BRISCOE GROUP LIMITED

Interim Report

For the period ended 31 July 2022

The quality and appeal of our product offering, the strength of our trading platform and the strong performance of our people will continue to stand the Group in good stead.

Contents

Directors' Report

The Group produced another excellent performance for this first-half, as we continued to navigate the disruptions arising from Covid-19 and a choppy retail environment driven by economic uncertainty.

This latest half-year period was notable for the early and significant impact on shopping centre foot traffic arising from the outbreak of the Omicron variant of Covid-19. As occurred earlier in the pandemic, the impact on store trading was largely offset by growth on our online platform. It is clear that the opportunity to move seamlessly between in-store, online and click-and-collect shopping is valued highly by our customers, and that has been a key factor in the Group's ability to maintain and even improve performance during these years.

The Group increased sales for the half-year, while net profit after tax (NPAT) was narrowly off the record level set in the previous first half. For perspective, NPAT for this latest period was 61% higher than that for the most recent comparable period pre-Covid-19 – the July 2019 half-year.

Growth at that level over such a challenging period testifies to the performance of our management team and all colleagues across our bricks-and-mortar network, our online platform and our supply chain. It also reflects a significant and positive evolution in the way the Company operates and the quality of our offering to customers. This evolution is driven by our ongoing strategic change programme, which started before the onset of Covid-19 and is now providing benefits that reflect clearly in our trading results, while also setting foundations for continued growth.

Economic conditions and outlook deteriorated during the half-year, with family budgets being squeezed by cost-of-living increases and pressure on house values, along with a second Omicron wave. Like most businesses, Briscoe Group has also faced internal pressures including staff shortages, cost increases and stresses on the supply chain.

It would be easy to be daunted by the prospect of these continuing challenges, but we are not. We are confident that the quality and appeal of our product offering, the strength of our trading platform and the strong performance of our people will continue to stand the Group in good stead.

Our Impressive People

Our teams continue to adjust successfully to the evolving demands of the current operating environment.

There is a range of programmes in place for education and training, supporting performance and personal development. There are also programmes that provide support in regard to issues such as staff shortages arising from illness, shoplifting, customer stress and social tensions.

The Group has taken steps to ensure the safety and security of teams at every level. Their health and wellbeing remains our highest priority. We are very mindful of the impact on our people of the current public health situation, as well as from declining economic factors. We continue to provide support in the form of paid leave for Covid-19-related absences over-and-above existing entitlements.

We were able, once again, to maintain all existing jobs and provide a significant increase in incomes during the half-year. Wage rates for our in-store, hourly-paid team were increased by 7.0% from April 2022. The employment market remains extremely competitive – more so given the effect of heightened Covid-19 case numbers since the Omicron variant became established in New Zealand early in the half-year.

Outstanding Trading Performance

Results for the first half reflected outstanding performance considering the significant headwinds faced by the retail sector. Sales increased in both the homeware and sporting goods categories, while margins were solid in relation to historically high levels despite cost and other pressures in the supply chain.

Continuing progress on strategic initiatives was also a noteworthy factor in the results, with benefits from supply chain projects contributing to sales, gross profit and NPAT.

Solid Financial Results

NPAT was $45.62 million, compared to $47.46 million achieved in the previous first half.

The profit was generated on sales revenue of $367.95 million, up 2.66% on the previous first half. To deliver increased sales in the current environment and against a strong comparative number is a great achievement. It should also be noted that the latest revenue number was 21.44% higher than for the comparable pre-Covid-19 period in 2019.

Gross margin dollars increased slightly, from $166.66 million to $167.94 million, while gross margin percentage declined from 46.50% to 45.64%. Like all retailers we have faced margin pressure from a number of factors, including supply chain disruption and cost increases, a weaker New Zealand dollar and declining consumer confidence.

We have put considerable energy into ensuring that a large proportion of the significant gain in gross profit margin across the past two full years (633 basis points) can be protected. This has involved initiatives in conjunction with KPMG in relation to inventory ordering – optimising how, when and what we purchase – and on other inventory measures such as in-store availability, slow-moving items and stock obsolescence. This work is ongoing and complements in-house projects driving increased sales and margin.

