

Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

Updated as at 17 October 2019

Results for announcement to the market		
Name of issuer	BRISCOE GROUP LIMITED	
Reporting Period	Full Year – 27 January 2020 to 31 January 2021	
Previous Reporting Period	Full Year – 28 January 2019 to 26 January 2020	
Currency	New Zealand Dollars	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$701,797	+7.5%
Total Revenue	\$701,797	+7.5%
Net profit/(loss) from continuing operations	\$ 73,199	+17.0%
Total net profit/(loss)	\$ 73,199	+17.0%
Final Dividend		
Amount per Quoted Equity Security	\$ 0.13500000	
Imputed amount per Quoted Equity Security	\$ 0.05250000	
Record Date	24 March 2021	
Dividend Payment Date	31 March 2021	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$ 1.1482	\$ 1.3892
A brief explanation of any of the figures above necessary to enable the figures to be understood	Refer to section below “Full Year Review” for commentary. Earnings before interest and tax (EBIT) is a non-GAAP measure.	
Authority for this announcement		
Name of person authorised to make this announcement	Geoff Scowcroft	
Contact person for this announcement	Rod Duke	
Contact phone number	+ 64 9 815 3737	
Contact email address	rod.duke@briscoegroup.co.nz	
Date of release through MAP	16/03/2021	

Audited abridged financial statements accompany this announcement.

Full Year Review

Briscoe Group Posts Record Profit and Sales

Briscoe Group Limited (NZX/ASX code: BGP)

Highlights for the full year ended 31 January 2021:

- Total sales \$701.8 million, +7.47%
- Gross profit \$307.1 million, +19.27%
- Gross profit margin 43.76% vs 39.43% last year
- Online sales growth, +79.65%
- Online sales as mix of total Group sales, 18.82%
- Net profit after tax (NPAT) \$73.2 million, +16.96%
- Final Dividend 13.5 cps

The directors of Briscoe Group Limited announce a record net profit after tax (NPAT) of \$73.20 million for the year ending 31 January 2021, a 16.96% increase on the \$62.58 million reported for the previous year.

The result incorporates an additional week's trading in comparison to the 52-week period last year. The additional week is necessary because the Group operates on a weekly trading and reporting cycle of 52 weeks for most years with a 53-week year required once every five to six years to realign the financial and calendar year-ends.

Board Chair, Dame Rosanne Meo announced that the directors have resolved to pay a final dividend of 13.5 cents per share (cps). The dividend is fully imputed and, when added to the interim dividend of 9.0cps and the special dividend paid in January of 6.0cps, brings the total dividend for the year to 28.5cps. The final dividend will be paid on 31 March 2021. The share register will close to determine entitlements to the dividend at 5pm on 24 March 2021. "We're delighted to be in a position to increase both the interim and final dividend payments, in addition to the recent special dividend paid to shareholders in January.

"We're very proud of how our team has performed, the financial results produced and also of how the Company has endeavoured to balance the interests of stakeholder groups - team, customers, suppliers and shareholders alike."

Rod Duke, Group Managing Director, said, "We are pleased to announce record sales and profit for Briscoe Group in a year truly like no other. Navigating the twists and turns encountered this year really has been like riding a retail roller-coaster. I'm immensely proud of the commitment and effort shown by the entire Briscoe Group team which has enabled us to remain focused on delivering our unique value proposition which clearly continues to resonate strongly with customers. It is a priority for the business that the momentum established this year continues as the basis for on-going growth and success."

The earnings were generated on sales revenue of \$701.8 million, an increase of 7.47% on the \$653.0 million generated for the previous year.

Gross Margin dollars increased 19.27% for the period with gross margin percentage increasing from 39.43% to 43.76%. Rod Duke said, "The massive disruption to trading from Covid-19 accelerated our strategic plans to optimise margin. Our program of work focuses on all stages of the product life cycle including;

- optimising our pre-season planning and buying processes,
- use of enhanced data analytics to maximise our seasonal trading events,
- improving inventory flow to shelf for new and replenishment product, and
- reducing our level of clearance product.”

Included in the result is a credit adjustment to tax expense totaling \$0.68 million. This has arisen from two reversals of deferred tax liability arising from; the sale of the Group’s Nelson property and the reintroduction of tax depreciation on commercial and industrial buildings as part of the Covid-19 Response (Taxation and Social Assistance Urgent Measures) Act.

