

Results announcement



Results for announcement to the market		
Name of issuer	BRISCOE GROUP LIMITED	
Reporting Period	Half-Year - 31 January 2022 to 31 July 2022	
Previous Reporting Period	Half-Year - 1 February 2021 to 1 August 2021	
Currency	New Zealand Dollars	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$367,946	+2.7%
Total Revenue	\$367,946	+2.7%
Net profit/(loss) from continuing operations	\$ 45,620	-3.9%
Total net profit/(loss)	\$ 45,620	-3.9%
Interim Dividend		
Amount per Quoted Equity Security	\$ 0.12000000	
Imputed amount per Quoted Equity Security	\$ 0.04666667	
Record Date	21 September 2022	
Dividend Payment Date	12 October 2022	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$ 1.3270	\$1.2610
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.	
Authority for this announcement		
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	14/09/2022	

Unaudited interim financial statements accompany this announcement.

Briscoe Group Half Year to 31 July 2022

Briscoe Group Limited (NZX/ASX code: BGP)

Highlights for the 26-week period – 31 January 2022 to 31 July 2022:

- Total sales \$367.95 million, +2.66%
- Online sales as mix of total Group sales, 19.36%
- Online sales growth +22.93%
- Gross profit % 45.64% vs 46.50% last year
- Net profit after tax (NPAT) \$45.62 million, -3.88%
- Interim Dividend 12.00 cps increased from 11.50 cps last year

The directors of Briscoe Group Limited (NZX/ASX code: BGP) announce a net profit after tax (NPAT) of \$45.62 million for the half-year ended 31 July 2022 compared to \$47.46 million achieved for last year's first half. The half-year results are unaudited.

Dame Rosanne Meo, Briscoe Group Chair said, "This half-year result represents an outstanding performance considering the significant headwinds faced by the retail sector. The agility and resolve shown by the leadership team in the face of these challenges has been impressive not only with the result that has been produced but also in relation to the support and care provided across the entire Briscoe Group team."

The directors have resolved to pay an interim dividend of 12.00 cents per share (cps). This compares to last year's interim dividend of 11.50 cps. Books will close to determine entitlements at 5pm on 21 September 2022 and payment will be made on 12 October 2022. 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, "To produce an NPAT only slightly below the record first half profit reported last year is very pleasing considering the impact on shopping centre foot traffic early in the half from the Omicron outbreak and then the more recent decline in economic sentiment and a second Omicron wave.

"In addition, to be less than 1 percentage point under last year's half year gross profit margin percentage is an excellent result, however there is still more to do as the pressure on margin continues to intensify.

"We have previously flagged that the way profit falls this year between the first and second halves may be quite different to last year given the significant impacts and timings associated with supply chain disruptions, team availability and the significant number of trading days lost through store closures between August and November 2021."

The earnings were generated on sales revenue of \$367.95 million, an increase of 2.66% on the same period last year. Rod Duke said, "To deliver positive sales in this current environment and against such a strong prior year comparative is a great achievement. It's also worth noting that this first half represents an increase of 21.44% over the most recent comparable period not impacted by Covid, Feb 2019 - July 2019."

Gross margin dollars increased slightly for the period from \$166.66 million to \$167.94 million, with gross margin percentage declining from 46.50% to 45.64%. Rod Duke said, "Like all retailers we are facing margin pressure from a number of factors including ongoing supply chain disruption and cost increases, a weaker New Zealand dollar and declining consumer confidence on the back of significant cost of living increases. There

has been a considerable amount of energy dedicated to ensuring that a large portion of the significant gross profit margin gain (633 basis points) made by the Group across the last 2 full-year financial periods, is protected. This has involved initiatives in conjunction with KPMG in relation to our inventory ordering processes - optimising how, when, and what we purchase, as well as improving other inventory measures such as in-store availability, slow moving items and stock obsolescence. This work is ongoing and complements other in-house projects driving increased sales and margin, such as drop-ship (delivery direct from supplier) and customer segmentation.

“Every day the entire Briscoe Group team produces incredible results for us, and we were pleased to be able to increase the wage rates for our in-store hourly-paid team by 7.0% from April 2022. We are very mindful of the impact on all our team from the current public health situation as well as from declining economic factors in an employment market which is clearly under significant pressure. We continue to provide support in the form of paid leave for Covid-related absences, over-and-above existing entitlements.”

