

<b>Results for announcement to the market</b>		
Name of issuer	BRISCOE GROUP LIMITED	
Reporting Period	Half-Year - 27 January 2020 to 26 July 2020	
Previous Reporting Period	Half-Year - 28 January 2019 to 28 July 2019	
Currency	New Zealand Dollars	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$292,407	-3.5%
Total Revenue	\$292,407	-3.5%
Net profit/(loss) from continuing operations	\$ 27,979	-1.3%
Total net profit/(loss)	\$ 27,979	-1.3%
<b>Interim Dividend</b>		
Amount per Quoted Equity Security	\$ 0.090	
Imputed amount per Quoted Equity Security	\$ 0.035	
Record Date	22 September 2020	
Dividend Payment Date	1 October 2020	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$ 1.0715	\$1.1013
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	08/09/2020	

Unaudited abridged financial statements accompany this announcement.

## Half Year Review

Highlights for the 26 week period – 27 January 2020 to 26 July 2020:

- Total sales \$292.41 million, -(3.49)%
- Online sales growth, +99.85%
- Online sales as mix of total Group sales, 22.17%
- Gross profit \$123.28 million, +0.32%
- Gross profit % 42.16% vs 40.56% last year
- Net profit after tax (NPAT) \$27.98 million, -(1.30)%
- Interim Dividend 9.00 cps increase from 8.50 cps last year, +5.88%

The directors of Briscoe Group Limited (NZX/ASX code: BGP) announce a net profit after tax (NPAT) of \$27.98 million for the half-year ended 26 July 2020 compared to \$28.35 million achieved for last year's first half. The half-year results are unaudited.

The directors have resolved to pay an interim dividend of 9.00 cents per share (cps). This compares to last year's interim dividend of 8.50 cps. Books will close to determine entitlements at 5pm on 22 September 2020 and payment will be made on 1 October 2020.

Rod Duke, Group Managing Director, said: "We're delighted to have produced a strong first half result despite the extraordinary upheavals experienced during this first six months. To achieve a profit so close to last year, with stores unable to open for 50 days of that time, is a great result.

"The Group was only eligible for the first round of Government wage subsidy and received \$11.5 million which assisted the result and supported our ability to pay the team's normal remuneration throughout Alert Levels 4 and 3. Other steps taken by the Group to minimise the impact of Covid-19 disruptions also positively impacted profit. These included: negotiating equitable solutions in relation to a wide range of trade and non-trade expenditure with suppliers and landlords and salary and fee sacrifices across the senior leadership team and Board."

Also included in the result is a credit adjustment to tax expense totaling \$0.53 million. This has arisen from two reversals of deferred tax liability arising from: the sale of the Group's Nelson property and the reintroduction of tax depreciation on commercial and industrial buildings as part of the COVID-19 Response (Taxation and Social Assistance Urgent Measures) Act.

The Group did not receive a dividend during the period from its investment in Kathmandu Holdings Limited (Kathmandu) as a result of their response to the COVID-19 situation. Last year the Group's half-year result included \$1.71 million from Kathmandu.

Dame Rosanne Meo, Briscoe Group Chairman said, "The health and wellbeing of our team and customers and the protection of existing jobs and incomes continue to be the primary focus for the Board and leadership team. Whilst we recognise the extreme level of uncertainty that continues to exist, I'm extremely proud of how the Group has achieved this

to date, especially the commitment and dedication from our front-line teams in-store and at the distribution centre.”

The earnings were generated on sales revenue of \$292.41 million compared to the \$302.98 million generated for the same period last year. First quarter sales decreased by 35.58% compared to last year, while second quarter sales, assisted by the extraordinary increase in demand post-lockdown, rebounded to finish 28.24% ahead of the same period last year.

Despite the shortfall to last year in sales, gross margin dollars closed the half year ahead of last year as a result of the gross margin percentage increasing from 40.56% to 42.16%. Rod Duke said, “The massive disruption to trading meant we needed to quickly re-think the way we constructed our promotional activity and our ability to analyse and scenario-plan has been invaluable for us. End-of-season product concentrated online, for example, has been very successful. Working with suppliers to ensure continuity of product was also key to protecting and growing margin during this half. Having less inventory in the business also meant that, post lockdown, stores were significantly more efficient in processing and managing stock-flows which positively impacted both sales and gross margin.”

