Results announcement

Results for announcement to the market		
Name of issuer	BRISCOE GROUP LIMITED	
Reporting Period	Full Year (52 weeks) – 1 February 2021 to 30 January 2022	
Previous Reporting Period	Full Year (53 weeks) – 27 January 2020 to 31 January 2021	
Currency	New Zealand Dollars	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$744,450	+6.1%
Total Revenue	$744,450	+6.1%
Net profit/(loss) from continuing operations	$ 87,909	+20.1%
Total net profit/(loss)	$ 87,909	+20.1%
Final Dividend		
Amount per Quoted Equity Security	$ 0.15500000	
Imputed amount per Quoted Equity Security	$ 0.06027778	
Record Date	24 March 2022	
Dividend Payment Date	31 March 2022	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$ 1.3334	$ 1.1482
A brief explanation of any of the figures above necessary to enable the figures to be understood	Please refer to the Commentary and the audited financial statements released in conjunction with this announcement. 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	16/03/2022	

Audited financial statements accompany this announcement.

Briscoe Group Posts Record Profit and Sales

Briscoe Group Limited (NZX/ASX code: BGP)

Highlights for the full year ended 30 January 2022:

- Total sales $744.4 million, +6.08%
- Gross profit $340.6 million, +10.92%
- Gross profit margin 45.76% vs 43.76% last year
- Online sales growth, +21.01%
- Online sales as mix of total Group sales, 21.47%
- Net profit after tax (NPAT) $87.9 million, +20.10%
- Final Dividend 15.5 cps
- Total Dividend for the year 27.0 cps,+20.0% (excluding the special dividend paid in December 2020).

The directors of Briscoe Group Limited announce a record net profit after tax (NPAT) of $87.91 million for the year ending 30 January 2022, a 20.10% increase on the $73.20 million reported for the previous year.

Board Chair, Dame Rosanne Meo announced that the directors have resolved to pay a final dividend of 15.5 cents per share (cps). The dividend is fully imputed and, when added to the interim dividend of 11.5cps, brings the total dividend for the year to 27.0cps, an increase of 20.00% on the previous year (excluding the special dividend paid in December 2020). The final dividend will be paid on 31 March 2022. The share register will close to determine entitlements to the dividend at 5pm on 24 March 2022. The Company's dividend policy is to pay out at least 60% of NPAT when calculated on a full-year basis. "We were delighted to be able to reward our shareholders by increasing our interim dividend earlier this year and also now with this final dividend announcement.

"The results the team continue to produce are quite remarkable. Their ability to navigate the business through the ongoing uncertainty and disruption this year has been exemplary and has certainly differentiated Briscoe Group from other retailers."

Rod Duke, Group Managing Director, said: "We're thrilled to announce record sales and profit for Briscoe Group in a year which has, incredibly, proved just as tumultuous as the previous. After posting very strong first-half results, it was extremely pleasing to be able to consolidate the full year with a solid second-half performance. Not only were our Auckland stores shut for a total of 84 days during this period (and all others for at least 21), but last year's second half also contained an additional week of trading as well as experiencing a resurgence in sales from the retail recovery post the first national lockdown.

"I'm immensely proud of the commitment and effort shown by the entire Briscoe Group team. We have a strong core business and with our strategic plan initiatives now contributing to profitability, we have a solid foundation to continue the strong performance achieved this year."

The earnings were generated on sales revenue of $744.4 million, an increase of 6.08% on the $701.8 million generated for the previous year which included an additional week of trading. Adjusting for this additional week, Group sales grew by 7.97% for the year ended 30 January 2022.

Gross Margin dollars increased 10.92% for the period with gross margin percentage increasing from 43.76% to 45.76%. Rod Duke said, “To improve again on last year’s step-change in gross margin percentage is a massive highlight for us and a result of both external conditions and internal initiatives. As previously reported, the disruptions to trading from the pandemic accelerated our plans in relation to optimising margin and these combined with the opportunities identified from our ongoing strategic programme have significantly enhanced the Group’s margin performance. We have made significant improvements in relation to optimising ordering as well as the allocation of inventory and its flow into and through our stores.”

This year’s result includes $1.7 million (after tax) of dividends received from the Group’s investment in Kathmandu Holdings Limited. No dividend was received last year as a result of Kathmandu’s response to the COVID-19 situation

Inventories totaled $119.51 million at year-end, $28.04 million higher than the $91.47 million reported for last year reflecting both cost and volume increases. Rod Duke said, “Part of this year’s success has been our focus on ensuring the business has had sufficient inventory to satisfy demand. With the uncertainty around national and international supply chains we committed to a strategy of securing product often months in advance of traditional timings, to minimise the wide-spread and widely reported, supply chain disruptions. This deliberate approach has resulted in a high level of inventory being carried during the year and we expect this to continue throughout 2022, but it has unquestionably delivered in terms of sales and profit. This was particularly true during this fourth quarter which contained the significant Black Friday and Christmas promotional events which produced very pleasing results. Having sufficient inventory in the current retail environment is a distinct competitive advantage, as is the strength of our supplier relationships which have significantly assisted us to secure supply of product.

During the year $19.90 million of capital investment was made by the Group of which $9.66 million represents development of property owned by the Group in Auckland and Silverdale. The balance of the capital investment was for the fit-out of new and refurbished stores, online platform improvements, security system upgrades and enhancements to system software and hardware.

Work also continued on a number of projects in relation to Group owned properties. The construction of a new concept Briscoes Homeware store at 36 Taylors Road, Auckland was completed and the store opened in early March. This allowed the introduction in April of a brand-new Rebel Sport store in the retail space on the ground floor of the Support Office building at 1 Taylors Road, Morningside.

In addition, the Group’s development at Silverdale was completed and the new Briscoes Homeware and Rebel Sport stores opened in November. Rod Duke said, “Trading results from both the Silverdale stores have significantly exceeded expectations and feedback has been overwhelmingly positive. We’re extremely pleased with all of the new stores opened this year and their success gives us confidence for further network growth opportunities in relation to the refurbishment and/or establishment of new stores. In fact, work has now started on upgrades to our Rebel Sport stores in Te Rapa and Albany which will incorporate many of the ideas and concepts introduced in the new generation Silverdale and Morningside stores.

The Group’s online business again experienced significant growth especially with the move to the second national lockdown in August and the subsequent prolonged closure of Auckland, Northland and Waikato stores. During the second half of the year with the disruption of store closures, online sales represented 26.39% of total Group sales compared to 16.16% for the first half. Online sales for the full year accounted for 21.47% of total Group sales, 21.01% above those for the previous year. Rod Duke said, “While the full year mix was clearly influenced by store closures, we are confident that the “normalised” online portion of our business is continuing to increase. This year we have implemented a number of system developments and process improvements which have significantly improved both our fulfilment productivity and front-end functionality.

“We continue to focus on progressing our strategic initiatives, which we see as critical to protecting the foundation for growth moving forward. The programme of work focused on supply chain improvements has progressed well this year with benefits to gross margin percentage very evident in this year’s result. Optimising quantity and frequency of ordering, redirection of imported product landings between North and South Island ports as well as smarter and more efficient reallocation of slow-moving product are all examples of initiatives focused on optimising the availability and flow of the Group’s inventory.

“During the year we continued and commenced a number of other projects which have also contributed to this year’s result. In relation to our online business, stage one of our digital picking initiative has significantly improved the efficiency of in-store fulfilment and the introduction of the *Emarsys* customer engagement platform has allowed us communicate in a much more personalised way with our online customers.

“Extending our product range with the introduction of new online products which are shipped direct from suppliers has now been introduced across 15 suppliers. We are excited about the growth potential of this initiative and the opportunity for us to offer additional products not held in-store or part of our traditional range.

“The introduction of *givex* gift cards late last year replaced our paper-based gift card system giving us greater flexibility and control around our gift card offer, including online redemption and also e-voucher deployment. We have seen incremental sales of gift cards since their introduction. Easy-to-use in-store kiosks have enabled customers to purchase products online that may be out of stock in-store and the introduction of queue-busting mobile cashiers in stores during big sales events have been a welcome addition to assisting customers to minimise their checkout wait-time.

“With the Omicron variant of COVID-19 now widespread throughout New Zealand we have seen a recent decrease in footfall across our bricks and mortar network. As expected, we have also seen a significant increase in the mix of Group sales being fulfilled online, although the transfer to online has not entirely matched the decline experienced in our store network. However, from previous experiences, pandemic-related constraints on trading have invariably led to a strong recovery from pent-up consumer demand and we have no reason to believe that this won’t be the case again as the Omicron variant subsides.

“New Zealand retail in general remains highly sensitive to ongoing uncertainty and disruption whether it be fallout from the ongoing pandemic, supply chain delays, currency fluctuations, interest rate hikes, labour shortages, unpredictable consumer confidence etc. However, what is certain is the talent of our leadership team and its focus on the continued success of the business. Notwithstanding the challenges ahead I’m confident that we have the right programmes, initiatives and team in place to do just that.”

