

Annual Report 2021



**RETAIL
IS OUR
WORLD.**



BRISCOES
HOMEWARE



REBEL
SPORT

Living
& Giving



Contents

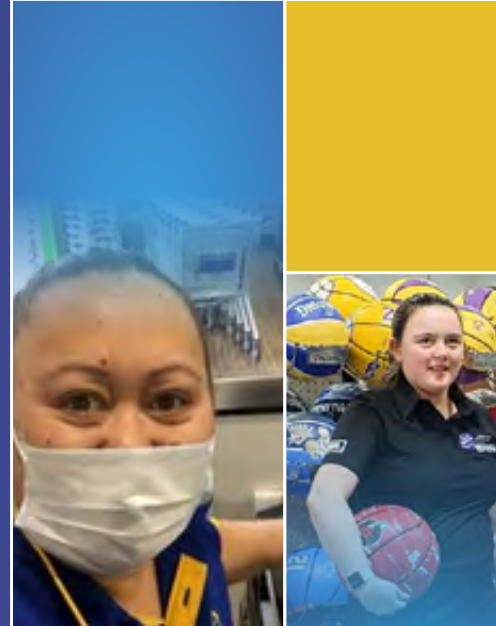
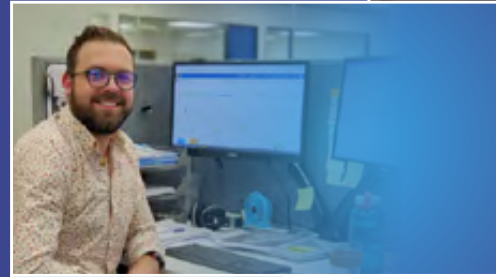
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Stronger Together

“From operating dark stores to navigating through the challenges of a disrupted global supply chain, it’s certainly been an unexpected year, that together, we’ve come out stronger.”

Rod Duke

Group Managing Director





At a Glance



We are a leading New Zealand retailer with a blend of bricks and mortar and online shopping channels, offering our customers the best range of brands at great prices.



More than
2,000 Team
Members



Over
500,000
units sold
per week



More than
90,000 product
choices available



46 million
website visits



\$686,000
raised for
Cure Kids

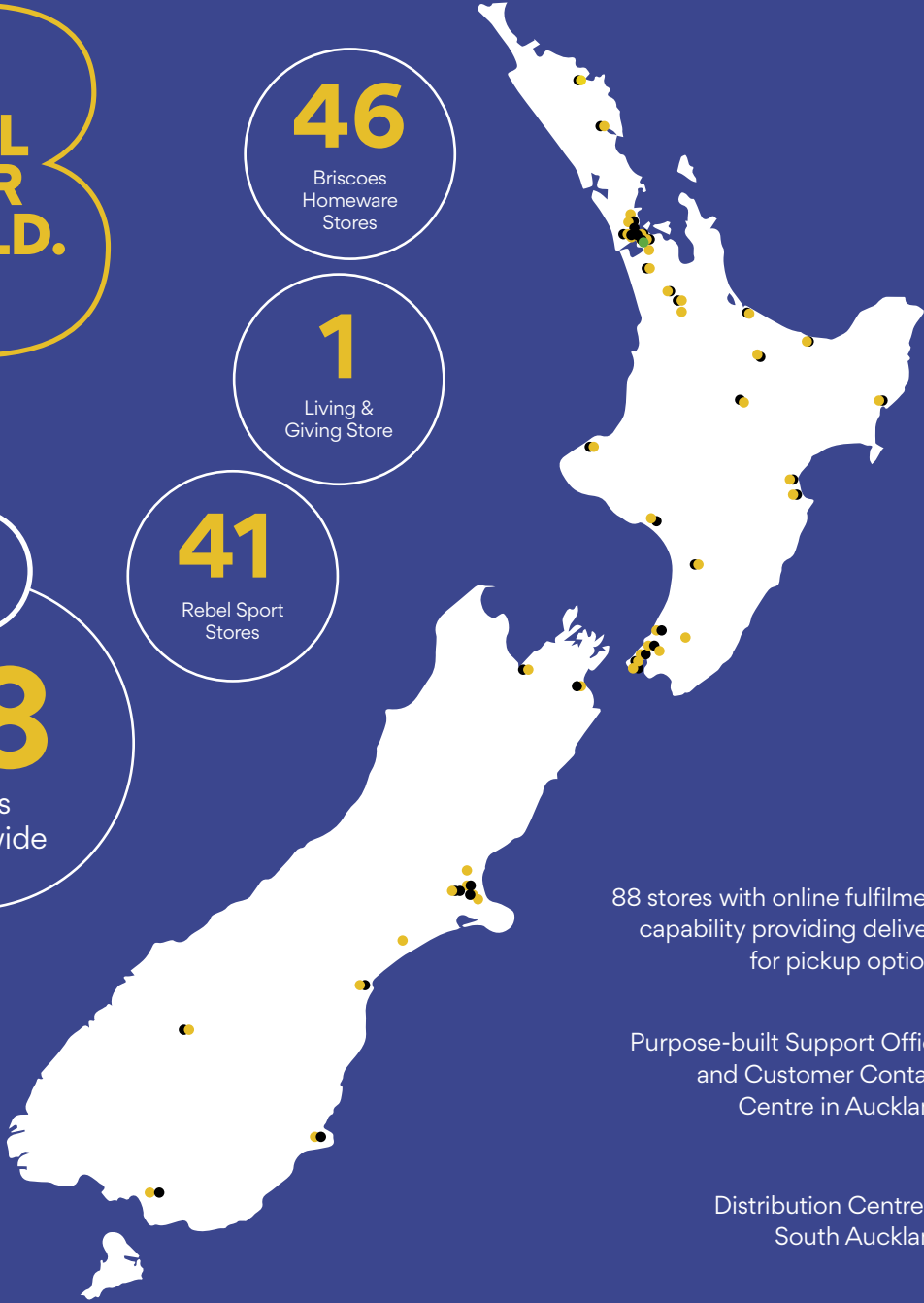
RETAIL IS OUR WORLD.