In the period under review, homeware sales decreased 3.74% from \$191.50 million to \$184.35 million and sporting goods sales decreased 3.07% from \$111.48 million to \$108.06 million.

With the move to lockdown in March the Group’s online business experienced extraordinary growth which has continued to be strong since stores reopened. During the half-year online sales grew 99.85% compared to the first half of last year. Rod Duke said, “The new online platform has managed the increased demand superbly and we now look forward to leveraging its capability to further enhance the customer online experience. During the half we also completed the roll-out of ‘Click and Collect’ across all stores. This service is proving to be incredibly popular with customers and for the August period accounted for over 30% of all online orders.”

Inventory levels as at 26 July 2020 were \$86.67 million, down from \$88.83 million at the same time last year, despite an additional 3 stores. This reflects the significant disruption to the supply chain, as a result of Covid-19, as well as highlighting the strength of the relationships the Group has with suppliers to renegotiate orders already placed pre-Covid-19. Rod Duke said, “We are grateful to our supply partners for the collaboration and co-operation shown through these extraordinary times.”

Cash balances closed the period at \$98.56 million compared to \$67.42 million held at the beginning of the financial period. Rod Duke, said “The steps taken by the Group to protect the Company and preserve liquidity have ensured our balance sheet has remained strong which is critically important in these uncertain and unpredictable times. The strong balance sheet gives us the flexibility to continue to protect the business as well as fund strategic initiatives to grow company profitability.”

Despite the major distraction across the entire business due to Covid-19, the Group progressed a number of store development projects during this first half. In May both the

Briscoes Homeware and Rebel Sport Nelson stores were relocated to a new dual site with more carparking and better access for customers. The new stores are bigger and brighter with the Rebel Sport store featuring the new generation fit-out. The former Rebel Sport premises which was owned by the Group was sold.

In July the refurbishment of the Tauranga Briscoes Homeware and Rebel Sport stores was completed. The new configuration has resulted in a bigger Briscoes Homeware store and new back-of-house and common team facilities.

Work also continued on a number of projects in relation to Group owned properties. The re-roofing of Briscoes Invercargill is making good progress and is expected to be completed by the end of October 2020.

Site works commenced at 36 Taylors Road, Auckland after the demolition of the former Briscoes Homeware store. Rod Duke said, "We're excited about the potential of this new store, which will be bigger, brighter and feature a new contemporary fit-out. The opening of this store is expected during the first quarter of 2021 and will then allow us to introduce a new Rebel Sport store in the retail space on the ground floor of the new Support Office building at 1 Taylors Road."

The development at Silverdale is also continuing well with completion estimated late October 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 "Towards the end of last year we established a range of plans to sustain and build the business across the next 3-5 years. These plans revolve around three key areas:

- Significantly enhancing the shopping experience our customers enjoy with us,
- An end to end review and redesign of our supply chain, from source to customer, and
- Developing new streams of revenue.

"Work has begun on all three areas including engaging with KPMG to launch an internal project to identify and implement supply chain improvements. We're very excited about the potential to unlock across all these streams and would expect to see some 'quick wins' emerging before the end of the year.

"The economic outlook for the second half is very uncertain, with the potential for disruption ever present as we have experienced just recently during August with the imposition of Alert Levels 3 and 2. We are extremely conscious of the widely reported need for continuing caution in relation to future negative impacts of COVID-19 on key economic indicators such as consumer spending, economic growth and unemployment. Nevertheless, we are encouraged by the recovery we have seen since lockdown ended in May and how that has been largely sustained across both online and physical stores.

“August has started the second half strongly for us and closed ahead of the same month last year for sales, gross profit \$s and gross profit %, despite our Auckland stores being closed from 12 August through to and including 23 August.