Group Chair Dame Rosanne Meo said, “Briscoe Group has proved its ability to navigate these uncertain times, producing incredible results while at the same time balancing the interests of its team, customers, suppliers and shareholders alike. This year’s results highlight yet again the Group’s ability to perform and deliver improved performance during difficult trading conditions. On behalf of the Board, I would like to acknowledge the great work done by the entire Briscoe Group team.”

Wednesday 16 March 2022
Contact for enquiries:

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

Briscoe Group Limited

Consolidated Financial Statements

For the period ended 30 January 2022

Introduction and Table of Contents

For the 52 week period ended 30 January 2022

Introduction

These financial statements have been presented in a style which attempts to make them less complex and more relevant to shareholders.

We have grouped the note disclosures into six sections:

1. Basis of Preparation
2. Performance
3. Operating Assets and Liabilities
4. Investments
5. Financing and Capital Structure
6. Other Notes

Each section sets out the accounting policies applied to the relevant notes.

The purpose of this format is to provide readers with a clearer understanding of the financial affairs of the Group.

Accounting policies have been shown in shaded areas for easier identification.

Briscoe Group Limited

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For the 52 week period ended 30 January 2022

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Consolidated Financial Statements

Notes to the Consolidated Financial Statements:

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For the 52 week period ended 30 January 2022

Briscoe Group Limited

Directors' Approval of Consolidated Financial Statements

For the 52 week period ended 30 January 2022

Authorisation for Issue

The Board of Directors authorised the issue of these Consolidated Financial Statements on 16 March 2022.

Approval by Directors

The Directors are pleased to present the Consolidated Financial Statements for Briscoe Group Limited for the 52 week period ended 30 January 2022. (Comparative period is for the 53 week period ended 31 January 2021).

Dame Rosanne Meo
CHAIR

Rod Duke
GROUP MANAGING DIRECTOR

16 March 2022

For and on behalf of the Board of Directors

Briscoe Group Limited

Consolidated Income Statement

For the 52 week period ended 30 January 2022

	Notes	**Period ended 30 January 2022 $000**	Period ended 31 January 2021 $000
Sales revenue		**744,450**	701,797
Cost of goods sold		**(403,808)**	(394,681)
Gross profit		**340,642**	307,116
Other operating income	2.2	**3,571**	139
Store expenses		**(116,366)**	(110,845)
Administration expenses		**(91,379)**	(80,524)
Earnings before interest and tax		**136,468**	115,886
Finance income		**399**	421
Finance cost		**(14,495)**	(14,888)
Net finance cost	5.1	**(14,096)**	(14,467)
Profit before income tax		**122,372**	101,419
Income tax expense	2.3.1	**(34,463)**	(28,220)
Net profit attributable to shareholders		**87,909**	73,199

Earnings per share for profit attributable to shareholders:

Basic earnings per share (cents)	2.4	**39.5**	32.9
Diluted earnings per share (cents)	2.4	**39.4**	32.8

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

Briscoe Group Limited

Consolidated Statement of Comprehensive Income

For the 52 week period ended 30 January 2022

	Notes	**Period ended 30 January 2022 $000**	Period ended 31 January 2021 $000
Net Profit attributable to shareholders		**87,909**	73,199
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss:			
Change in value of investment in equity securities	4.1	**2,880**	(92,174)
Items that may be subsequently reclassified to profit or loss:			
Fair value loss/(gain) recycled to income statement from cashflow hedge reserve		**2,912**	(608)
Fair value gain/(loss) taken to the cashflow hedge reserve		**3,812**	(2,084)
Deferred tax on fair value (loss)/gain taken to income statement from cashflow hedge reserve	2.3.2	**(816)**	170
Deferred tax on fair value (gain)/loss taken to cashflow hedge reserve	2.3.2	**(1,067)**	584
Total other comprehensive income/(loss)		**7,721**	(94,112)
Total comprehensive income/(loss) attributable to shareholders		**95,630**	(20,913)

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

Briscoe Group Limited

Consolidated Balance Sheet

As at 30 January 2022

	Notes	**30 January 2022 $000**	31 January 2021 $000
ASSETS			
Current assets			
Cash and cash equivalents	3.1.1	**102,481**	100,417
Trade and other receivables	3.1.2	**5,082**	3,534
Inventories	3.1.3	**119,514**	91,473
Derivative financial instruments	5.2.5	**3,137**	32
Total current assets		**230,214**	195,456
Non-current assets			
Property, plant and equipment	3.2	**125,897**	117,397
Intangible assets	3.3	**2,563**	3,608
Right-of-use assets	3.4.1	**250,789**	255,850
Deferred tax	2.3.2	**14,184**	14,750
Investment in equity securities	4.1	**64,810**	61,930
Total non-current assets		**458,243**	453,535
TOTAL ASSETS		**688,457**	648,991
LIABILITIES			
Current liabilities			
Trade and other payables	3.1.4	**80,785**	80,952
Lease liabilities	3.4.3	**19,025**	19,277
Taxation payable	2.3.2	**18,266**	12,413
Derivative financial instruments	5.2.5	**-**	3,378
Total current liabilities		**118,076**	116,020
Non-current liabilities			
Trade and other payables	3.1.4	**875**	930
Lease liabilities	3.4.3	**270,193**	272,994
Total non-current liabilities		**271,068**	273,924
TOTAL LIABILITIES		**389,144**	389,944
NET ASSETS		**299,313**	259,047
EQUITY			
Share capital	5.3.2	**61,992**	61,839
Cashflow hedge reserve	5.2.5	**2,384**	(2,457)
Equity-based remuneration reserve	6.2.2	**566**	444
Other reserves	5.3.4	**(23,043)**	(25,923)
Retained earnings		**257,414**	225,144
TOTAL EQUITY		**299,313**	259,047

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

Briscoe Group Limited

Consolidated Statement of Cash Flows

For the 52 week period ended 30 January 2022

	Notes	**Period ended 30 January 2022 $000**	Period ended 31 January 2021 $000
OPERATING ACTIVITIES			
Cash was provided from			
Receipts from customers		**744,320**	701,574
Rent received		**25**	15
Dividends received		**2,407**	3
Interest received		**342**	450
Insurance recovery		**135**	22
		747,229	702,064
Cash was applied to			
Payments to suppliers		**(487,274)**	(450,182)
Payments to employees		**(90,413)**	(80,006)
Interest paid		**(14,495)**	(14,889)
Net GST paid		**(28,683)**	(27,508)
Income tax paid		**(29,868)**	(22,913)
		(650,733)	(595,498)
Net cash inflows from operating activities		**96,496**	106,566
INVESTING ACTIVITIES			
Cash was provided from			
Proceeds from sale of property, plant and equipment		**22**	1,996
		22	1,996
Cash was applied to			
Purchase of property, plant and equipment	3.2	**(18,157)**	(25,540)
Purchase of intangible assets		**(1,740)**	(1,889)
Investment in equity securities	4.1	**-**	-
		(19,897)	(27,429)
Net cash outflows from investing activities		**(19,875)**	(25,433)
FINANCING ACTIVITIES			
Cash was provided from			
Issue of new shares	5.3.2	**-**	919
Net proceeds from borrowings		**-**	-
		-	919
Cash was applied to			
Dividends paid	5.3.3	**(55,639)**	(33,370)
Lease liability payments		**(19,159)**	(15,588)
		(74,798)	(48,958)
Net cash outflows from financing activities		**(74,798)**	(48,039)
Net increase in cash and cash equivalents		**1,823**	33,094
Cash and cash equivalents at beginning of period		**100,417**	67,414
Effect of exchange rate changes on cash and cash equivalents		**241**	(91)
Cash and cash equivalents at period end	3.1.1	**102,481**	100,417

Briscoe Group Limited

Consolidated Statement of Cash Flows (continued)

For the 52 week period ended 30 January 2022

RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO REPORTED NET PROFIT

	Period ended 30 January 2022 $000	Period ended 31 January 2021 $000
Reported net profit attributable to shareholders	**87,909**	73,199
Items not involving cash flows		
Depreciation and amortisation expense	**32,904**	31,845
Bad debts and movement in doubtful debts	**(69)**	(40)
Inventory adjustments	**4,857**	1,563
Amortisation of equity-based remuneration	**217**	183
(Gain)/loss on disposal/surrender of assets	**(768)**	501
	37,141	34,052
Impact of changes in working capital items		
Decrease (increase) in trade and other receivables	**(1,479)**	39
Decrease (increase) in inventories	**(32,898)**	(5,622)
Increase (decrease) in taxation payable	**5,853**	7,518
Increase (decrease) in trade payables	**(6,875)**	(9,974)
Increase (decrease) in other payables and accruals	**6,845**	7,354
	(28,554)	(685)
Net cash inflow from operating activities	**96,496**	106,566