To achieve a gross profit margin percentage less than one percentage point below that for the previous comparable period is an excellent result, but there is still more work to do as the pressures on margin continue to intensify.

Homeware sales increased by 2.74% from $222.63 million to $228.74 million, and sporting goods sales by 2.51% from $135.79 million to $139.21 million.

The Group's online business continued to surpass growth and performance expectations – in particular, offering a viable and seamless shopping alternative that countered the impact of the Omicron outbreak on foot traffic. Online sales grew by 22.93% over those for the first half of last year and represented 19.36% of total Group sales.

We continued to invest in developing the online platform, introducing a range of new front-end features including the ability to shop product collections, improved mobile navigation, enhanced product content and streamlined email communications with our database customers.

The Group believes it has one of the best in-store online fulfilment systems in New Zealand. The system was improved during the half-year by the introduction of fulfilment routing and reporting enhancements, resulting in efficiency gains, lower freight costs and increased speed to customer.

Inventory at 31 July 2022 was $113.00 million, up from $101.09 million at the same time last year.

While this included inventory for two additional stores opened in November 2021, most of the increase reflected opportunities identified as part of our inventory initiatives as well as our approach to secure inventory in advance of traditional timings given the continued possibility of supply chain disruption. With inventories remaining higher than in recent years, the Group is well prepared to deal with these pressures in the second half.

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

Strong Financial Position

The Group's balance sheet remains strong, with cash balances of $97.58 million as at 31 July 2022 period compared to $93.93 million at the same time last year.

Increased Dividend

The directors have resolved to pay an interim dividend of 12.00 cents per share (cps). This compares to last year's interim dividend of 11.50 cps.

Books closed to determine entitlements at 5pm on 21 September 2022 and payment will be made on 12 October 2022. The company's dividend policy is to pay out at least 60% of NPAT when calculated on a full-year basis.

Continued Investment In Store Network

Despite the difficult trading conditions and constraints on team availability the Group progressed a number of store development projects during the half-year.

Five full-store refurbishments were completed – at Briscoes Homeware Salisbury Street in Christchurch, Briscoes Homeware Albany, Rebel Sport Tauranga and at both Briscoes Homeware and Rebel Sport stores in Botany.

The store upgrade programme makes a dramatic difference to the 'look and feel' of the stores, bringing in the latest ideas from our new store design concepts, including LED lighting, redesigned fixtures, personalised counters, click-and-collect storage zones and dramatic new in-store signage.

Five more upgrades are planned for the second half of the current year, in addition to the two under way at the end of July 2022.

We are also excited about our plans to relocate our existing Briscoes Homeware store in Ashburton to a larger and better location and also the introduction of a new Rebel Sport store as part of the same development. The introduction of these stores incorporating our latest design concepts will be a great addition to retail in this catchment. We look forward to opening both stores during the first half of next year.

Half-year Review

The interim financial statements for the 26 week period ended 31 July 2022 presented in this report are unaudited but have been reviewed independently by PricewaterhouseCoopers, which has issued an unqualified independent review report to the company's shareholders (refer pages 30 and 31)

Corporate Governance

The Group's commitment to the highest standards of governance and management, based on best practice structures and policies, is explicit and ongoing. The Board believes that such standards are critical in meeting our responsibilities to shareholders, our people, customers and suppliers.

This commitment is always important, but particularly so in difficult and demanding operating environments such as created by the Covid-19 pandemic.

It has always been a strong feature of the Group that the Board and Executive teams work effectively together and are aligned around the business objectives.

ESG

Your Board is committed to understanding and implementing ways we can meet our obligations to stakeholders as greater expectations and a requirement for more transparency around Environmental, Social and Governance practices unfold. As presented in the most recent Annual Report the Group is progressing on its ESG journey and the cross functional working group is co-ordinating and driving initiatives established as part of the ESG framework.