“The senior leadership team continues to display a high degree of flexibility to this volatile trading environment, whilst continuing to lay the foundations for strategic growth. I know we have the right team in place across the entire business to weather these unpredictable times and am confident that we have the right programmes underway to deliver improved profit and returns to shareholders.”

Tuesday 8 September 2020

Contact for enquiries:

Rod Duke

Group Managing Director

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<b>BRISCOE GROUP LIMITED</b> <b>CONSOLIDATED INCOME STATEMENT</b> <b>for the 26 week period ended 26 July 2020 (unaudited)</b>
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	Period ended 26 July 2020 \$000	Restated Period ended 28 July 2019 \$000
Sales revenue	292,407	302,984
Cost of goods sold	<u>(169,132)</u>	<u>(180,102)</u>
<b>Gross profit</b>	<b>123,275</b>	<b>122,882</b>
Other income	106	1,790
Store expenses	(41,987)	(47,170)
Administration expenses	<u>(35,446)</u>	<u>(31,843)</u>
<b>Earnings before interest and tax</b>	<b>45,948</b>	<b>45,659</b>
Finance income	228	477
Finance costs	<u>(7,456)</u>	<u>(6,588)</u>
Net finance income	(7,228)	(6,111)
<b>Profit before income tax</b>	<b>38,720</b>	<b>39,548</b>
Income tax expense	<u>(10,741)</u>	<u>(11,201)</u>
<b>Net profit attributable to shareholders</b>	<u><b>27,979</b></u>	<u><b>28,347</b></u>

<b>BRISCOE GROUP LIMITED</b> <b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b> <b>for the 26 week period ended 26 July 2020 (unaudited)</b>
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	Period ended 26 July 2020 \$000	Restated Period ended 28 July 2019 \$000
Net Profit attributable to shareholders	27,979	28,347
<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	(97,935)	(11,522)
<b>Items that may be subsequently reclassified to profit or loss:</b>		
Fair value gain recycled to income statement	(3,048)	(1,025)
Fair value gain taken to the cashflow hedge reserve	1,989	1,439
Deferred tax on fair value gain taken to income statement	853	287
Deferred tax on fair value gain taken to cashflow hedge reserve	(557)	(403)
<b>Total other comprehensive income</b>	<b>(98,698)</b>	<b>(11,224)</b>
<b>Total comprehensive income attributable to shareholders</b>	<b>(70,719)</b>	<b>17,123</b>

**BRISCOE GROUP LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
As at 26 July 2020 (unaudited)

	26 July 2020 \$000	Restated 28 July 2019 \$000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	98,560	55,529
Trade and other receivables	2,672	2,659
Inventories	86,673	88,827
Held-for-sale assets	-	5,521
Derivative financial instruments	65	924
<b>Total current assets</b>	<b>187,970</b>	<b>153,460</b>
<b>Non-current assets</b>		
Property, plant and equipment	108,720	94,763
Intangible assets	3,463	2,634
Right-of-use assets	260,368	226,190
Deferred tax	14,240	11,070
Investment in equity securities	56,169	90,467
<b>Total non-current assets</b>	<b>442,960</b>	<b>425,124</b>
<b>TOTAL ASSETS</b>	<b>630,930</b>	<b>578,584</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	87,177	73,488
Lease liabilities	18,364	16,491
Taxation payable	4,237	2,398
Derivative financial instruments	1,814	192
<b>Total current liabilities</b>	<b>111,592</b>	<b>92,569</b>
<b>Non-current liabilities</b>		
Trade and other payables	969	808
Lease liabilities	276,801	238,121
<b>Total non-current liabilities</b>	<b>277,770</b>	<b>238,929</b>
<b>TOTAL LIABILITIES</b>	<b>389,362</b>	<b>331,498</b>
<b>Net assets</b>	<b>241,568</b>	<b>247,086</b>
<b>EQUITY</b>		
Share capital	60,869	60,074
Cashflow hedge reserve	(1,282)	538
Equity-based remuneration reserve	892	994
Other reserves	(31,684)	16,216
Retained earnings	212,773	169,264
<b>TOTAL EQUITY</b>	<b>241,568</b>	<b>247,086</b>
<b>Net Tangible Assets per Security (cents)</b>	<b>107.15</b>	<b>110.13</b>