NET DEBT RECONCILIATION

	Period ended 30 January 2022 $000	Period ended 31 January 2021 $000
Cash and cash equivalents		
Cash and cash equivalents at beginning of period	**100,417**	67,414
New increase in cash and cash equivalents	**1,823**	33,094
Effect of exchange rate changes	**241**	(91)
Cash and cash equivalents at period end	**102,481**	100,417
Lease liabilities		
Opening value	**(292,271)**	(296,408)
Cash flows	**19,159**	15,588
Lease acquisitions	**(19,350)**	(13,126)
Lease surrenders	**3,244**	1,675
Total lease liabilities at period end	**(289,218)**	(292,271)
Net debt reconciliation	**(186,737)**	(191,854)

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

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Briscoe Group Limited

Consolidated Statement of Changes in Equity

For the 52 week period ended 30 January 2022

	Notes	Share Capital	Cashflow Hedge Reserve	Equity-Based Remuneration Reserve	Other Reserves	Retained Earnings	Total Equity
		$000	**$000**	**$000**	**$000**	**$000**	**$000**
Balance at 26 January 2020		60,752	(519)	841	66,251	184,794	312,119
Net profit attributable to shareholders for the period		-	-	-	-	73,199	73,199
Other comprehensive income:							
Change in value of investment in equity securities	4.1	-	-	-	(92,174)	-	(92,174)
Net fair value loss taken through cashflow hedge reserve		-	(1,938)	-	-	-	(1,938)
Total comprehensive (loss)/income for the period		-	(1,938)	-	(92,174)	73,199	(20,913)
Transactions with owners:							
Dividends paid	5.3.3	-	-	-	-	(33,370)	(33,370)
Performance rights charged to income statement	6.2.1	-	-	183	-	-	183
Share options exercised	5.3.2/6.2	1,087	-	(168)	-	-	919
Transfer for share options lapsed and forfeited	6.2.2	-	-	(521)	-	521	-
Deferred tax on equity-based remuneration	2.3.2/6.2.2	-	-	109	-	-	109
Balance at 31 January 2021		61,839	(2,457)	444	(25,923)	225,144	259,047
Net profit attributable to shareholders for the period		**-**	**-**	**-**	**-**	**87,909**	**87,909**
Other comprehensive income:							
Change in value of investment in equity securities	4.1	**-**	**-**	**-**	**2,880**	**-**	**2,880**
Net fair value loss taken through cashflow hedge reserve		**-**	**4,841**	**-**	**-**	**-**	**4,841**
Total comprehensive (loss)/income for the period		**-**	**4,841**	**-**	**2,880**	**87,909**	**95,630**
Transactions with owners:							
Dividends paid	5.3.3	**-**	**-**	**-**	**-**	**(55,639)**	**(55,639)**
Performance rights charged to income statement	6.2.1	**-**	**-**	**217**	**-**	**-**	**217**
Performance rights vested	5.3.2/6.2	**153**	**-**	**(153)**	**-**	**-**	**-**
Deferred tax on equity-based remuneration	2.3.2/6.2.2	**-**	**-**	**58**	**-**	**-**	**58**
Balance at 30 January 2022		**61,992**	**2,384**	**566**	**(23,043)**	**257,414**	**299,313**

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

Briscoe Group Limited

Notes to the Consolidated Financial Statements

1. Basis of Preparation

For the 52 week period ended 30 January 2022

This section presents a summary of information considered relevant and material to assist the reader in understanding the foundations on which the financial statements as a whole have been compiled. Accounting policies specific to notes shown in other sections are included as part of that particular note.

1.1 General Information

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. 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).

The financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

These audited consolidated financial statements have been approved for issue by the Board of Directors on 16 March 2022.

1.2 General Accounting Policies

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for for-profit entities. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS).

The consolidated financial statements are presented in New Zealand dollars which is the Company's functional currency and the Group's presentation currency. All financial information has been presented in thousands, unless otherwise stated.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Entities reporting

The consolidated financial statements reported are for the consolidated Group which is the economic entity comprising Briscoe Group Limited and its subsidiaries. The Group is designated as a for-profit entity for the purposes of complying with GAAP.

Reporting period

These consolidated financial statements are in respect of the 52-week period 1 February 2021 to 30 January 2022 and provide a balance sheet as at 30 January 2022. The comparative period is in respect of the 53-week period 27 January 2020 to 31 January 2021. The Group operates on a weekly trading and reporting cycle resulting in 52 weeks for most years with a 53-week period occurring once every 5-6 years.

Principles of consolidation

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed when necessary to ensure consistency with the policies adopted by the Company.

Subsidiaries	Activity	2022 Interest	2021 Interest
Briscoes (New Zealand) Limited	Homeware retail	**100%**	100%
The Sports Authority Limited (trading as Rebel Sport)	Sporting goods retail	**100%**	100%
Rebel Sport Limited	Name protection	**100%**	100%
Living and Giving Limited	Name protection	**100%**	100%

All companies above are incorporated in New Zealand and have a balance date consistent with that of the Company as outlined in the accounting policies.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets as identified in specific accounting policies detailed throughout these financial statements.

Critical accounting judgements and estimates
In the process of applying the Group's accounting policies and the application of accounting standards, a number of estimates and judgements have been made. 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. Further explanation as to estimates and assumptions made by the Group can be found in the notes to the financial statements:

Areas of judgement and estimation	Note
Inventories	3.1.3
Leases	3.4

Foreign currency translation
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in which case they are recognised in other comprehensive income as qualifying cash flow hedges.

This section reports on the results and performance of the Group, providing additional information about individual items, including performance by operating segment, revenue, expenses, taxation and earnings per share.

2.1 Segment Information

An operating segment is a component of an entity that engages in business activities which earns revenue and incurs expenses and for which the chief operating decision maker (CODM) reviews the operating results on a regular basis and makes decisions on resource allocation. The Group has determined its CODM to be the group of executives comprising the Managing Director, Chief Operating Officer and Chief Financial Officer.

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 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 regarding 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 by CODM 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 30 January 2022

	Homeware	Sporting goods	Eliminations/ Unallocated	Total Group
	$000	$000	$000	$000
INCOME STATEMENT				
Total sales revenue	**460,887**	**283,563**	**-**	**744,450**
Gross profit	**208,440**	**132,202**	**-**	**340,642**
Earnings before interest and tax	**73,771**	**57,687**	**5,010**	**136,468**
Finance income	**96**	**281**	**22**	**399**
Finance cost	**(9,569)**	**(4,804)**	**(122)**	**(14,495)**
Net finance costs	**(9,473)**	**(4,523)**	**(100)**	**(14,096)**
Income tax expense	**(18,171)**	**(14,889)**	**(1,403)**	**(34,463)**
Net profit after tax	**46,127**	**38,275**	**3,507**	**87,909**
BALANCE SHEET ITEMS:				
Assets	**385,205**	**246,514**	**56,738**[1.]	**688,457**
Liabilities	**266,122**	**141,074**	**(18,052)**	**389,144**

Briscoe Group Limited

Notes to the Consolidated Financial Statements

2. Performance

For the 52 week period ended 30 January 2022

OTHER SEGMENTAL ITEMS:				
Acquisitions of property, plant and equipment, intangibles and investments	**15,019**	**4,878**	**-**	**19,897**
Depreciation and amortisation expense	**21,170**	**11,734**	**-**	**32,904**

	$000
1. Investment in equity securities	*67,593*
Intercompany eliminations	*(27,524)*
Other balances	*16,669*
	56,738

For the period ended 31 January 2021

	Homeware	Sporting goods	Eliminations/ Unallocated	Total Group
	$000	$000	$000	$000
INCOME STATEMENT				
Total sales revenue	439,234	262,563	-	701,797
Gross profit	192,293	114,823	-	307,116
Earnings before interest and tax	66,979	46,495	2,412	115,886
Finance income	72	333	16	421
Finance cost	(9,851)	(4,925)	(112)	(14,888)
Net finance costs	(9,779)	(4,592)	(96)	(14,467)
Income tax expense	(15,821)	(11,736)	(663)	(28,220)
Net profit after tax	41,379	30,167	1,653	73,199
BALANCE SHEET ITEMS:				
Assets	363,231	217,358	68,402[1.]	648,991
Liabilities	254,506	135,178	260	389,944
OTHER SEGMENTAL ITEMS:				
Acquisitions of property, plant and equipment, intangibles and investments	23,497	3,931	-	27,428
Depreciation and amortisation expense	20,333	11,512	-	31,845

	$000
1. Investment in equity securities	*61,930*
Intercompany eliminations	*(2,193)*
Other balances	*8,665*
	68,402

Notes to the Consolidated Financial Statements

2. Performance

For the 52 week period ended 30 January 2022

2.2 Income and Expenses

Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services, net of Goods and Services Tax (GST), and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

Sales of goods - retail

For all sales, control is considered to pass to the customer at the point when the customer can use or otherwise benefit from the goods and services. For in-store sales, control passes to the customer at point of sale. For online sales, the order along with delivery to the customer are considered to comprise a single performance obligation, therefore control is considered to pass to the customer on delivery of the goods. Retail sales are predominantly by credit card, debit card or in cash.