The Group did not receive a dividend during the year from its investment in Kathmandu Holdings Limited (KMD) as a result of their response to the Covid-19 situation. Last year the Group received \$9.5 million of rights entitlements benefits and dividends, in relation to the KMD investment.

During the year \$27.43 million of capital investment was made by the Group of which \$18.30 million represents development of property owned by the Group in Auckland, Silverdale and Invercargill. The balance of the capital investment was for the fit-out of relocated stores, online platform improvements, security system upgrades and enhancements to system software and hardware.

Inventories totaled \$91.47 million at year-end, \$4.06 million higher than the \$87.41 million reported for last year, predominantly reflecting imported homeware product, landed and receipted earlier than usual as a contingency against possible supply disruption. Rod Duke said, “Notwithstanding the widely reported ‘pandemic-inflicted’ pressures on product sourcing and supply, the strength of our supplier relationships has been incredibly valuable for us in securing consistency of supply. We are very grateful to our supply partners for the collaboration and co-operation shown through this extraordinary year.”

Despite the major distraction across the entire business due to Covid-19, the Group progressed a number of store development projects during the year. In May both the Briscoes Homeware and Rebel Sport Nelson stores were relocated to a new dual site with more carparking and better access for customers. The new stores are bigger and brighter with the Rebel Sport store featuring the new generation fit-out. The former Rebel Sport premises which was owned by the Group was sold.

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

Work also continued on a number of projects in relation to Group owned properties. The re-roofing of Briscoes Invercargill was completed in October 2020 and the construction of a new Briscoes Homeware store at 36 Taylors Road, Auckland is now nearing completion and on target for opening in early April 2021.

Rod Duke said, “We’re excited about the potential of this new store, which will be bigger, brighter and feature a new contemporary fit-out. The opening of this store will then allow us to introduce a new Rebel Sport store in the retail space on the ground floor of the Support Office building at 1 Taylors Road.”

The development at Silverdale is continuing well with the building construction now well over half completed. The opening of these new generation Briscoes Homeware and Rebel Sport stores in October 2021 will make it easier for our customers in Silverdale, Orewa, on the Hibiscus Coast and surrounding areas to shop with us.

The Group's online business experienced extraordinary growth with the move to the national lockdown in March and continued to produce strong growth throughout the remainder of the year finishing with growth of 79.65% above online sales for the 2019/20 year. Rod Duke said, "This represents 18.8% of total Group sales and whilst this mix was clearly assisted by the closure of bricks and mortar stores during the two lockdown periods, we are confident that the online mix of sales moving forward will have experienced a significant step-change from the 11.3% recorded for the previous year. The accelerated roll-out of Click and Collect across the entire network proved invaluable during the lockdown periods and is a great example of how quickly the team can respond and accelerate plans when required. The service is proving extremely popular accounting for 30% of all online sales processed during the second half of the financial year.

Rod Duke said "While the recovery across most of New Zealand retailing since the end of lockdown has been significant, the agility shown by the Briscoe Group team to adapt to and leverage the new trading conditions has also been nothing short of incredible.

"In addition, the strategic initiatives established at the start of 2020 have laid the foundations for a range of plans to sustain and build the business across the next 3-5 years. These plans revolve around three key areas:

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

"We have partnered with KPMG in relation to identifying and implementing supply chain improvements. Their experience from working with a number of other retailers will be invaluable and benefits have already started to be realised."

Group Chair Dame Rosanne Meo said, "This year's results highlight the Group's ability to perform, adapt and deliver improved performance under the most extraordinary trading conditions. The quality of the leadership shown by the senior executive team has been impressive and on behalf of the Board I would like to acknowledge the great work done by the entire Briscoe Group team. The outlook is certainly complex and uncertain but we are confident that the business is well placed in relation to both team and strategy to deliver improved profit and returns to shareholders."

Tuesday 16 March 2021

Contact for enquiries:

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Briscoe Group Limited is a company incorporated in New Zealand and registered in Australia as a foreign company under the name Briscoe Group Australasia Limited (ARBN 619 060 552). It is listed on the NZX Main Board and also the Australian Securities Exchange as a foreign exempt entity. (NZX/ASX code: BGP).