As part of its risk management framework the Group continues to monitor its exposure to climate related risk and related regulatory reporting requirements. In April 2021, the New Zealand Government introduced a Bill to Parliament to mandate climate-related financial disclosures.

Emissions measurement systems are currently being implemented with a view to commence reporting for the next financial year end (January 2024), in line with legislative requirements currently being finalised

Better Steps for Tomorrow

Using the insights collected from our materiality assessment earlier in the year we are focusing on the following areas:

- People and culture
- Minimising waste and our climate impacts
- Enhancing our positive impact in our supply chain by working with our strategic partners to build robust supply policies and procedures

Recognising the role we can play in New Zealand and to further support our knowledge we have recently joined the Sustainable Business Council with a number of senior leaders already being involved in training and networking opportunities.

In the next six months we will focus on:

- Analysing our key baseline numbers around climate and waste with a view to set appropriate targets
- Identifying opportunities to work with our supply chain partners to further minimise environmental impacts
- Continued removal of paper through digital picking, E-Receipting and electronic shelf label trial
- Building on the $500,000 raised for Cure Kids during the first half to target $1,000,000 for the full year
- Setting up appropriate ongoing governance of sustainability with the board and executive team
- Education and training of key staff to drive awareness and ownership throughout the business

Strategic Initiatives

We continue to focus on strategic change and development, which is critical to the future of the business. This work has been focused in three key areas – enhancing the shopping experience, improving our supply chain and developing new revenue streams.

The workstream on supply chain improvements continued to progress and, as noted above, produced significant gains to margin.

Other initiatives also continued to grow and contribute to profitability:

- The ongoing introduction of new products online that are shipped direct from suppliers to customers
- Continued development of our personalised database communication tool, Emarsys
- The introduction of Tableau business intelligence dashboards throughout our network
- The creation of a new on-shelf-availability tool for use across the store network
- Stock processing efficiencies in-store and at our distribution centre
- E-receipts live in all stores

Outlook

While the community appears to have adapted to the Omicron outbreak and related circumstances, the economic outlook for the rest of the year remains very uncertain.

As we have previously indicated, the way profit falls between the first and second halves of the current year will probably be quite different to last year's pattern, given the significant impacts and timings associated with supply chain disruptions and team availability; and given the large number of trading days lost through store closures during the outbreak of the Delta variant of Covid-19 between August and November 2021.

Not withstanding the more recent deterioration in economic conditions, we believe there is significant opportunity for the Group throughout the second half of the year – and especially in the third quarter upon comparison with that period of 2021.

Sales for August 2022 were more than 60% up on those for the same month last year; and, for a more direct comparison, 27.24% higher than for August 2019 (ie. pre-Covid-19).

Benefits from our strategic programme are on track to meet expectations for the full year.

Given the solid first-half performance, together with the promising start made to the second half of the year, we believe the Group remains in a strong position to be able to finish the year with NPAT ahead of the $87.91 million delivered last year.

On behalf of the Board:

Dame Rosanne Meo (Chair)
Rod Duke
Andy Coupe
Tony Batterton
Mark Callaghan


Anna Jones
SALAD
gestalten Delicious Places
Russell Hobbs
RETAIL IS OUR WORLD.

Supply Chain

The Covid-19 Pandemic has destroyed supply chain predictability. To maximise the control of supply our strategy was to increase inventory levels to help mitigate shortages. This strategy has been a success and one that has helped us to grow in a challenging market.

Short-term pressures

Whilst the Global supply chains are far from back to normality, the reduced government enforced lockdowns have helped to regain some stability. The cost of international freight has increased by over 50% since the start of the pandemic. However encouragingly shipping prices look to have peaked and there is some softening in the global shipping rates.

Shortages of skilled labour in New Zealand, particularly in the warehousing hub of south Auckland has created rapid inflation in wage rates and a dramatic shortage in available team members.

As these supply chain pressures start to ease and there is more predictability, we are rebalancing our inventory to similar levels to pre-Covid-19. Average cost prices will continue to inflate the cost of inventory holding however, inventory levels are now normalising.