Rental income

Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the period of the lease.

Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive the dividend is established.

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

	Period ended 30 January 2022 $000	Period ended 31 January 2021 $000
Income		
Rental income	**25**	15
Dividends received	**2,407**	3
Insurance recovery	**135**	22
Gain on lease surrender	**1,005**	99
Expenses		
Depreciation of property, plant and equipment	**9,398**	8,400
Amortisation of software costs	**1,334**	1,745
Depreciation of right-of-use assets	**22,172**	21,700
Interest on leases	**14,218**	14,772
Operating lease rental expense	**129**	27
Wages, salaries and other short-term benefits	**93,069**	85,352
Equity-based remuneration (refer also Note 6.2)	**217**	183
Amounts paid to auditors:		
Statutory Audit	**134**	108
Half year review	**33**	26
Other services	**-**	-

2.3 Taxation

Current and deferred income tax
The income tax expense for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in New Zealand, being the country where the Group operates and generates taxable income. The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when the entity has a legal enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Goods and Services Tax (GST)
The income statement, statement of comprehensive income and statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of trade receivables and trade payables, which include GST invoiced.

2.3.1 Taxation – Income statement
The total taxation charge in the income statement is analysed as follows:

	Period ended 30 January 2022 $000	Period ended 31 January 2021 $000
(a) Income tax expense		
Current tax expense:		
Current tax	**34,669**	30,311
Adjustments for prior periods	**1,052**	120
	35,721	30,431
Deferred tax expense:		
Decrease in future tax benefit current period	**(205)**	(1,408)
Tax effect of disposal of buildings	**-**	(203)
Tax effect of legislative changes	**-**	(478)
Adjustments for prior periods	**(1,053)**	(122)
	(1,258)	(2,211)
Total income tax expense	**34,463**	28,220

(b) Reconciliation of income tax expense to tax rate applicable to profits

Profit before income tax expense	**122,372**	101,419
Tax at the corporate rate of 28% (2021: 28%)	**34,264**	28,397
Tax effect of amounts which are either non-deductible or non-assessable in calculating taxable income:	**200**	506
Tax effect of disposal of buildings	**-**	(203)
Tax effect of legislative changes	**-**	(478)
Prior period adjustments	**(1)**	(2)
Total income tax expense	**34,463**	28,220

The Group has no tax losses (2021: Nil) and no unrecognised temporary differences (2021: Nil).

2.3.2 Taxation – Balance sheet

(a) Deferred Taxation

The following are the major deferred taxation liabilities and assets recognised by the Group and movements thereon during the current and prior period:

	Depreciation $000	Provisions $000	Derivative financial instruments $000	Net lease liability $000	Total $000
At 26 January 2020	(98)	3,058	202	8,514	11,676
Credited to the income statement	188	339	-	1,684	2,211
Credited to equity	-	109	-	-	109
Net credited to other comprehensive income	-	-	754[1.]	-	754
At 31 January 2021	90	3,506	956	10,198	14,750
Credited to the income statement	**94**	**602**	**-**	**562**	**1,258**
Credited to equity	**-**	**58**	**-**	**-**	**58**
Net credited to other comprehensive income	**-**	**-**	**(1,882)**[1.]	**-**	**(1,882)**
At 30 January 2022	**184**	**4,166**	**(926)**	**10,760**	**14,184**

1. Net credited to other comprehensive income comprises deferred tax on fair value loss taken to income statement of $815,392 (2021: deferred tax on fair value gain of $170,211) and deferred tax on fair value gain taken to cash flow hedge reserve of $1,067,056 (2021: deferred tax on fair value loss of $583,545).

(b) Taxation payable

The following is the analysis of the movements in the taxation payable balance during the current and prior period:

	Period ended 30 January 2022 $000	Period ended 31 January 2021 $000
Movements:		
Balance at beginning of period	**(12,413)**	(4,895)
Current tax	**(35,721)**	(30,431)
Tax paid	**29,488**	22,675
Foreign investor tax credit (FITC)	**380**	238
Balance at end of period	**(18,266)**	(12,413)

2.3.3 Imputation credits

	Period ended 30 January 2022 $000	Period ended 31 January 2021 $000
Imputation credits available for use in subsequent accounting periods	**123,557**	107,174

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

- Imputation credits that will arise from the payment of the provision for income tax,
- Imputation debits that will arise from the payment of dividends recognised as liabilities at the reporting date, and
- Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include imputation credits that would be available to the Company if subsidiaries paid dividends.

2.4 Earnings Per Share

Earnings per share (EPS) is the amount of post-tax profit attributable to each share.

Basic EPS is computed by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares on issue during the period.

Diluted EPS adjusts for any commitments the Group has to issue shares in the future that would decrease the Basic EPS. These are in the form of performance rights. Diluted EPS is therefore computed by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares on issue during the period, adjusted to include the potentially dilutive effect if performance rights to issue ordinary shares were exercised and converted into shares.

	Period ended 30 January 2022	Period ended 31 January 2021
Net profit attributable to shareholders $000	**87,909**	73,199
Basic		
Weighted average number of ordinary shares on issue (thousands)	**222,549**	222,340
Basic earnings per share	**39.5 cents**	32.9 cents
Diluted		
Weighted average number of ordinary shares on issue adjusted for performance rights issued but not exercised (thousands)	**222,837**	223,142
Diluted earnings per share	**39.4 cents**	32.8 cents

Notes to the Consolidated Financial Statements

3. Operating Assets and Liabilities

For the 52 week period ended 30 January 2022

This section reports the assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in note 5. Assets and liabilities in relation to deferred taxation and taxation payable are shown in note 2.3. The carrying amounts of financial assets and liabilities are equivalent to their fair value unless otherwise stated.

3.1 Working Capital

Working capital represents the assets and liabilities the Group generates through its trading activity. The Group therefore defines working capital as cash, trade and other receivables, inventories and trade and other payables.

3.1.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

	Period ended 30 January 2022 $000	Period ended 31 January 2021 $000
Cash at bank or in hand	**102,481**	100,417

As at 30 January 2022 the Group held foreign currency equivalent to NZ$2.541 million (2021: NZ$0.735 million) which is included in the table above. The foreign currency in which the Group deals primarily is the US Dollar.

3.1.2 Trade and other receivables

Trade receivables arise from sales made to customers on credit or through the collection of purchasing rebates from suppliers not otherwise deducted from suppliers' payable accounts. Trade receivables are recognised initially at the value of the invoice sent to the customer (fair value) and subsequently at the amounts considered recoverable (amortised cost). Trade receivable balances are reviewed on an on-going basis.

	Period ended 30 January 2022 $000	Period ended 31 January 2021 $000
Trade receivables	**426**	431
Prepayments	**2,520**	1,937
Other receivables	**2,136**	1,166
Total trade and other receivables	**5,082**	3,534

No interest is charged on trade receivables.

3.1.3 Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using a weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Following the publication of IFRS Interpretations Committee (IRFRIC) agenda decision on Costs Necessary to Sell Inventories, in June 2021, the Group has reconsidered its accounting treatment in relation to which costs to include when determining the net realisable value of inventory. The Group's reconsideration of this accounting treatment has not resulted in any adjustment to how it determines net realisable value.

The Group assesses the likely residual value of inventory. Stock provisions are recognised for inventory which is expected to sell for less than cost and also for the value of inventory likely to have been lost to the business through shrinkage between the date of the last applicable stocktake and balance date. In recognising the provision for inventory, judgement has been applied by considering a range of factors including historical results, current trends and specific product information from buyers.

	Period ended 30 January 2022 $000	Period ended 31 January 2021 $000
Finished goods	**125,109**	96,027
Inventory provisions and adjustments	**(5,595)**	(4,554)
Net inventories	**119,514**	91,473

During the period the group recognised $394.4 million (2021: $385.6 million) of inventory as an expense within cost of goods sold.

3.1.4 Trade and other payables
Trade and other payable amounts represent liabilities for goods and services provided to the Group prior to the end of a financial period, which are unpaid.

Trade payables

Trade payables are recognised at the value of the invoice received from a supplier (fair value). The carrying value of trade payables is considered to approximate fair value as the amounts are unsecured and are usually paid within 60 days of recognition.

Employee entitlements

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. The liability for employee entitlements is carried at the present value of the estimated future cash flows.

Bonus plans

A liability is recognised for bonuses payable to employees where a contractual obligation arises for an agreed level of payment dependent on both company and individual performance criteria.

Long service leave
The liability for long service leave is recognised as a non-current liability and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, history of employee departure rates and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions relate to returns in relation to sales of goods directly imported by the Group and are expected to be fully utilised within the next twelve months. Provisions relating to inventory, receivables and employee benefits have been treated as part of those specific balances. There are no other provisions relating to these financial statements.