The Group received a dividend of \$1.44 million from its investment in KMD Brands Limited during the six months compared to \$0.96 million for the same period last year.

Homeware sales for this first half increased in relation to last year by 2.74% from \$222.63 million to \$228.74 million and sporting goods sales by 2.51% from \$135.79 million to \$139.21 million.

The Group’s online business continues to surpass expectations and performed exceedingly well during the period. Rod Duke said, “With the escalation of Omicron early in the period and its impact on foot traffic to bricks and mortar stores, our online platform offered a viable and seamless alternative for our customers. Online sales grew 22.93% over the first half of last year and represented 19.36% of total Group sales.

“We continue to invest in developing our online platform. During the period the team introduced a range of new front-end features including the ability to shop product collections, improved mobile navigation, enhanced product content as well as streamlining email communications with our database customers. We believe we have one of the best in-store online fulfilment systems in New Zealand and during the period we introduced fulfilment routing and reporting enhancements resulting in efficiency gains, lower freight costs and improved speed to customer.”

Inventory levels as at 31 July 2022 were \$113.00 million, up from \$101.09 million at the same time last year. Rod Duke said, “While this includes inventory for the two additional stores opened by the Group in November 2021, the majority of the increase reflects opportunities identified as part of our inventory initiatives as well as our approach to secure inventory in advance of traditional timings given the continued possibility for delays from ongoing supply chain disruption. With inventories continuing to close higher than in recent years, we’re in great shape for the second half.”

The Group’s balance sheet remains strong with cash balances of \$97.58 million at the close of the period, compared to \$93.93 million held at the same time last year.

Despite the difficult trading conditions and constraints in relation to team availability the Group progressed a significant number of store development projects during this first half. Five full-store refurbishments were completed during the period at; Briscoes Homeware Salisbury Street in Christchurch, Briscoes Homeware Albany, Rebel Sport Tauranga and at both Briscoes Homeware and Rebel Sport stores in Botany. These store upgrades result in a dramatic difference to the look and feel of the stores and include the latest ideas from the new-store design concepts. LED lighting, redesigned fixtures, personalised counters, click & collect storage zones and dramatic new in-store signage are examples of how these stores have been transformed. Rod Duke said,

“We’re very excited about the impact achieved from the upgrades with at least another 5 planned for the second half of this year in addition to the 2 stores currently undergoing upgrades.

“Significant progress has also been made on a number of our strategic initiatives launched during 2020. Benefits from the supply chain projects are contributing to sales, gross profit and the Group’s bottom line.

“A number of other initiatives also continue to grow and benefit the Group’s profitability. Examples of these include; the ongoing introduction of new products online which are shipped direct from suppliers, continued development of our personalised database communication tool (Emarsys), the introduction of Tableau business intelligence dashboards throughout the Group’s network, the creation of a new on-shelf-availability tool for use across the store network, stock processing efficiencies in-store and at our distribution centre and e-receipts being trialed at a small group of stores.

“Whilst the Omicron outbreak appears to be stabilising within the community, the economic outlook for the remainder of the year remains very uncertain. However, we believe there is significant opportunity throughout the second half of the year for the Group, especially in the third quarter which last year was heavily impacted by enforced shutdowns from mid-August to early November.

“The August 2021 period was significantly impacted with all Group stores shut from 18 August to 7 September 2021 due to the declaration of National Alert levels 4 and 3. As a result, August sales this year have closed more than 60% up on the same month last year but as a more relevant comparison we also note that it represents an increase of 27.24% on the August 2019 period, that is, before any impact of Covid.

Given the solid first half performance together with the promising start we have made to the second half of this financial year, we remain optimistic of being able to finish the year ahead of the \$87.91 million NPAT delivered last year.”

The Group’s next planned market release will be shortly after its 3rd quarter which closes on 30 October 2022.

Wednesday 14 September 2022

Contact for enquiries:

Rod Duke
Group Managing Director
Tel: + 64 9 815 3737

Briscoe Group Limited

Financial Statements for the 26-week period ended 31 July 2022

Authorisation for Issue

The Board of Directors authorised the issue of these Consolidated Interim Financial Statements on 13 September 2022.

Approval by Directors

The Directors are pleased to present the Consolidated Interim Financial Statements for Briscoe Group Limited for the 26 week period ended 31 July 2022. (Comparative period is for the 26 week period ended 1 August 2021).