<p align="center">BRISCOE GROUP LIMITED CONSOLIDATED INCOME STATEMENT for the 53 week period ended 31 January 2021</p>
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	Period ended 31 January 2021 \$000	Period ended 26 January 2020 \$000
Sales revenue	701,797	653,017
Cost of goods sold	<u>(394,681)</u>	<u>(395,515)</u>
Gross profit	307,116	257,502
Other operating income	139	9,661
Store expenses	(110,845)	(100,342)
Administration expenses	<u>(80,524)</u>	<u>(69,598)</u>
Earnings before interest and tax	115,886	97,223
Finance income	421	724
Finance cost	<u>(14,888)</u>	<u>(13,635)</u>
Net finance cost	(14,467)	(12,911)
Profit before income tax	101,419	84,312
Income tax expense	<u>(28,220)</u>	<u>(21,729)</u>
Net profit attributable to shareholders	<u>73,199</u>	<u>62,583</u>

<p style="text-align: center;">BRISCOE GROUP LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the 53 week period ended 31 January 2021</p>

	Period ended 31 January 2021 \$000	Period ended 26 January 2020 \$000
Net Profit attributable to shareholders	73,199	62,583
Other comprehensive income:		
Items that will not be subsequently reclassified to profit or loss:		
Change in value of investment in equity securities	(92,174)	38,513
Items that may be subsequently reclassified to profit or loss:		
Fair value gain recycled to income statement	(608)	(4,077)
Fair value (loss)/gain taken to the cashflow hedge reserve	(2,084)	3,022
Deferred tax on fair value gain taken to income statement	170	1,142
Deferred tax on fair value (loss)/gain taken to cashflow hedge reserve	584	(846)
Total other comprehensive (loss)/income	(94,112)	37,754
Total comprehensive (loss)/income attributable to shareholders	(20,913)	100,337

<p style="text-align: center;">BRISCOE GROUP LIMITED CONSOLIDATED BALANCE SHEET As at 31 January 2021</p>

	31 January 2021 \$000	26 January 2020 \$000
ASSETS		
Current assets		
Cash and cash equivalents	100,417	67,414
Trade and other receivables	3,534	3,533
Inventories	91,473	87,414
Held-for-sale assets	-	5,408
Derivative financial instruments	32	269
Total current assets	195,456	164,038
Non-current assets		
Property, plant and equipment	117,397	97,265
Intangible assets	3,608	3,464
Right-of-use assets	255,850	266,001
Deferred tax	14,750	11,676
Investment in equity securities	61,930	154,104
Total non-current assets	453,535	532,510
TOTAL ASSETS	648,991	696,548
LIABILITIES		
Current liabilities		
Trade and other payables	80,952	81,260
Lease liabilities	19,277	17,744
Taxation payable	12,413	4,895
Derivative financial instruments	3,378	1,014
Total current liabilities	116,020	104,913
Non-current liabilities		
Trade and other payables	930	852
Lease liabilities	272,994	278,664
Total non-current liabilities	273,924	279,516
TOTAL LIABILITIES	389,944	384,429
NET ASSETS	259,047	312,119
EQUITY		
Share capital	61,839	60,752
Cashflow hedge reserve	(2,457)	(519)
Equity-based remuneration reserve	444	841
Other reserves	(25,923)	66,251
Retained earnings	225,144	184,794
TOTAL EQUITY	259,047	312,119