	Period ended 30 January 2022 $000	Period ended 31 January 2021 $000
Trade payables	**43,585**	50,460
Employee entitlements	**18,465**	15,809
Other payables and accruals	**19,458**	15,516
Provisions	**152**	97
Total trade and other payables	**81,660**	81,882

Shown in balance sheet as:		
Current liabilities	**80,785**	80,952
Non-current liabilities	**875**	930
Total trade and other payables	**81,660**	81,882

3.2 Property, Plant and Equipment

All property, plant and equipment is stated at historical cost less depreciation and any impairment adjustments. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment. Costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with an item will flow to the Group and the cost of an item can be measured reliably.

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

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of assets are determined by comparing proceeds with carrying amounts. These gains and losses are included in the income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their estimated residual values, over their estimated useful lives, as follows:

- Freehold buildings	33 years
- Plant and equipment	3 - 15 years

Property, plant and equipment is reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, or value in use.

The Group assesses whether there are indications, for example loss-making stores, for certain trigger events which may indicate that an impairment in property, plant and equipment values exist at balance date.

	Land and buildings $000	Plant and equipment $000	Total $000
At 26 January 2020			
Cost	74,853	85,857	160,710
Accumulated depreciation	(5,603)	(57,842)	(63,445)
Net book value	69,250	28,015	97,265
Period ended 31 January 2021			
Opening net book value	69,250	28,015	97,265
Additions	18,504	7,036	25,540
Disposals	(263)	(155)	(418)
Reclassified as held-for-sale asset	3,410	-	3,410
Depreciation charge	(1,842)	(6,558)	(8,400)
Closing net book value	89,059	28,338	117,397
At 31 January 2021			
Cost	96,010	89,175	185,185
Accumulated depreciation	(6,951)	(60,837)	(67,788)
Net book value	89,059	28,338	117,397
Period ended 30 January 2022			
Opening net book value	**89,059**	**28,338**	**117,397**
Additions	**9,658**	**8,499**	**18,157**
Disposals	**-**	**(259)**	**(259)**
Depreciation charge	**(2,324)**	**(7,074)**	**(9,398)**
Closing net book value	**96,393**	**29,504**	**125,897**
At 30 January 2022			
Cost	**105,668**	**91,268**	**196,936**
Accumulated depreciation	**(9,275)**	**(61,764)**	**(71,039)**
Net book value	**96,393**	**29,504**	**125,897**

Capital commitments	**Period ended 30 January 2022 $000**	Period ended 31 January 2021 $000
Capital commitments in relation to property, plant and equipment at balance date not provided for in the financial statements	**3,913**	7,458[1.]

1. $6.5 million relates to building contracts for the development and construction of new retail premises at 36 Taylors Road, Auckland and also at Silverdale, North Auckland.

3.3 Intangible Assets

Intangible assets are non-physical assets used by the Group to operate the business. Software costs have a finite useful life. Software costs are capitalised and amortised on a straight-line basis over the estimated useful economic life of 2 to 5 years.

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 financial statements.

Software is the only intangible asset recorded in the financial statements. All software has been acquired externally.

3.4 Leases

Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the remaining lease payments. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liabilities.

Right-of-use assets are initially recognised on commencement of lease at cost, comprising the initial amount of the lease liabilities less any lease incentives received. Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In considering the lease term, the Group applies judgement in determining whether it is reasonably certain that an extension or termination option will be exercised.

Both right-of-use assets and lease liabilities are discounted applying interest rate implicit in the lease, or if this cannot be determined, the incremental borrowing rate at the commencement of the lease. To determine the incremental borrowing rate the Group have applied a blended secured and unsecured borrowing rate. For the secured rate the Group have utilised third party financing options and adjusted for an appropriate credit spread.

Extension options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operation. Extension options held are exercisable only by the Group and not by the respective lessor. During the period the Group recognised all extension options (2021: all recognised).

The following tables show the movements and analysis in relation to the right-of-use assets and lease liabilities, created on the adoption of NZ IFRS 16:

3.4.1 Right-of-use assets:

	Land and Buildings $000
Period ended 31 January 2021	
Opening carrying amount	266,001
Additions	13,126
Surrender	(1,577)
Depreciation for the period	(21,700)
Closing carrying amount	255,850
At 31 January 2021	
Cost	296,491
Accumulated depreciation	(40,641)
Carrying amount	255,850
Period ended 30 January 2022	
Opening carrying amount	**255,850**
Additions	**19,350**
Surrender	**(2,239)**
Depreciation for the period	**(22,172)**
Closing carrying amount	**250,789**
At 30 January 2022	
Cost	**313,602**
Accumulated depreciation	**(62,813)**
Carrying amount	**250,789**

3.4.2 Lease liabilities:

	As at 30 January 2022 $000	As at 31 January 2021 $000
Opening value	**292,271**	296,408
Additions	**19,350**	13,126
Surrender	**(3,244)**	(1,675)
Interest for the period	**14,218**	14,772
Lease payments made	**(33,377)**	(30,360)
Total lease liabilities	**289,218**	292,271

3.4.3 Lease liabilities maturity analysis:

	Minimum lease payments $000	Interest $000	Present value $000
Within one year	33,246	(14,221)	19,025
One to five years	126,185	(47,588)	78,597
Beyond five years	253,026	(61,430)	191,596
Total	412,457	(123,239)	289,218
Current			19,025
Non-current			270,193
Total			289,218

3.4.4 Lease related expenses included in the income statement:

	Period ended 30 January 2022 $000	Period ended 31 January 2021 $000
Depreciation	**22,172**	21,700
Short-term leases	**129**	27
Interest on leases	**14,218**	14,772
Total	**36,519**	36,499

3.4.5 Lease payments included in the cashflow statement:

	Period ended 30 January 2022 $000	Period ended 31 January 2021 $000
Total cash outflow in relation to leases	**33,377**	30,360

Notes to the Consolidated Financial Statements

4. Investments

For the 52 week period ended 30 January 2022

This section explains how the Group records investments made in listed securities.

4.1 Investment in Equity Securities

During 2015, 2018 and 2019 Briscoe Group Limited acquired a total of 48,007,465 shares in Kathmandu Holdings Limited (KMD) for a cost of $87,853,048. This holding represented a 6.77% ownership in Kathmandu as at 30 January 2022.

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 30 January 2022[1.].

	$000
At 26 January 2020	154,104
Additions	-
Change in fair value credited to other reserves	(92,174)
At 31 January 2021	61,930
Additions	**-**
Change in fair value credited to other reserves	**2,880**
At 30 January 2022	**64,810**

1. Fair value determined to be $1.35 per share as per NZX closing price of Kathmandu Holdings Limited as at 28 January 2022 (2021: $1.29) (Level 1 in the fair value hierarchy).

Notes to the Consolidated Financial Statements

5. Financing and Capital Structure

For the 52 week period ended 30 January 2022

This section reports on the Group's funding sources and capital structure, including its balance sheet liquidity and access to capital markets.

5.1 Interest Bearing Liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

The Group has an unsecured facility with the Bank of New Zealand for $30 million. Any drawdowns are repayable in full on expiry date of the facility being 20 September 2022. Interest is payable based on the BKBM rate plus applicable margin. The facility is sufficiently flexible that the amounts can be drawn down and repaid to accommodate fluctuations in operating cash flows within overall limits, without the need for prior approval of the bank. The facility was not drawn down during the period.

The covenants entered into by the Group require specified calculations of Group's earnings before interest, tax, depreciation and amortisation (EBITDA) plus lease rental costs to exceed total fixed charges (net interest expense and lease rental costs) at the end of each half during the financial period. Similarly, EBITDA must be no less than a specified proportion of total net debt at the end of each half. The Group was in compliance with the covenants throughout the period.

There were no amounts repayable under the facility as at 30 January 2022 (2021: Nil).

Net finance income / (costs)

	Period ended 30 January 2022 $000	Period ended 31 January 2021 $000
Interest income	**399**	421
Interest expense - leases	**(14,218)**	(14,772)
Interest expense - other	**(155)**	(4)
Other finance cost	**(122)**	(112)
Net finance cost	**(14,096)**	(14,467)

5.2 Financial Risk Management

The Group's activities expose it to various financial risks including credit risk, liquidity risk and market risk (such as currency risk and equity price 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.

5.2.1 Derivative financial instruments

Derivatives are recognised initially at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

At the inception of a transaction the economic relationship between hedging instruments and hedged items, and the risk management objective and strategy for undertaking various hedge transactions, are documented. An assessment is also documented, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions have been and will continue to be effective in offsetting changes in fair values or cash flows of hedged items.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges, is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within cost of goods sold.

Amounts accumulated in other comprehensive income are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast purchase that is hedged takes place). However, when a forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in other comprehensive income are transferred from other comprehensive income and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement within cost of goods sold.

Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of these derivative instruments are recognised immediately in the income statement within administration expenses.