<b>BRISCOE GROUP LIMITED</b> <b>CONSOLIDATED STATEMENT OF CASH FLOWS</b> <b>for the 26 week period ended 26 July 2020 (unaudited)</b>
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	Period ended 26 July 2020 \$000	Restated Period ended 28 July 2019 \$000
<b>OPERATING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Receipts from customers	292,366	302,633
Rent received	7	6
Dividends received	-	1,707
Interest received	220	483
Insurance recovery	-	77
	<b>292,593</b>	<b>304,906</b>
<b>Cash was applied to:</b>		
Payments to suppliers & employees	(211,168)	(254,641)
Interest paid	(7,456)	(6,589)
Net GST paid	(11,475)	(7,893)
Income tax paid	(13,666)	(15,896)
	<b>(243,765)</b>	<b>(285,019)</b>
<b>Net cash inflows from operating activities</b>	<b>48,828</b>	<b>19,887</b>
<b>INVESTING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Proceeds from sale of property, plant and equipment	1,996	-
	<b>1,996</b>	-
<b>Cash was applied to:</b>		
Purchase of property, plant and equipment	(12,587)	(11,174)
Purchase of intangible assets	(846)	(489)
Investment in equity securities	-	-
	<b>(13,433)</b>	<b>(11,663)</b>
<b>Net cash outflows from investing activities</b>	<b>(11,437)</b>	<b>(11,663)</b>
<b>FINANCING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Issue of new shares	99	1,017
Net proceeds from borrowings	-	-
	<b>99</b>	<b>1,017</b>
<b>Cash was applied to:</b>		
Dividends paid	-	(26,613)
Lease liabilities payments	(6,289)	(7,904)
	<b>(6,289)</b>	<b>(34,517)</b>
<b>Net cash outflows from financing activities</b>	<b>(6,190)</b>	<b>(33,500)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>31,201</b>	<b>(25,276)</b>
Cash and cash equivalents at beginning of period	67,414	80,777
Foreign cash balance cash flow hedge adjustment	(55)	28
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>98,560</b>	<b>55,529</b>

**BRISCOE GROUP LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the 26 week period ended 26 July 2020 (unaudited)**

	Notes	Share Capital	Cashflow Hedge Reserve	Equity-Based Remuneration Reserve	Other Reserves	Retained Earnings	Total Equity
		Unaudited \$000	Unaudited \$000	Unaudited \$000	Unaudited \$000	Unaudited \$000	Unaudited \$000
Balance at 27 January 2019		58,929	240	1,097	27,738	185,537	273,541
Impact of adopting NZ IFRS 16		-	-	-	-	(18,205)	(18,205)
<b>Adjusted balance at 28 January 2019</b>		<b>58,929</b>	<b>240</b>	<b>1,097</b>	<b>27,738</b>	<b>167,332</b>	<b>255,336</b>
Net profit attributable to shareholders for the period		-	-	-	-	28,347	28,347
<b>Other comprehensive income:</b>							
Change in value of investment in equity securities	10	-	-	-	(11,522)	-	(11,522)
Net fair value gain taken through cashflow hedge reserve		-	298	-	-	-	298
Total comprehensive income for the period		-	298	-	(11,522)	28,347	17,123
<b>Transactions with owners:</b>							
Dividends paid	13	-	-	-	-	(26,613)	(26,613)
Share options charged to income statement		-	-	168	-	-	168
Performance rights charged to income statement		-	-	43	-	-	43
Share options exercised	12	1,145	-	(128)	-	-	1,017
Transfer for share options lapsed and forfeited		-	-	(198)	-	198	-
Deferred tax on equity-based remuneration		-	-	12	-	-	12
<b>Balance at 28 July 2019 (Restated)</b>		<b>60,074</b>	<b>538</b>	<b>994</b>	<b>16,216</b>	<b>169,264</b>	<b>247,086</b>
Net profit attributable to shareholders for the period		-	-	-	-	34,236	34,236
<b>Other comprehensive income:</b>							
Change in value of investment in equity securities	10	-	-	-	50,035	-	50,035
Net fair value loss taken through cashflow hedge reserve		-	(1,057)	-	-	-	(1,057)
Total comprehensive income for the period		-	(1,057)	-	50,035	34,236	83,214
<b>Transactions with owners:</b>							
Dividends paid		-	-	-	-	(18,881)	(18,881)
Share options charged to income statement		-	-	-	-	-	-
Performance rights charged to income statement		-	-	62	-	-	62
Share options exercised		678	-	(75)	-	-	603
Transfer for share options lapsed and forfeited		-	-	(175)	-	175	-
Deferred tax on equity-based remuneration		-	-	35	-	-	35
<b>Balance at 26 January 2020</b>		<b>60,752</b>	<b>(519)</b>	<b>841</b>	<b>66,251</b>	<b>184,794</b>	<b>312,119</b>
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	10	-	-	-	(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	13	-	-	-	-	-	-
Share options charged to income statement		-	-	-	-	-	-
Performance rights charged to income statement		-	-	68	-	-	68
Share options exercised	12	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>		<b>60,869</b>	<b>(1,282)</b>	<b>892</b>	<b>(31,684)</b>	<b>212,773</b>	<b>241,568</b>