13 September 2022

For and on behalf of the Board of Directors

Briscoe Group Limited

Consolidated Income Statement

For the 26 week period ended 31 July 2022 (unaudited)

	Notes	26 Week Period Ended 31 July 2022 Unaudited \$000	26 Week Period Ended 1 August 2021 Unaudited \$000
Sales revenue		367,946	358,421
Cost of goods sold		(200,009)	(191,758)
Gross profit		167,937	166,663
Other income		1,680	1,960
Store expenses		(59,508)	(54,809)
Administration expenses		(40,093)	(40,774)
Earnings before interest and tax		70,016	73,040
Finance income		718	155
Finance costs		(7,308)	(7,144)
Net finance income/(costs)		(6,590)	(6,989)
Profit before income tax		63,426	66,051
Income tax expense		(17,806)	(18,590)
Net profit attributable to shareholders	5	45,620	47,461
Earnings per share for profit attributable to shareholders:			
Basic earnings per share (cents)		20.49	21.33
Diluted earnings per share (cents)		20.47	21.30

The above consolidated income statement should be read in conjunction with the accompanying notes.

Briscoe Group Limited

Consolidated Statement of Comprehensive Income

For the 26 week period ended 31 July 2022 (unaudited)

	Notes	26 Week Period Ended 31 July 2022 Unaudited \$000	26 Week Period Ended 1 August 2021 Unaudited \$000
Net profit attributable to shareholders		45,620	47,461
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss:			
Change in value of investment in equity securities	8	(12,482)	3,840
Items that may be subsequently reclassified to profit or loss:			
Fair value (gain)/loss recycled to income statement		(3,873)	2,993
Fair value gain taken to the cashflow hedge reserve		3,490	446
Deferred tax on fair value gain/(loss) taken to income statement		1,084	(838)
Deferred tax on fair value gain taken to cashflow hedge reserve		(977)	(125)
Total other comprehensive income		(12,758)	6,316
Total comprehensive income attributable to shareholders		32,862	53,777

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Briscoe Group Limited
Consolidated Balance Sheet

As at 31 July 2022 (unaudited)

	Notes	31 July 2022 Unaudited \$000	1 August 2021 Unaudited \$000	30 January 2022 Audited \$000
ASSETS				
Current assets				
Cash and cash equivalents		97,581	93,926	102,481
Trade and other receivables		5,193	5,559	5,082
Inventories		112,999	101,091	119,514
Derivative financial instruments		2,732	764	3,137
Total current assets		218,505	201,340	230,214
Non-current assets				
Property, plant and equipment		128,023	124,335	125,897
Intangible assets		2,235	2,204	2,563
Right-of-use assets		246,127	246,118	250,789
Deferred tax		14,302	13,840	14,184
Investment in equity securities	8	52,328	65,770	64,810
Total non-current assets		443,015	452,267	458,243
TOTAL ASSETS		661,520	653,607	688,457
LIABILITIES				
Current liabilities				
Trade and other payables		71,685	74,241	80,785
Lease liabilities		19,599	18,998	19,025
Taxation payable		5,320	11,825	18,266
Derivative financial instruments		99	619	-
Total current liabilities		96,703	105,683	118,076
Non-current liabilities				
Trade and other payables		938	892	875
Lease liabilities		266,191	264,186	270,193
Total non-current liabilities		267,129	265,078	271,068
TOTAL LIABILITIES		363,832	370,761	389,144
NET ASSETS		297,688	282,846	299,313
EQUITY				
Share capital	10	62,136	61,992	61,992
Cashflow hedge reserve		2,108	19	2,384
Equity-based remuneration reserve		445	358	566
Other reserves		(35,525)	(22,083)	(23,043)
Retained earnings		268,524	242,560	257,414
TOTAL EQUITY		297,688	282,846	299,313

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Briscoe Group Limited
Consolidated Statement of Cash Flows
For the 26 week period ended 31 July 2022 (unaudited)