5.2.2 Credit risk
Credit risk refers to the risk of a counterparty failing to discharge an obligation. In the normal course of its business, Briscoe Group incurs credit risk from trade receivables and transactions with financial institutions. The Group places its cash, short-term investments and derivative financial instruments with only high-credit-rated, Board-approved financial institutions. Sales to retail customers are settled predominantly in cash or by using major credit cards. Less than 1% of reported sales give rise to trade receivables. The Group holds no collateral over its trade receivables.

5.2.3 Interest rate risk
The Group has no long-term interest-bearing liabilities but does have interest rate risk exposure from periodic short-term drawdowns of established funding facilities and placements of short-term deposits, as operating cash flows necessitate. The Group's short to medium term liquidity position is monitored daily and reported to the Board monthly.

5.2.4 Liquidity risk
Liquidity risk is the risk that an unforeseen event or miscalculation in the required liquidity level will result in the Group foregoing investment opportunities or not being able to meet its obligations in a timely manner, and therefore gives rise to lower investment income or to higher borrowing costs than otherwise. Prudent liquidity risk management includes maintaining sufficient cash, and ensuring the availability of adequate amounts of funding from credit facilities.

The Group's liquidity exposure is managed by ensuring sufficient levels of liquid assets and committed facilities are maintained based on regular monitoring of a rolling 3-month daily cash requirement forecast. The Group's liquidity position fluctuates throughout the period, being strongest immediately after the end of the period. The months leading up to Christmas trading put the greatest strain on Group cash flows due to the build-up of inventory as well as the interim dividend payment. The Group operates well within its available funding facilities.

The table below analyses the Group's financial liabilities and gross-settled forward foreign exchange contracts into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The cash flow hedge 'outflow' amounts disclosed in the table are the contractual undiscounted cash flows liable for payment by the Group in relation to all forward foreign exchange contracts in place at balance date. The cash flow hedge 'inflow' amounts represent the corresponding injection of foreign currency back to the Group as a result of the gross settlement on those contracts, converted using the forward rate at balance date. The carrying value shown is the net amount of derivative financial liabilities and assets as shown in the balance sheet. Changes in the carrying value affect profit when the underlying inventory to which the derivatives relate, is sold.

Trade and other payables are shown at carrying value in the table. No discounting has been applied as the impact of discounting is not significant.

An analysis detailing remaining contractual maturities for lease liabilities is shown in Note 3.4.3.

As at 30 January 2022	**3 months or less $000**	**3 – 6 months $000**	**6 – 9 months $000**	**9 – 12 months $000**	**Total $000**	**Carrying Value $000**
Trade and other payables	**(60,085)**	**-**	**-**	**-**	**(60,085)**	**(60,085)**
Forward foreign exchange contracts						
Cash flow hedges:						
- outflow	**(16,564)**	**(14,507)**	**(9,165)**	**(760)**	**(40,996)**	
- inflow	**17,855**	**15,601**	**9,912**	**765**	**44,133**	
- Net	**1,291**	**1,094**	**747**	**5**	**3,137**	**3,137**

As at 31 January 2021	3 months or less $000	3 – 6 months $000	6 – 9 months $000	9 - 12 months $000	Total $000	Carrying Value $000
Trade and other payables	(63,195)	-	-	-	(63,195)	(63,195)
Forward foreign exchange contracts						
Cash flow hedges:						
- outflow	(22,359)	(17,787)	(19,481)	(1,739)	(61,366)	
- inflow	20,971	16,777	18,524	1,748	58,020	
- Net	(1,388)	(1,010)	(957)	9	(3,346)	(3,346)

The cash flow hedges inflow amounts use the forward rate at balance date.

5.2.5 Market risk

Equity price risk

The Group is exposed to equity price risk arising from the investment held in Kathmandu Holdings Limited, classified in the balance sheet as investment in equity securities. (Refer note 4.1).

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from currency exposures primarily to the US dollar, in respect of purchases of inventory directly from overseas suppliers.

The Group's foreign exchange risk is managed in accordance with Board-approved Group Treasury Risk Management Policies. The current policy requires hedging of both committed and forecasted foreign currency payment levels across the current and subsequent three calendar quarters. The policy is to cover 100% of committed purchases and lower levels of forecasted purchases depending on which quarter the forecasted exposure relates to. Hedging is reviewed regularly and reported to the Board monthly.

The Group uses forward foreign exchange contracts and maintains short-term holdings of foreign currencies in foreign denominated currency bank accounts, with major financial institutions only, to hedge its foreign exchange risk in anticipation of future purchases.

The following table shows the fair value of forward foreign exchange contracts held by the Group as derivative financial instruments at balance date:

	Period ended 30 January 2022 $000	Period ended 31 January 2021 $000
Current assets		
Forward foreign exchange contracts	**3,137**	32
Total current derivative financial instrument assets	**3,137**	32
Current liabilities		
Forward foreign exchange contracts	**-**	3,378
Total current derivative financial instrument liabilities	**-**	3,378

The contracts are subject to an enforceable master netting arrangement, which allows for net settlement of the relevant assets and liabilities. For financial reporting purposes these are not offset.

Forward foreign exchange contracts – cash flow hedges

Where forward foreign exchange contracts have been designated and tested as an effective hedge the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income. These gains or losses are released to the income statement at various dates over the subsequent financial period as the inventory for which the hedge exists, is sold.

The fair value of these contracts is determined by using valuation techniques as they are not traded in an active market. The valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The fair value is determined by mark-to-market valuations using forward exchange. These derivatives have been determined to be within level 2 of the fair value hierarchy as all significant inputs required to ascertain their fair value are observable.

Forward foreign exchange contracts are used for hedging committed or highly probable forecast purchases of inventory for the ensuing financial period. The contracts are timed to mature when major shipments of inventory are scheduled to be dispatched and the liability settled. The cash flows are expected to occur at various dates within one year from balance date.

At balance date these contracts are represented by assets of $3,137,409 (2021: $32,361) and liabilities of $429 (2021: $3,378,483) and together are included in equity as part of the cash flow hedge reserve, net of deferred tax, as a net gain of $2,258,626 (2021: net loss $2,409,208). The cash flow hedge reserve also consists of gains and losses, net of deferred tax, from foreign currencies used as hedges, as a net gain of $125,434 (2021: net loss of $47,826). The total of these net gains and losses amount to a net loss of $2,384,060 (2021: net loss $2,457,034).

When forward foreign exchange contracts are not designated and tested as an effective hedge, the gain or loss on the forward foreign exchange contract is recognised in the income statement.

At balance date there are no such contracts in place (2021: Nil).

5.2.6 Sensitivity analysis

Based on historical movements and volatilities and review of current economic commentary the following movements are considered reasonably possible over the next 12 month period:

- A shift of -10% / +10% (2021: -10% / +10%) in the NZD against the USD, from the period-end rate of 0.6576 (2021: 0.7168),
- A shift of -0.25% / +1.25% (2021: -0.25% / +0.25%) in market interest rates from the period-end weighted average deposit rate of 1.13% (2021: 0.35%),
- A shift of -10% / +20% (2021: -10% / +20%) in the NZX share price of Kathmandu Holdings Ltd from the period-end closing share price of $1.35 (2021: $1.29).

If these movements were to occur, the positive / (negative) impact on consolidated profit after tax and consolidated equity for each category of financial instrument held at balance date is presented below.

As at 30 January 2022

		Interest rate				Foreign exchange rate		Equity price	
	Carrying	-0.25%		+1.25%		-10%	+10%	-10%	+20%
	amount	Profit	Equity	Profit	Equity	Equity	Equity	Equity	Equity
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial Assets:									
Cash and cash equivalents[1.]	102,481	(180)	(180)	899	899	203	(166)	-	-
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[2.]	3,137	-	-	-	-	3,486	(2,842)	-	-
Investment in equity securities[3.]	64,810	-	-	-	-	-	-	(6,481)	12,962
Financial Liabilities:									
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[2.]	-	-	-	-	-	31	(25)	-	-
Total increase / (decrease)		(180)	(180)	899	899	3,720	(3,033)	(6,481)	12,962

Receivables and payables have not been included above as they are denominated in NZD and are non-interest bearing and therefore not subject to market risk.

As at 31 January 2021

		Interest rate				Foreign exchange rate		Equity price	
	Carrying	-0.25%		+0.25%		-10%	+10%	-10%	+20%
	amount	Profit	Equity	Profit	Equity	Equity	Equity	Equity	Equity
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial Assets:									
Cash and cash equivalents[1.]	100,417	(179)	(179)	179	179	59	(48)	-	-
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[2.]	32	-	-	-	-	306	(254)	-	-
Investment in equity securities[3.]	61,930	-	-	-	-	-	-	(6,193)	12,386
Financial Liabilities:									
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[2.]	3,378	-	-	-	-	4,296	(3,579)	-	-
Total increase / (decrease)		(179)	(179)	179	179	4,661	(3,881)	(6,193)	12,386

Receivables and payables have not been included above as they are denominated in NZD and are non-interest bearing and therefore not subject to market risk.