Despite all of the short-term supply chain pressures, we have successfully navigated them to increase our product availability level and this has been rewarded by sales growth.

Longer-term investment in capacity and capability

The Covid-19 pandemic has clearly highlighted that supply chains can be a strategic advantage when running at the optimum levels. Due to many consecutive years of growth, we have outgrown our existing distribution centre in Auckland.

To ensure we have the supply chain network to support the next decade of growth we have completed our Network modelling with the help of KPMG. This model has defined that we could grow our physical space by circa 300% in Auckland and create a capacity of up to 10,000sqm in the South Island. These facilities will provide the ability to pick both store and direct to customer demand for both Briscoes and Rebel.

To ensure we leverage the maximum potential from this additional capability we have recently created a new GM of Supply Chain role. Darren Porteous brings three decades of supply chain experience with multinational supply chain providers including DHL and Panalpina.

We have appointed international supply experts to facilitate the DC design process. The process will commence in October this year and forecasted to be completed by end of January 2023.

Our potential investment in supply chain will build a platform for continued growth across the next 10 - 15 years.

Customer Experience

Enhancing our customer experience

In today's connected world we are aware that customer expectations are at an all time high. Our strategic plan has delivered a step change in customer satisfaction levels across the Group.

By mapping out customer journeys, from research through to purchase and then post purchase aftercare, we have gained a deep understanding of the key drivers of customer behaviour. This has been used to identify the key areas of focus both online and instore.

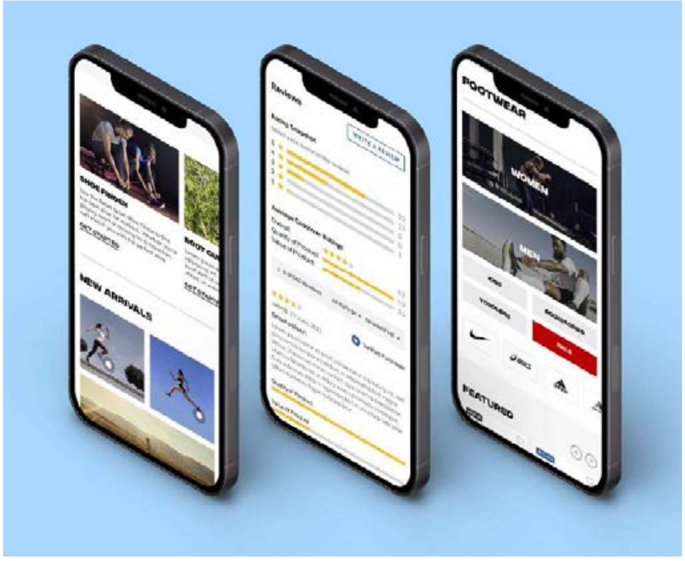
With over 50 million visits a year, our websites are one of the key places our customer research begins. Website enhancements have made the experience more relevant, and easier to find products. Using our automated email communication platform, we have developed a deeper connection with our customers. This is driving increased engagement with our customer database as well as lifetime value.

The progress made in the first half despite the Omicron outbreak has been significant. A relentless focus on service has resulted in both Briscoes Homeware and Rebel Sport achieving industry leading Net Promotor Scores (NPS).

This has been complemented by the completion of eight store refurbishments to our latest concept design stores. The new light and airy store formats provide improved space utilisation, enhanced lighting levels, better visual merchandising, and flexible seasonal spaces. These refreshed store formats are delivering strong customer satisfaction levels, significant increases in average basket values, and higher team engagement.

Our online fulfilment model continues to evolve through continuous improvement of our recently deployed digital picking technology. We have increased productivity while decreasing the time to pick and fulfil orders. This improvement in efficiency is helping to mitigate the higher labour and supply chain costs, while making tasks easier and less monotonous for our team.