	Notes	26 Week Period Ended 31 July 2022 Unaudited \$000	26 Week Period Ended 1 August 2021 Unaudited \$000
OPERATING ACTIVITIES			
Cash was provided from			
Receipts from customers		368,005	358,406
Rent received		11	3
Dividends received		1,440	963
Interest received		495	136
Insurance recovery		3	131
		369,954	359,639
Cash was applied to			
Payments to suppliers		(217,729)	(227,262)
Payments to employees		(50,391)	(45,277)
Interest paid		(7,293)	(7,145)
Net GST paid		(16,647)	(15,231)
Income tax paid		(30,846)	(19,247)
		(322,906)	(314,162)
Net cash inflows from operating activities		47,048	45,477
INVESTING ACTIVITIES			
Cash was provided from			
Proceeds from sale of property, plant and equipment		20	12
		20	12
Cash was applied to			
Purchase of property, plant and equipment		(7,652)	(11,649)
Purchase of intangible assets		(524)	(671)
		(8,176)	(12,320)
Net cash outflows from investing activities		(8,156)	(12,308)
FINANCING ACTIVITIES			
Cash was provided from			
Net proceeds from borrowings	9	-	-
		-	-
Cash was applied to			
Dividends paid	11	(34,510)	(30,045)
Lease liabilities payments		(9,403)	(9,563)
		(43,913)	(39,608)
Net cash outflows from financing activities		(43,913)	(39,608)
Net decrease in cash and cash equivalents		(5,021)	(6,439)
Cash and cash equivalents at beginning of period		102,481	100,417
Foreign cash balance cash flow hedge adjustment		121	(52)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		97,581	93,926

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Briscoe Group Limited

Consolidated Statement of Changes in Equity

For the 26 week period ended 31 July 2022 (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 31 January 2021		61,839	(2,457)	444	(25,923)	225,144	259,047
Net profit attributable to shareholders for the period		-	-	-	-	47,461	47,461
Other comprehensive income:							
Change in value of investment in equity securities	8	-	-	-	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
Transactions with owners:							
Dividends paid	11	-	-	-	-	(30,045)	(30,045)
Performance rights charged to income statement		-	-	84	-	-	84
Performance rights exercised	10	153	-	(153)	-	-	-
Deferred tax on equity-based remuneration		-	-	(17)	-	-	(17)
Balance at 1 August 2021		61,992	19	358	(22,083)	242,560	282,846
Net profit attributable to shareholders for the period		-	-	-	-	40,448	40,448
Other comprehensive income:							
Change in value of investment in equity securities	8	-	-	-	(960)	-	(960)
Net fair value gain taken through cashflow hedge reserve		-	2,365	-	-	-	2,365
Total comprehensive income for the period		-	2,365	-	(960)	40,448	41,853
Transactions with owners:							
Dividends paid		-	-	-	-	(25,594)	(25,594)
Performance rights charged to income statement		-	-	133	-	-	133
Performance rights exercised		-	-	-	-	-	-
Deferred tax on equity-based remuneration		-	-	75	-	-	75
Balance at 30 January 2022		61,992	2,384	566	(23,043)	257,414	299,313
Net profit attributable to shareholders for the period		-	-	-	-	45,620	45,620
Other comprehensive income:							
Change in value of investment in equity securities	8	-	-	-	(12,482)	-	(12,482)
Net fair value loss taken through cashflow hedge reserve		-	(276)	-	-	-	(276)
Total comprehensive income for the period		-	(276)	-	(12,482)	45,620	32,862
Transactions with owners:							
Dividends paid	11	-	-	-	-	(34,510)	(34,510)
Performance rights charged to income statement		-	-	107	-	-	107
Performance rights exercised	10	144	-	(144)	-	-	-
Deferred tax on equity-based remuneration		-	-	(84)	-	-	(84)
Balance at 31 July 2022		62,136	2,108	445	(35,525)	268,524	297,688

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Briscoe Group Limited
Notes to the Financial Statements
For the 26 week period ended 31 July 2022 (unaudited)

1. Reporting Entity

Briscoe Group Limited (the Company) and its subsidiaries (together the Group) is a retailer of homeware and sporting goods. The Company is a limited liability company incorporated and domiciled in New Zealand and is listed on the New Zealand Stock Exchange (NZX). Briscoe Group Limited is registered under the Companies Act 1993 and is an FMC Reporting Entity under Part 7 of the Financial Markets Conduct Act 2013. The address of its registered office is 1 Taylors Road, Morningside, Auckland 1025, New Zealand. The Company is registered in Australia as a foreign company under the name Briscoe Group Australasia Limited and is listed on the Australian Securities Exchange as a foreign exempt entity. (NZX / ASX code: BGP).