1. *Cash and cash equivalents include deposits at call which are at floating interest rates.*

2. *Derivatives designated as cashflow hedges are foreign exchange contracts used to hedge against the NZD:USD foreign exchange risk arising from foreign denominated future purchases. There is no profit or loss sensitivity as the hedges are 100% effective.*

3. *Investment in equity securities represents shares held in Kathmandu Holdings Ltd. There is no profit or loss sensitivity as impacts from changes in KMD's share price are accounted for through equity.*

5.3 Equity

5.3.1 Capital risk management

The Group's capital comprises contributed equity, reserves and retained earnings.

The Group's objective when managing capital is to achieve a balance between maximising shareholder wealth and ensuring the Group is able to operate competitively with the flexibility to take advantage of growth opportunities as they arise. In order to meet these objectives the Group may adjust the amount of dividend payments made to shareholders and/or seek to raise capital through debt and/or equity. There are no specific banking or other arrangements which require the Group to maintain specified equity levels.

5.3.2 Share capital

Share capital comprises ordinary shares only. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

All shares on issue are fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share and have equal dividend rights and no par value.

Contributed equity – ordinary shares

	No. of authorised shares		**Share capital**	
	Period ended 30 January 2022 Shares	Period ended 31 January 2021 Shares	**Period ended 30 January 2022 $000**	Period ended 31 January 2021 $000
Opening ordinary shares	**222,466,000**	222,188,500	**61,839**	60,752
Issue of ordinary shares arising from the exercise of options/ vesting of performance rights	**90,300**	277,500	**153**[1.]	1,087[1.]
Balance at end of period	**222,556,300**	222,466,000	**61,992**	61,839

1. When options are exercised or when performance rights vest, the amount in the equity-based remuneration reserve relating to those options exercised or performance rights vested, together with the exercise price paid by the employee, is transferred to share capital. The amounts transferred for the 90,300 shares issued during the period ended 30 January 2022 were $nil and $153,376 respectively (2021: $168,415 and $918,525 respectively for the 277,500 shares issued).

5.3.3 Dividends

Provision is made for the amount of any dividend declared on or before the balance date but not distributed at balance date.

	Period ended 30 January 2022 Cents per share	Period ended 31 January 2021 Cents per share	**Period ended 30 January 2022 $000**	Period ended 31 January 2021 $000
Interim dividend for the period ended 30 January 2022	**11.50**	-	**25,594**	-
Final dividend for the period ended 31 January 2021	**13.50**	-	**30,045**	-
Special dividend for the period ended 31 January 2021	**-**	6.00	**-**	13,348
Interim dividend for the period ended 31 January 2021	**-**	9.00	**-**	20,022
Final dividend for the period ended 26 January 2020[1.]	**-**	-	**-**	-
	25.00	15.00	**55,639**	33,370

1. The final dividend of 12.50 cps for year ended 26 January 2020 announced on 16 March 2020 was cancelled on 23 March 2020 as a result of potential impact of Covid-19.

All dividends paid were fully imputed (refer also to Note 2.3.3 for imputation credits available for use in subsequent periods). Supplementary dividends of $380,308 (2021: $238,416) were provided to shareholders not tax resident in New Zealand, for which the Group received a Foreign Investor Tax Credit entitlement.

On 16 March 2022 the Directors resolved to provide for a final dividend to be paid in respect of the period ended 30 January 2022. The dividend will be paid at a rate of 15.50 cents per share for all shares on issue as at 24 March 2022, with full imputation credits attached.

5.3.4 Reserves and retained earnings

Cashflow hedge reserve
The hedging reserve is used to record gains and losses on a hedging instrument in a cash flow hedge that are recognised directly in other comprehensive income, as described in the accounting policy in section 5.2. The amounts are recognised as profit or loss when the associated hedged transaction affects profit or loss. (Refer also to the consolidated statement of changes in equity).

Equity-based remuneration reserve
The equity-based remuneration reserve is used to recognise the fair value of performance rights granted but not exercised, lapsed or forfeited. Amounts are transferred to share capital when vested performance rights are exercised. (Refer also to the consolidated statement of changes in equity and note 6.2).

Other reserves
Other reserves represents the adjustment made at balance date to reflect the fair value of the investment in Kathmandu Holdings Limited. (Refer also to the consolidated statement of changes in equity and note 4.1).

6.1 Related Party Transactions

6.1.1 Parent and ultimate controlling party

Briscoe Group Limited is the immediate parent, ultimate parent and controlling party for all companies in the Group.

During the period the Company advanced and repaid loans to its subsidiaries by way of internal current accounts. In presenting the financial statements of the Group, the effect of transactions and balances between fellow subsidiaries and those with the Company have been eliminated. No interest is charged on internal current accounts. All transactions with related parties were in the normal course of business and were provided on normal commercial terms.

The Group undertook transactions with the following related parties as detailed below:

- The RA 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 $597,226 (2021: $613,663) 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 1.2 years (2021: 2.2 years) with a payment commitment of $787,365 (2021: $1,462,249).
- Kein Geld (NZ) Limited, an entity associated with RA Duke, received rental payments (net of rental relief) of $501,999 (2021: $520,001) as owner of the Briscoes Homeware premises at Wairau Park, Auckland, under an agreement to lease premises to Briscoes (NZ) Limited. The remaining non-cancellable term of this lease is 0.1 years (2021: 1.1 years) with a payment commitment of $47,273 (2021: $614,547).
- The RA Duke Trust (including RA Duke Limited) received dividends of $42,891,596 (2021: $25,714,289).
- P Duke, spouse of RA Duke, received payments of $65,000 (2021: $65,000) in relation to her employment as an overseas buying specialist with Briscoe Group Limited, and rental payments (net of rental relief) of $816,254 (2021: $918,570) 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 9.3 years (2021: 10.3 years) with a payment commitment of $9,237,756 (2021: $10,160,148).

6.1.2 Key management personnel

Key management includes the Directors of the Company and those employees who the Company has deemed to have disclosure obligations under subpart 6 of the Financial Markets Conduct Act 2013, namely the Chief Financial Officer, the Chief Operating Officer and the General Manager Human Resources.

Key management compensation was as follows:

	Period ended 30 January 2022 $000	Period ended 31 January 2021 $000
Salaries and other short-term employee benefits	**4,199**	2,854
Equity-based remuneration	**128**	100
Directors' fees	**391**	293
Total benefits	**4,718**	3,247

Key management did not receive any termination benefits during the period (2021: Nil).
Key management did not receive and are not entitled to receive any post-employment or long-term benefits (2021: Nil).
Executives included in key management received dividends of $250,195 (2021: $143,151) in relation to Briscoe Group shares held.

6.1.3 Directors' fees and dividends

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

	Period ended 30 January 2022		Period ended 31 January 2021	
	Directors' fees $000	**Dividends $000**	Directors' fees $000	Dividends $000
Executive Director				
RA Duke	**-**	**-**	-	-
Non-Executive Directors				
RPO'L Meo	**148**	**-**	132	-
AD Batterton	**82**	**-**	78	-
RAB Coupe	**85**	**3**	77	2
HJM Callaghan[1.]	**76**	**-**	6	-
	391	**3**	293	2

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

	Period ended 30 January 2022 $000	Period ended 31 January 2021 $000
Executive Director		
RA Duke	**42,892**	25,714
Non-Executive Directors		
RPO'L Meo	**25**	15
AD Batterton	**5**	3
RAB Coupe	-	-
HJM Callaghan[1.]	-	-

1. Mark Callaghan was appointed by the Board as a Director effective from 1 January 2021.

6.2 Employee Equity-Based Remuneration

6.2.1 Equity settled performance rights

The Senior Executive Incentive Plan grants Group employees performance rights subject to performance hurdles being met. The fair value of rights granted is recognised as an employee expense in the income statement with a corresponding increase in the employee share-based payment reserve. The fair value is measured at grant date and amortised over the vesting periods. When performance rights vest, the amount in the share-based payments reserve relating to those rights are transferred to share capital. There is no exercise price for these performance rights and there is no right to dividends during the vesting periods.

On 26 March 2019 the Board approved the Briscoe Group Senior Executive Incentive Plan to grant performance rights to key senior management personnel as a long-term incentive programme. The third tranche of performance rights were issued under this programme during the period.