An increased investment in new software in our contact centre has enabled the teams to provide quicker and higher quality resolution to customer queries. The launch of Live Chat service, at a time when contact centres have been inundated with customer queries has enabled us to deliver record service levels.



RETAIL IS OUR WORLD.

Directors' Approval of **Consolidated Financial Statements**

For the 26 week period ended 31 July 2022

Authorisation for Issue

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

Approval by Directors

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

Dame Rosanne Meo
CHAIRMAN

Rod Duke
GROUP MANAGING DIRECTOR

13 September 2022
For and on behalf of the Board of Directors

Consolidated **Income Statement**

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

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

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

Consolidated Statement of **Comprehensive Income**

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

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

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

Consolidated **Balance Sheet**

As at 31 July 2022 (unaudited)

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

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

Consolidated Statement of **Cash Flows**

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

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

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

Consolidated Statement of **Changes in Equity**

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

	Notes	Share Capital Unaudited $000	Cashflow Hedge Reserve Unaudited $000	Equity- Based Remuneration Reserve Unaudited $000	Other Reserves Unaudited $000	Retained Earnings Unaudited $000	Total Equity Unaudited $000
Balance at 31 January 2021		**61,839**	**(2,457)**	**444**	**(25,923)**	**225,144**	**259,047**
Net profit attributable to shareholders for the period		**-**	**-**	**-**	**-**	**47,461**	**47,461**
Other comprehensive income:							
Change in value of investment in equity securities	8	-	-	-	3,840	-	3,840
Net fair value gain taken through cashflow hedge reserve		-	2,476	-	-	-	2,476
Total comprehensive income for the period		-	2,476	-	3,840	47,461	53,777
Transactions with owners:							
Dividends paid	11	-	-	-	-	(30,045)	(30,045)
Performance rights charged to income statement		-	-	84	-	-	84
Performance rights exercised	10	153	-	(153)	-	-	-
Deferred tax on equity-based remuneration		-	-	(17)	-	-	(17)
Balance at 1 August 2021		61,992	19	358	(22,083)	242,560	282,846
Net profit attributable to shareholders for the period		-	-	-	-	40,448	40,448
Other comprehensive income:							
Change in value of investment in equity securities	8	-	-	-	(960)	-	(960)
Net fair value gain taken through cashflow hedge reserve		-	2,365	-	-	-	2,365
Total comprehensive income for the period		-	2,365	-	(960)	40,448	41,853
Transactions with owners:							
Dividends paid		-	-	-	-	(25,594)	(25,594)
Performance rights charged to income statement		-	-	133	-	-	133
Performance rights exercised		-	-	-	-	-	-
Deferred tax on equity-based remuneration		-	-	75	-	-	75
Balance as at 30 January 2022		**61,992**	**2,384**	**566**	**(23,043)**	**257,414**	**299,313**
Net profit attributable to shareholders for the period		**-**	**-**	**-**	**-**	**45,620**	**45,620**
Other comprehensive income:							
Change in value of investment in equity securities	8	**-**	**-**	**-**	**(12,482)**	**-**	**(12,482)**
Net fair value loss taken through cashflow hedge reserve		**-**	**(276)**	**-**	**-**	**-**	**(276)**
Total comprehensive income for the period		**-**	**(276)**	**-**	**(12,482)**	**45,620**	**32,862**
Transactions with owners:							
Dividends paid	11	**-**	**-**	**-**	**-**	**(34,510)**	**(34,510)**
Performance rights charged to income statement		**-**	**-**	**107**	**-**	**-**	**107**
Performance rights exercised	10	**144**	**-**	**(144)**	**-**	**-**	**-**
Deferred tax on equity-based remuneration		**-**	**-**	**(84)**	**-**	**-**	**(84)**
Balance as at 31 July 2022		**62,136**	**2,108**	**445**	**(35,525)**	**268,524**	**297,688**

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

Notes to the **Financial Statements**

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

1. Reporting Entity

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

2. Basis of Preparation of Financial Statements

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

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

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

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

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

3. Accounting Policies

The interim financial statements of the Group for the 26-week period ended 31 July 2022 have been prepared using the same accounting policies and methods of computations as, and should be read in conjunction with, the financial statements and related notes included in the Group's Annual Report for the full year period ended 30 January 2022.

