



1st Quarter Sales to 1 May 2022

The directors of Briscoe Group Limited (NZX/ASX code: BGP) announce that unaudited sales for the first trading quarter ended 1 May 2022 (91 days) were \$176.2 million, being 1.77% higher than the \$173.1 million achieved for the same quarter of last year.

First quarter sales for the Group's homeware segment increased by 2.13% to \$106.8 million, while sporting goods sales increased by 1.21% to \$69.4 million.

Group Managing Director Rod Duke said, "We're very pleased with the start we've made to this year. It is important to note that the first quarter of last year recorded huge growth (+78.4%) as a result of the massive disruption caused by the first national lockdown across March – May 2020 and the subsequent resurgence in retail spend. Recognising this we also note that this year's first quarter also represents a significant increase of 16.97% on the more comparable first quarter period of February 2019 – April 2019, before any impact of Covid.

"A significant influence throughout this first quarter was the escalation of the Omicron outbreak and its impact on foot traffic to bricks and mortar stores. The impact was particularly noticeable during February and March as the outbreak took hold and spread through the country. A significant amount of this impact was transferred to online sales which represented 20.2% of Group sales for the quarter compared to 15.4% for the previous year. Notwithstanding this we believe sales for the quarter could have been negatively impacted by up to \$4 million as consumers took a cautious approach to visiting malls and shopping centres.

"There was also the inevitable impact on our team as the outbreak moved through New Zealand. Their health and wellbeing remains our highest priority and we were pleased to support the team by providing paid leave for Covid-related absences, over-and-above existing entitlements and without application for the Covid-19 Leave Support Scheme. Once again, I'd like to thank the entire team for their commitment and outstanding efforts during this quarter. There were many instances of team travelling to different parts of the country to enable stores to remain open.

"As well as growing sales, we also expect Group gross profit margin dollars to be higher than last year for the quarter, however Group gross profit margin percentage is under pressure mainly as a result of the widely reported supply chain disruptions and associated costs. We've done a tremendous amount of work in anticipation of increased margin pressure and believe we will be able to protect a large portion of the 633 basis points in margin gain delivered by the Group across the last 2 full-year financial periods.

"Our very deliberate approach to securing stock in advance of when it would traditionally land, continues to result in a relatively high level of inventory being carried. We expect this to continue throughout the first half of this year but, despite the increased costs associated with storage and landing of this inventory, it has unquestionably delivered in terms of sales and margin.

"After this first quarter the Group is on track to overachieve last year's full year net profit after tax (NPAT). The composition of NPAT between the first and second halves may fall differently however, given the significant impacts associated with store closures, supply chain disruptions and staff availability."

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Contact for enquiries:

Rod Duke
Group Managing Director
Tel: 815 3737