Performance rights granted are summarised below:

Tranche	Grant Date	Balance at start of period (number)	Granted during the period (number)	Vested during the period (number)	Lapsed during the period (number)	Balance at the end of period (number)
1	15 Apr 2019	90,300	-	(90,300)	-	-
2	26 Jun 2019	89,286	-	-	-	89,286
3	30 Jul 2020	136,218	-	-	-	136,218
4	15 Jun 2021	-	83,334	-	-	83,334
		315,804	83,334	(90,300)	-	308,838

In each tranche the performance rights are subject to a combination of an absolute Total Shareholder Return (TSR) growth hurdle and/or an EPS growth hurdle. EPS growth hurdle is considered a non-market condition. The relative hurdle weighting for unvested tranches is shown in the table below:

Tranche	Grant Date	TSR Weighting	EPS Weighting
2	26 Jun 2019	50%	50%
3	30 Jul 2020	50%	50%
4	15 Jun 2021	50%	50%

The proportion of performance rights subject to the absolute TSR growth hurdle which may vest is dependent on Briscoe Group Limited's TSR compound annual growth rate (CAGR) across a 3-year measurement period. For each tranche that vests the rights are awarded on a straight-line basis dependent on the TSR CAGR achieved. The percentage of TSR related performance rights vest according to the following performance criteria for each unvested tranche:

% Vesting	Tranche 2	Tranche 3	Tranche 4
0%	< 10.1% CAGR	< 12.4% CAGR	< 5.0% CAGR
50%	= 10.1% CAGR	= 12.4% CAGR	= 5.0% CAGR
51% - 99% (Straight-line prorata)	> 10.1%, < 13.0% CAGR	> 12.4%, < 16.0% CAGR	> 5.0%, < 5.5% CAGR
100%	=> 13.0% CAGR	=> 16.0% CAGR	=> 5.5% CAGR

The TSR performance is calculated across the following periods:

Tranche	Performance Period
2	Announcement date of FY 2018/19 Result to announcement date of FY 2021/22 Result
3	Announcement date of FY 2019/20 Result to announcement date of FY 2022/23 Result
4	Announcement date of FY 2020/21 Result to announcement date of FY 2023/24 Result

The fair value of the TSR performance rights have been valued under a variant of the dividend adjusted Binomial Options Pricing Model (BOPM). The fair value of TSR performance rights, along with the assumptions used to simulate the future share prices are shown below:

	Tranche 2	Tranche 3	Tranche 4
Fair value of TSR performance rights	$22,813	$47,200	$97,501
Current price at grant date	$3.30	$3.37	$5.75
Risk free interest rate	1.71%	0.30%	0.60%
Expected life (years)	2.75	2.63	2.75
Expected share volatility[1]	16%[1]	24%[2]	24%[3]

1. *Volatility represents the volatility of the Briscoe Group (BGP) NZD share price over the two-year period to February 2019.*
2. *Volatility represents the volatility of the Briscoe Group (BGP) NZD share price over a five-year period to July 2020.*
3. *Volatility represents the volatility of the Briscoe Group (BGP) NZD share price based on the average 90 day volatility for the past 3 years (measured on a daily basis).*

The estimated fair value for each tranche of performance rights issued is amortised over the vesting period from the grant date.

The proportion of performance rights subject to the EPS growth hurdle which may vest is dependent on Briscoe Group Limited's EPS compound annual growth rate (CAGR) across a 3-year measurement period. For each tranche that vests the rights are awarded on a straight-line basis dependent on the EPS CAGR achieved. The percentage of EPS related performance rights vest according to the following performance criteria:

% Vesting	Tranche 2	Tranche 3	Tranche 4
0%	< 0.8% CAGR	< 1.8% CAGR	< 2.5% CAGR
50%	= 0.8% CAGR	= 1.8% CAGR	= 2.5% CAGR
51% - 99% (Straight-line prorata)	> 0.8%, < 2.6% CAGR	> 1.8%, < 4.6% CAGR	> 2.5%, < 4.6% CAGR
100%	=> 2.6% CAGR	=> 4.6% CAGR	=> 4.6% CAGR

The EPS performance is calculated across the following periods:

Tranche	Performance period
2	FY 2021/22 EPS relative to FY 2018/19 EPS
3	FY 2022/23 EPS relative to FY 2019/20 EPS
4	FY 2023/24 EPS relative to FY 2020/21 EPS

The fair value of the EPS performance rights have been assessed as the Briscoe Group Limited's share price as at grant date less the present value of the dividends forecast to be paid prior to each vesting date. The fair value of each EPS unvested performance right has been calculated to be $2.79, $2.76 and $5.75 for tranche 2, tranche 3 and tranche 4, respectively.

The estimated fair value for each tranche of performance rights issued is amortised over the vesting period from grant date.

Vesting of performance rights also requires the employee to remain in employment with the Company during the performance period. The Company has expensed in the income statement $217,148 (2021: $182,969) in relation to performance rights.

6.2.2 Equity-based remuneration reserve	**Period ended 30 January 2022 $000**	Period ended 31 January 2021 $000
Balance at beginning of period	**444**	841
Current period amortisation	**217**	183
Options forfeited and lapsed transferred to retained earnings	**-**	(521)
Options exercised transferred to share capital	**-**	(168)
Performance rights vested transferred to share capital	**(153)**	-
Deferred tax on performance rights	**58**	109
Balance at end of period	**566**	444

6.3 Contingent Liabilities

There were no contingent liabilities as at 30 January 2022 (2021: Nil).

6.4 COVID-19

COVID-19 has brought disruptions and uncertainties to businesses and economies globally. These disruptions have impacted on the operations of Briscoe Group through-out the last two financial years.

Firstly, during the first half of the February 2020 – January 2021 financial year when Level 4 and 3 lockdowns saw all bricks and mortar stores cease trading for 50 days. Then during the most recent financial year from 18 August 2021 when the NZ Government announced a further nationwide Level 4 lockdown. Most disruption was felt throughout our Auckland store network with those stores shut for a period of 84 days before reopening on 10 November 2021. All other stores were also impacted at varying times through this period.

As was the same for previous lockdown disruptions, the Group's online operation performed significantly well assisting to mitigate some of the negative impact from store closures.

Recent developments in relation to the Omicron variant highlight the uncertainty of Covid-19 impacts into the future and the Board and management continue to monitor the situation closely.

The Board note the high level of business uncertainty that continues to exist in relation to the impacts of the Covid-19 pandemic including the possibility of supply chain disruption, erosion of consumer spending and further government-imposed lockdowns. Other than minor immaterial inventory adjustments for a few impacted categories, there are no other provisions in these statements for the period ended 30 January 2022 for financial impacts of Covid-19.

6.5 Events After Balance Date

On 16 March 2022 the Directors resolved to provide for a final dividend to be paid in respect of the period ended 30 January 2022. The dividend will be paid at a rate of 15.50 cents per share for all shares on issue as at 24 March 2022, with full imputation credits attached (Note 5.3.3).

6.6 New Accounting Standards

There were no new standards applied during the period.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the 30 January 2022 reporting period and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Independent auditor's report

To the shareholders of Briscoe Group Limited

Our opinion

In our opinion, the accompanying consolidated financial statements of Briscoe Group Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 January 2022, its financial performance and its cash flows for the period then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet as at 30 January 2022;
- the consolidated income statement for the period then ended;
- the consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of changes in equity for the period then ended;
- the consolidated statement of cash flows for the period then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How our audit addressed the key audit matter
Inventory existence and valuation	
At 30 January 2022, the Group held inventories of $119.5 million. Given the value of inventories relative to the total assets of the Group, and the judgements applied in provisioning against inventory shrinkage, slow moving and obsolete inventory, this has been considered a key audit matter. As described in note 3.1.3 to the consolidated financial statements, inventories are stated at the lower of cost and net realisable value. The Group has sophisticated inventory systems in place to accurately record and report inventory movements and the value of inventory on hand. Cyclical counts of inventories are performed at various times throughout the period which includes an assessment of slow moving and obsolete stock. The cyclical counts provide management with evidence over quantity and quality of inventory on hand. Management applies judgement in determining inventory valuation, in particular the level of provisions for inventory which is expected to sell for less than cost due to obsolescence or damage, adjustments for unearned rebate income and inventory shrinkage since the last stock count.	Our audit procedures included: • gaining an understanding of inventory processes and assessing the design and implementation of certain inventory controls, particularly controls over the cyclical counting process. • observing management's stocktake process at selected locations throughout the period and undertaking our own test counts. For those locations not visited, on a sample basis, inspecting the results of stock counts and confirming stock count variances were appropriately adjusted. • on a sample basis, testing the cost of inventory to supplier invoices and contracts providing evidence to support the accuracy of inventory costing. • we corroborated our understanding of the inventory provisioning process with merchandising personnel outside of the finance function. • testing that period-end inventory is carried at lower of cost and net realisable value by testing a sample of inventory items to the most recent retail price less costs to sell. • on a sample basis, testing unearned rebate income to supplier contracts. • assessing the shrinkage provision by testing the shrinkage rate used to calculate the provision since the last store stock counts. This includes comparing the rate used to the actual shrinkage rates previously observed and reviewing the level of actual inventory shrinkage recorded during the current period. • performing substantive analytical procedures over all material inventory provisions to assess adequacy. From the procedures performed we have no matters to report.

Our audit approach

Overview

Overall group materiality: $6,100,000, which represents approximately 5% of profit before tax.

We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark.

We performed a full scope audit over the consolidated financial information of the Group.

As reported above, we have one key audit matter, being:

- Inventory existence and valuation

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Directors for the consolidated financial statements

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

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

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

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
16 March 2022

Auckland