4. Seasonality

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

Notes to the **Financial Statements**

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

5. Segment Information

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

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

For the period ended 31 July 2022

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

	$000
1. Investment in equity securities	*55,111*
Intercompany eliminations	*(19,249)*
Other balances	*15,814*
	51,676

Notes to the **Financial Statements**

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

For the period ended 1 August 2021

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

	$000
1. Investment in equity securities	*68,554*
Intercompany eliminations	*(15,385)*
Other balances	*1,904*
	55,073

6. Expenses

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

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

Notes to the **Financial Statements**

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

7. Property, Plant and Equipment

Acquisitions and disposals

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

8. Investment in Equity Securities

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

These shares are equity investments, quoted in the active market, which the Group has elected to designate as a financial asset at fair value through other comprehensive income (FVOCI). An adjustment was made at period end to reflect the fair value of these shares as at 31 July 2022.[1.]

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

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

Notes to the **Financial Statements**

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

9. Interest bearing liabilities

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

10. Share Capital

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

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

Notes to the **Financial Statements**

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

11. Dividends

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

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

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

12. Fair Value Measurements of Financial Instruments

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

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

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

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

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

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

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

There were no changes in valuation techniques during the period.

Notes to the **Financial Statements**

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

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

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

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

Derivative financial instruments

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

Investment in equity securities

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

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

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

Notes to the **Financial Statements**

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

13. Related Party Transactions

During the 26-week period the Company advanced and repaid loans to its subsidiaries by way of internal transfers between current accounts. In presenting the financial statements of the Group, the effect of transactions and balances between fellow subsidiaries and those with the Parent have been eliminated.

Material transactions between the Company and its subsidiaries were:

	26 Week Period Ended 31 July 2022 $00	26 Week Period Ended 1 August 2021 $000
Management fees charged by the Company to:		
Briscoes (NZ) Limited	**9,027**	8,299
The Sports Authority Limited (trading as Rebel Sport)	**5,563**	5,108
Total management fees charged	**14,590**	13,407
Dividends received by the Company from:		
Briscoes (NZ) Limited	**17,248**	15,017
The Sports Authority Limited (trading as Rebel Sport)	**17,248**	15,016
Total dividends received	**34,496**	30,033

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

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

Notes to the **Financial Statements**

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

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

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

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

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

Notes to the **Financial Statements**

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

14. Contingent liabilities

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

15. Climate change related risks

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

16. Events after balance date

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

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

17. Accounting standards

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

Independent auditor's review report

To the shareholders of Briscoe Group Limited

Report on the consolidated interim financial statements

Our conclusion

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

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

Basis for conclusion

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

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

Responsibilities of Directors for the interim financial statements

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

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

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

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

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

PricewaterhouseCoopers, PwC Tower, 15 Customs Street West, Private Bag 92162, Auckland 1142 New Zealand
T: +64 9 355 8000, www.pwc.co.nz

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

Who we report to

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

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

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
13 September 2022

Auckland

Directory

Directors
Dame Rosanne PO'L Meo (Chairman)
Rodney A. Duke
Anthony (Tony) D. Batterton
Richard A. (Andy) Coupe
Hugh J. M. (Mark) Callaghan

Registered Office
1 Taylors Road,
Morningside
Auckland
Telephone (09) 815 3737

Postal Address
PO Box 884
Auckland Mail Centre
Auckland

Solicitors
Simpson Grierson

Bankers
Bank of New Zealand

Auditors
PwC

Share Registrar
Link Market Services Limited
Deloitte Centre
Level II
80 Queen Street
Auckland 1010
Telephone +64 9 375 5998

Websites
www.briscoegroup.co.nz
www.briscoes.co.nz
www.rebelsport.co.nz
www.livingandgiving.co.nz

Notes

Notes

Notes

briscoegroup.co.nz