2. Basis of Preparation of Financial Statements

These unaudited consolidated condensed interim financial statements ('interim financial statements') have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and comply with the requirements of International Accounting Standard (IAS) 34 Interim Financial Reporting and with New Zealand Equivalent to International Accounting Standard (NZ IAS) 34 Interim Financial Reporting and the NZX Main Board Listing Rules. The Group is designated as a for-profit entity for financial reporting purposes.

The interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these interim financial statements should be read in conjunction with the audited consolidated financial statements for the period ended 30 January 2022 and any public announcements made by Briscoe Group Limited during the interim reporting period and up to the date of these interim financial statements.

These interim financial statements are presented in New Zealand dollars, which is the Company's functional currency and the Group's presentation currency.

The interim financial statements are in respect of the 26-week period 31 January 2022 to 31 July 2022. The comparative period is in respect of the 26-week period 1 February 2021 to 1 August 2021. The year-end balance date will be 29 January 2023 and full financial statements will cover the 52-week period 31 January 2022 to 29 January 2023. The Group operates on a weekly trading and reporting cycle resulting in 52-weeks for most years with a 53-week year occurring once every 5-6 years.

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. The estimates and underlying assumptions are based on historical experience and adjusted for current market conditions and other factors, including expectations of future events that are considered to be reasonable under the circumstances. If outcomes within the next financial period are significantly different from assumptions, this could result in adjustments to carrying amounts of the asset or liability affected. The same judgements, estimates and assumptions included in the notes to the financial statements for the full year period ended 30 January 2022 have been applied to these consolidated condensed interim financial statements.

3. Accounting Policies

The interim financial statements of the Group for the 26-week period ended 31 July 2022 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 30 January 2022.

4. Seasonality

The Group's revenue and profitability follow a seasonal pattern with higher sales and net profits typically achieved in the second half of the financial year as a result of additional sales generated during the Christmas trading period.

Briscoe Group Limited
Notes to the Financial Statements
For the 26 week period ended 31 July 2022 (unaudited)

5. Segment information

The Group is organised into two reportable operating segments, namely homeware and sporting goods, reflecting the different retail sectors within which the Group operates. The parent Company is considered not to be a reportable operating segment. Eliminations and unallocated amounts as shown below are primarily attributable to the Company. There were no inter-segment sales in the period (2021: Nil).

Information in relation to the operations of each reportable operating segment is included below. Segment profit represents the profit earned by each segment and is extracted from the income statements associated with the two trading subsidiary companies, Briscoes (New Zealand) Limited and The Sports Authority Limited (trading as Rebel Sport). Earnings before interest and tax (EBIT) is a non-GAAP measure and used to assess the performance of the operating segments. This measure should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZ IFRS. This non-GAAP financial measure may not be comparable to similarly titled amounts reported by other companies.

For the period ended 31 July 2022

	Homeware \$000	Sporting goods \$000	Eliminations/ unallocated \$000	Total Group \$000
INCOME STATEMENT				
Total sales revenue	228,739	139,207	-	367,946
Gross profit	103,818	64,119	-	167,937
Earnings before interest and tax	38,685	28,565	2,766	70,016
Finance income	180	500	38	718
Finance costs	(4,846)	(2,414)	(48)	(7,308)
Net finance income / (costs)	(4,666)	(1,914)	(10)	(6,590)
Income tax expense	(9,674)	(7,463)	(669)	(17,806)
Net profit after tax	24,345	19,188	2,087	45,620
BALANCE SHEET				
Assets	374,322	235,522	51,676¹	661,520
Liabilities	248,418	128,141	(12,727)	363,832
OTHER SEGMENTAL ITEMS				
Acquisitions of property, plant and equipment, intangibles and investments	4,870	3,306	-	8,176
Depreciation and amortisation expense	11,016	5,869	-	16,885
1. Investment in equity securities	55,111			
Intercompany eliminations	(19,249)			
Other balances	15,814			
	51,676			

Briscoe Group Limited
Notes to the Financial Statements

For the 26 week period ended 31 July 2022 (unaudited)

