs as intangible assets only if the activities create an intangible asset that the Group controls and the intangible asset meets the recognition criteria. Costs that are not capitalised as intangible assets are expensed as incurred unless they are paid to the supplier of the cloud-based software to significantly customise the cloud-based software in which case the cost paid upfront is recorded as a prepayment for services and amortised over the expected term of the cloud computing arrangements.

As a result of this change in accounting policy, the Group has determined that certain costs relating to the implementation or development of certain software should be expensed when they were incurred as the amounts paid did not create separate intangible assets controlled by the Group. The change in treatment has not been applied retrospectively and has not had a material effect on these interim financial statements.

## Earnings per Security (EPS)

Calculation of basic and fully diluted EPS in accordance with IAS 33: Earnings Per Share

	Current half-year (cents per share)	Previous corresponding half-year (cents per share)
Basic EPS	21.33	12.59
Diluted EPS	21.30	12.52

## Dividends Paid / Payable

	Date Paid / To be paid	Cents per share (fully imputed)
Final Dividend for the period ended 31 January 2021	31 March 2021	13.50
Interim Dividend for the period ended 30 January 2022	14 October 2021	11.50

**Segment Information**

<b>For the period ended 1 August 2021</b>	<b>Homeware \$000</b>	<b>Sporting goods \$000</b>	<b>Eliminations / Unallocated \$000</b>	<b>Total Group \$000</b>
Sales Revenue	222,628	135,793		358,421
Earnings Before Interest and tax	41,447	29,414	2,179	73,040

<b>For the period ended 26 July 2020</b>	<b>Homeware \$000</b>	<b>Sporting Goods \$000</b>	<b>Eliminations / Unallocated \$000</b>	<b>Total Group \$000</b>
Sales Revenue	184,347	108,060		292,407
Earnings Before Interest and tax	28,062	16,885	1,001	45,948