<p align="center">BRISCOE GROUP LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS for the 53 week period ended 31 January 2021</p>
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	Period ended 31 January 2021 \$000	Period ended 26 January 2020 \$000
OPERATING ACTIVITIES		
Cash was provided from:		
Receipts from customers	701,574	652,701
Rent received	15	12
Dividends received	3	6,832
Premium received from KMD rights issue	-	2,720
Interest received	450	850
Insurance recovery	22	97
	<u>702,064</u>	<u>663,212</u>
Cash was applied to:		
Payments to suppliers & employees	(530,188)	(525,678)
Interest paid	(14,889)	(13,631)
Net GST paid	(27,508)	(20,310)
Income tax paid	(22,913)	(24,085)
	<u>(595,498)</u>	<u>(583,704)</u>
Net cash inflows from operating activities	<u>106,566</u>	<u>79,508</u>
INVESTING ACTIVITIES		
Cash was provided from:		
Proceeds from sale of property, plant and equipment	1,996	11
	<u>1,996</u>	<u>11</u>
Cash was applied to:		
Purchase of property, plant and equipment	(25,540)	(17,410)
Purchase of intangible assets	(1,889)	(1,768)
Investment in equity securities	-	(13,602)
	<u>(27,429)</u>	<u>(32,780)</u>
Net cash outflows from investing activities	<u>(25,433)</u>	<u>(32,769)</u>
FINANCING ACTIVITIES		
Cash was provided from:		
Issue of new shares	919	1,620
Net proceeds from borrowings	-	-
	<u>919</u>	<u>1,620</u>
Cash was applied to:		
Dividends paid	(33,370)	(45,494)
Lease liabilities payments	(15,588)	(16,264)
	<u>(48,958)</u>	<u>(61,758)</u>
Net cash outflows from financing activities	<u>(48,039)</u>	<u>(60,138)</u>
Net decrease in cash and cash equivalents	<u>33,094</u>	<u>(13,399)</u>
Cash and cash equivalents at beginning of period	67,414	80,777
Effect of exchange rate changes on cash and cash equivalents	(91)	36
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>100,417</u>	<u>67,414</u>

BRISCOE GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 53 week period ended 31 January 2021

	Share Capital	Cashflow Hedge Reserve	Equity-Based Remuneration Reserve	Other Reserves	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 27 January 2019	58,929	240	1,097	27,738	185,537	273,541
Impact of adopting NZ IFRS 16	-	-	-	-	(18,205)	(18,205)
Adjusted balance as at 28 January 2019	58,929	240	1,097	27,738	167,332	255,336
Net profit attributable to shareholders for the period	-	-	-	-	62,583	62,583
Other comprehensive income:						
Change in value of investment in equity securities	-	-	-	38,513	-	38,513
Net fair value loss taken through cashflow hedge reserve	-	(759)	-	-	-	(759)
Total comprehensive (loss)/income for the period	-	(759)	-	38,513	62,583	100,337
Transactions with owners:						
Dividends paid	-	-	-	-	(45,494)	(45,494)
Share options charged to income statement	-	-	168	-	-	168
Performance rights charged to income statement	-	-	105	-	-	105
Share options exercised	1,823	-	(203)	-	-	1,620
Transfer for share options lapsed and forfeited	-	-	(373)	-	373	-
Deferred tax on equity-based remuneration	-	-	47	-	-	47
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	-	-	-	(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	-	-	-	-	(33,370)	(33,370)
Share options charged to income statement	-	-	-	-	-	-
Performance rights charged to income statement	-	-	183	-	-	183
Share options exercised	1,087	-	(168)	-	-	919
Transfer for share options lapsed and forfeited	-	-	(521)	-	521	-
Deferred tax on equity-based remuneration	-	-	109	-	-	109
Balance at 31 January 2021	61,839	(2,457)	444	(25,923)	225,144	259,047

Earnings per Security (EPS)

Calculation of basic and fully diluted EPS in accordance with IAS 33: Earnings Per Share

	Current full-year (cents per share)	Previous corresponding full-year (cents per share)
Basic EPS	32.9	28.2
Diluted EPS	32.8	28.0

Dividends Paid / Payable in relation to the year ended 31 January 2021

	Date Paid / To be paid	Cents per share (fully imputed)
Interim Dividend for the period ended 31 January 2021	1 October 2020	9.00
Special Dividend for the period ended 31 January 2021	20 January 2021	6.00
Final Dividend for the period ended 31 January 2021	31 March 2021	13.50

Segment Information

For the period ended 31 January 2021	Homeware \$000	Sporting goods \$000	Eliminations / Unallocated \$000	Total Group \$000
Sales Revenue	439,234	262,563		701,797
Earnings Before Interest and tax	66,979	46,495	2,412	115,886

For the period ended 26 January 2020	Homeware \$000	Sporting Goods \$000	Eliminations / Unallocated \$000	Total Group \$000
Sales Revenue	410,908	242,109		653,017
Earnings Before Interest and tax	49,390	36,447	11,386	97,223