For the period ended 1 August 2021

	Homeware \$000	Sporting goods \$000	Eliminations/ unallocated \$000	Total Group \$000
INCOME STATEMENT				
Total sales revenue	222,628	135,793	-	358,421
Gross profit	102,800	63,863	-	166,663
Earnings before interest and tax	41,447	29,414	2,179	73,040
Finance income	23	128	4	155
Finance costs	(4,747)	(2,336)	(61)	(7,144)
Net finance income / (costs)	(4,724)	(2,208)	(57)	(6,989)
Income tax expense	(10,355)	(7,618)	(617)	(18,590)
Net profit after tax	26,368	19,588	1,505	47,461
BALANCE SHEET				
Assets	377,713	220,821	55,073 ¹	653,607
Liabilities	255,159	134,069	(18,467)	370,761
OTHER SEGMENTAL ITEMS				
Acquisitions of property, plant and equipment, intangibles and investments	10,657	1,663	-	12,320
Depreciation and amortisation expense	10,368	5,842	-	16,210
1. Investment in equity securities	68,554			
Intercompany eliminations	(15,385)			
Other balances	1,904			
	55,073			

6. Expenses

Profit before income tax includes the following specific expenses:

	26 Week Period Ended 31 July 2022 \$000	26 Week Period Ended 1 August 2021 \$000
Depreciation of property, plant and equipment	5,171	4,514
Amortisation of software costs	851	624
Depreciation of right-of-use assets	10,863	11,072
Interest on leases	7,261	7,073
Operating lease rental expense	144	19
Wages, salaries and other short-term benefits	45,146	42,686
Equity-based remuneration	107	84

Briscoe Group Limited
Notes to the Financial Statements
For the 26 week period ended 31 July 2022 (unaudited)

7. Property, plant and equipment

Acquisitions and disposals

During the 26-week period ended 31 July 2022, the Group acquired property, plant and equipment with a total cost of \$7,652,352 (2021: \$11,648,804). Property, plant and equipment with a net book value of \$355,461 (2021: \$197,320) were disposed of during the 26-week period ended 31 July 2022.

8. Investment in equity securities

During 2015 and 2019 Briscoe Group Limited acquired 48,007,465 shares in KMD Brands Limited (previously Kathmandu Holdings Limited) for a total cost of \$87,853,048. This holding represented an 6.77% ownership in KMD Brands Limited as at 31 July 2022. (2021: 6.77%).

These shares are equity investments, quoted in the active market, which the Group has elected to designate as a financial asset at fair value through other comprehensive income (FVOCI). An adjustment was made at period end to reflect the fair value of these shares as at 31 July 2022.¹

	\$000
At 31 January 2021	61,930
Additions	-
Change in value credited to other reserves	3,840
At 1 August 2021	65,770
Additions	-
Change in value credited to other reserves	(960)
At 30 January 2022	64,810
Additions	-
Change in value credited to other reserves	(12,482)
At 31 July 2022	52,328

1. Fair value determined to be \$1.09 (\$2021: \$1.37) per share as per NZX closing price of KMD Brands Limited (previously Kathmandu Holdings Limited) as at 29 July 2022 (2021: 30 July 2021), Level 1 in fair value hierarchy.

9. Interest bearing liabilities

There were no interest bearing liabilities as at 31 July 2022 (2021: Nil). The unsecured facility with the Bank of New Zealand for \$30 million in place at the last year-end balance date of 30 January 2022, was determined to be surplus to business requirements and was terminated on 8 June 2022.

Briscoe Group Limited
Notes to the Financial Statements
For the 26 week period ended 31 July 2022 (unaudited)

10. Share capital

	Authorised Shares No. of Shares	Share capital \$000
At 31 January 2021	222,466,000	61,839
Issue of ordinary shares during the period:		
Exercise of performance rights	90,300	153 ¹ .
At 1 August 2021	222,556,300	61,992
Issue of ordinary shares during the period:		
Exercise of performance rights	-	-
At 30 January 2022	222,556,300	61,992
Issue of ordinary shares during the period:		
Vesting of performance rights	89,286	144 ¹ .
At 31 July 2022	222,645,586	62,136

1. When performance rights are exercised the amount in the equity-based remuneration reserve relating to those performance rights exercised is recognised in share capital. The amount recognised for the 89,286 shares issued during the 26 week period ended 31 July 2022 was \$143,969 (\$153,376 for the 90,300 shares issued during the 26 week period ended 1 August 2021).