## 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	12.59	12.78
Diluted EPS	12.52	12.66

## Dividends Paid / Payable

	Date Paid / To be paid	Cents per share (fully imputed)
Final Dividend for the period ended 26 January 2020	Cancelled	
Interim Dividend for the period ended 31 January 2021	1 October 2020	9.00

## Segment Information

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

	Homeware \$000	Sporting Goods \$000	Eliminations / Unallocated \$000	Total Group \$000
<b>For the period ended 28 July 2019</b>				
Sales Revenue	191,503	111,481		302,984
Earnings Before Interest and tax	25,825	17,167	2,667	45,659

## Restatement

The Group adopted NZ IFRS 16 Leases on 28 January 2019 and the impacts of this adoption was disclosed in the interim financial statements of the Group for the period ended 28 July 2019. As disclosed in the financial statements for the period ended 26 January 2020 there has been significant change in market practice in relation to deriving the incremental borrowing rate. The financial statements for the period ended 26 January 2020 were prepared with incremental borrowing rates that better aligned with the changed market practice. The comparatives in these interim financial statements of the Group have been restated to reflect the transition note included in the financial statements for the period ended 26 January 2020.

Extracts from the consolidated balance sheet and the consolidated income statement are shown below detailing the specific impacts as a result of the restatement.

### Consolidated Income Statement (extract):

	26 Week Period 28 July 2019 Unaudited Before Restatement \$000	Adjustments \$000	26 Week Period 28 July 2019 Unaudited After Restatement \$000
Store expenses	(46,531)	(639)	(47,170)
Administration expenses	(31,814)	(29)	(31,843)
<b>Earnings before interest and tax</b>	<b>46,327</b>	<b>(668)</b>	<b>45,659</b>
Finance costs	(7,360)	772	(6,588)
Net finance income/(costs)	(6,883)	772	(6,111)
<b>Profit before income tax</b>	<b>39,444</b>	<b>104</b>	<b>39,548</b>
Income tax expense	(11,172)	(29)	(11,201)
<b>Net profit attributable to shareholders</b>	<b>28,272</b>	<b>75</b>	<b>28,347</b>

### Consolidated Balance Sheet (extract):

	28 July 2019 Unaudited Before Restatement \$000	Adjustments \$000	28 July 2019 Unaudited After Restatement \$000
Right-of-use assets	211,426	14,764	226,190
Deferred tax	11,770	(700)	11,070
Current lease liabilities	14,988	1,503	16,491
Non-current lease liabilities	227,360	10,761	238,121
<b>NET ASSETS</b>	<b>245,286</b>	<b>1,800</b>	<b>247,086</b>
Retained earnings	167,464	1,800	169,264