11. Dividends

	Period ended 31 July 2022 Cents per share	Period ended 1 August 2021 Cents per share	Period ended 31 July 2022 \$000	Period ended 1 August 2021 \$000
Final dividend for the period ended 30 January 2022	15.50	-	34,510	-
Final dividend for the period ended 31 January 2021	-	13.50	-	30,045
	15.50	13.50	34,510	30,045

All dividends paid were fully imputed. Supplementary dividends of \$234,354 (2021: \$206,690) were provided to shareholders not tax resident in New Zealand, for which the Group received a Foreign Investor Tax Credit entitlement.

On 13 September 2022 the Directors resolved to provide for an interim dividend to be paid in respect of the period ended 29 January 2023. The dividend will be paid at the rate of 12.00 cents per share for all shares on issue as at 21 September 2022, with full imputation credits attached.

12. Fair Value measurements of financial instruments

The Group's activities expose it to a variety of financial risks, market risk (including currency and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance. The Group uses certain derivative financial instruments to hedge certain risk exposures.

The consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements. They should be read in conjunction with the Group's annual financial statements for the period ending 30 January 2022. There have been no changes in the risk management policies since year end.

Based on NZ IFRS 13 Fair Value Measurement, the fair value of each financial instrument is categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are

Briscoe Group Limited
Notes to the Financial Statements

For the 26 week period ended 31 July 2022 (unaudited)

defined as follows:

Level 1: Quoted prices (unadjusted in active market for identical assets and liabilities);

Level 2: 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 3: Inputs for the asset or liability, that are not based on observable market data (that is unobservable inputs).

The financial instruments held by the Group that are measured at fair value are; over-the-counter derivatives (foreign exchange contracts) and an investment in equity securities. The derivatives have been determined to be within level 2 (for the purposes of NZ IFRS 13) of the fair value hierarchy as all significant inputs required to ascertain the fair values are observable. The investment in equity securities is determined to be within level 1 as quoted prices are available from an active equities market for identical securities. There were no transfers between levels 1 and 2 during the period.

There were no changes in valuation techniques during the period.

The following methods and assumptions were used to estimate the fair values for each class of financial instrument.

Trade debtors, trade creditors, related party payables and bank balances

The carrying value of these items is equivalent to their fair value.

Derivative financial instruments

Derivative financial instruments comprise of forward foreign exchange contracts which have been fair valued using market forward foreign exchange rates at period end.

Investment in equity securities

The investment in equity securities has been fair valued using equity prices quoted on market at period end.

The following table presents the Group's assets and liabilities that are measured at fair value at 31 July 2022:

	As at 31 July 2022 \$000	As at 1 August 2021 \$000	As at 30 January 2022 \$000
Assets			
Derivative financial instruments	2,732	764	3,137
Investment in equity securities	52,328	65,770	64,810
Total Assets	55,060	66,534	67,947
Liabilities			
Derivative financial instruments	99	619	-
Total Liabilities	99	619	-

Briscoe Group Limited
Notes to the Financial Statements
For the 26 week period ended 31 July 2022 (unaudited)

13. Related party transactions

During the 26-week period the Company advanced and repaid loans to its subsidiaries by way of internal transfers between 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.

Material transactions between the Company and its subsidiaries were:

	26 Week Period Ended 31 July 2022 \$000	26 Week Period Ended 1 August 2021 \$000
Management fees charged by the Company to:		
Briscoes (NZ) Limited	9,027	8,299
The Sports Authority Limited (trading as Rebel Sport)	5,563	5,108
Total management fees charged	14,590	13,407
Dividends received by the Company from:		
Briscoes (NZ) Limited	17,248	15,017
The Sports Authority Limited (trading as Rebel Sport)	17,248	15,016
Total dividends received	34,496	30,033

In addition, the Group undertook transactions during the 26-week period with the following related parties as detailed below:

- The R A Duke Trust, of which RA Duke is a trustee, as owner of the Rebel Sport premises at Panmure, Auckland, received rental payments (net of rental relief) of \$337,442 (2021: \$337,442) from the Group, under an agreement to lease premises to The Sports Authority Limited (trading as Rebel Sport). The remaining non-cancellable term of this lease is 0.7 years (2021: 1.7 years) with a payment commitment of \$449,923 (2021: \$1,124,807).
- Kein Geld (NZ) Limited, an entity associated with RA Duke, received rental payments (net of rental relief) of \$283,637 (2021: \$283,637) as owner of the Briscoes Homeware premises at Wairau Park, Auckland, under an agreement to lease premises to Briscoes (NZ) Limited. During the half-year ended 31 July 2022 a new agreement to lease was negotiated. The remaining non-cancellable term of this lease is 10.1 years (2021: 0.6 years) with a payment commitment of \$6,546,259 (2021: \$330,910).
- RA Duke Trust (including RA Duke Limited) received dividends of \$26,592,789 (2021: \$23,161,462).
- P Duke, spouse of RA Duke, received payments of \$32,500 (2021: \$32,500) in relation to her employment as an overseas buying specialist with Briscoe Group Limited and rental payments (net of rental relief) of \$472,726 (2021: \$461,196) as owner of the Briscoes Homeware premises at Panmure, Auckland under an agreement to lease premises to Briscoes (NZ) Limited. The remaining non-cancellable term of this lease is 8.8 years (2021: 9.8 years) with a payment commitment of \$8,765,030 (2021: \$9,698,952).

Briscoe Group Limited
Notes to the Financial Statements

For the 26 week period ended 31 July 2022 (unaudited)

Directors received directors' fees and dividends in relation to their personally-held shares as detailed below:

	26 Week Period Ended 31 July 2022		26 Week Period Ended 1 August 2021	
	Directors' Fees \$000	Dividends \$000	Directors' Fees \$000	Dividends \$000
Executive Director				
RA Duke	-	-	-	-
Non-Executive Directors				
RPO'L Meo	77	-	72	-
AD Batterton	41	-	40	-
RAB Coupe	43	2	41	1
HJM Callaghan	39	-	38	-
	200	2	191	1

Directors received dividends in relation to their non-beneficially held shares as detailed below:

	26 Week Period Ended 31 July 2022 \$000	26 Week Period Ended 1 August 2021 \$000
Executive Director		
RA Duke	26,593	23,161
Non-Executive Directors		
RPO'L Meo	16	14
AD Batterton	3	3
RAB Coupe	-	-
HJM Callaghan	-	-
	26,612	23,178

14. Contingent liabilities

There were no contingent liabilities as at 31 July 2022 (2021: Nil).

15. Climate Change related risks

As part of its risk management framework the Group continues to monitor its exposure to risk, including climate related risk and related regulatory reporting requirements. Briscoe Group intends to review and report on exposure to climate related risk in line with legislative requirements currently under development. Emissions measurement systems are currently being implemented with a view to commence reporting for the financial year ended January 2024.

Notes to the Financial Statements

For the 26 week period ended 31 July 2022 (unaudited)

16. Events after balance date

On 5 August 2022 137,842 performance rights were issued to key senior executive under the Briscoe Group Senior Executive Incentive Plan. The plan was established in 2019 and this is the 5th tranche of performance rights to have been issued under the plan. The performance rights are subject to two growth hurdles in relation to absolute Total Shareholder Return and Earnings Per Share, both of which are measured over a three year period.

On 13 September 2022 the directors resolved to provide for an interim dividend to be paid in respect of the 52-week period ending 29 January 2023. The dividend will be paid at a rate of 12.00 cents per share on issue as at 21 September 2022, with full imputation credits attached.

17. Accounting standards

The accounting policies applied are consistent with those of the annual financial statements for the period ended 30 January 2022, as described in those annual financial statements.

There were no new standards applied during the period.



Independent auditor's review report

To the shareholders of Briscoe Group Limited

Report on the consolidated interim financial statements

Our conclusion

We have reviewed the consolidated interim financial statements (interim financial statements) of Briscoe Group Limited (the Company) and its controlled entities (the Group), which comprise the consolidated balance sheet as at 31 July 2022, and the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 26 week period ended on that date, and significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 July 2022, and its financial performance and cash flows for the 26 week period then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Responsibilities of Directors for the interim financial statements

The Directors of the Group are responsible on behalf of the Group for the preparation and fair presentation of these interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34.

A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might



identify in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Who we report to

This report is made solely to the Group's Shareholders, as a body. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review 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 Shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Indumin Senaratne (Indy Sena).

For and on behalf of:

A handwritten signature in black ink, appearing to read 'Indumin Senaratne' followed by a stylized flourish.

Chartered Accountants
13 September 2022

Auckland