46
Briscoes
Homeware
Stores

1
Living &
Giving Store

41
Rebel Sport
Stores

88
Stores
Nationwide



88 stores with online fulfilment capability providing delivery for pickup options



Purpose-built Support Office and Customer Contact Centre in Auckland



Distribution Centre in South Auckland



● BRISCOES HOMEWARE STORES ● REBEL SPORT STORES ● DISTRIBUTION CENTRE

Plus, our online stores



briscoes.co.nz



livingandgiving.co.nz



rebelsport.co.nz

Board of Directors' Review

The year under review tested the Company – our business model, our strategy and our capacity to respond to changes in the operating environment – in ways that could not have been foreseen.

Our operating and financial performance for the year was remarkably strong. We emerged from this period a more robust and resilient company – with an enhanced business platform and a new sense of the strength and growth potential inherent in the business.

In this report we obviously intend to focus on our results for the 2020/21 year but also want to emphasise with you a number of initiatives and developments that the business has underway. These are already impacting the way we do business and whilst some were based on strategic work already underway leading into 2020/21, others are more recent. It was apparent with the onset of Covid-19 that the way we were all living had to change and similarly, what our customers and our employees required would alter too. We quickly saw that the pandemic was offering us a great opportunity to change the way we were operating, and the progress and success of these initiatives continue to illustrate this.

Our first priority with the onset of the Covid-19 pandemic was to ensure the health and wellbeing of our employees and customers. This involved protecting them from the virus itself and, in the case of employees, from the resulting threats to job and income security. In an environment that mandated the closure of our entire store network for several weeks, with the ultimate duration being uncertain, that was no small undertaking. We committed to continue paying our people their full salaries and we set an objective, which was duly achieved, of getting through this period without making any staff redundant.

Given the certainty of a collapse in revenue over a significant period of time, we were eligible for and received the first round of government wage subsidy. This was of considerable assistance in meeting our commitments to employees, although there remained a significant gap that the Company funded from its own resources. It was particularly pleasing that we were eventually in a position to repay the subsidy in full, in October 2020, being one of the first major retailers to do so.

“Our greatest strength is the combination of our people, our customers, our suppliers and our business partners.”

Our trading performance recovered from the effects of the national lockdown more quickly than could have been expected. This was a rebound in two parts – pent-up consumer demand resulting from closure in our store network lasting 50 days and a jump in online sales. The completion of our revamped online platform earlier in the 2020/21 year, along with the completion of our Click-and-Collect fulfilment network, proved very timely.

The pandemic has reinforced the importance of continually reviewing our systems, processes and assumptions that help to drive our business – starting with the ways in which we communicate and work together and continuing through the supply chain, inventory management and sales and fulfilment processes. There have been meaningful benefits and improvements, as described in the commentary below.

While protecting and adapting the business was a matter of urgency, management had made significant progress on implementing a number of strategic and growth initiatives pre-Covid. The ability our leadership team has demonstrated to balance and move forward on these very different imperatives during a period of intense pressure is highly valued and appreciated by the Board.



Financial Performance

Briscoe Group's sales revenue grew by 7.47% to a record \$701.8 million for the year. Gross margin dollars increased by 19.27% to \$307.1 million, while gross margin percentage increased from 39.43% to 43.76%. Both sales and gross profit set new benchmarks for the Company's performance.

Net profit after tax (NPAT) was up by 16.96% to \$73.2 million – a remarkable result given an erratic trading year heavily affected by Covid-19 and also considering the Group received no dividend this year from its investment in Kathmandu Holdings Limited (KMD). The previous year's result included \$9.5 million of rights entitlements benefits and dividends from KMD. We remain supportive of the Kathmandu business and continue to monitor its progress through this difficult trading environment.

The Group's balance sheet remains strong, with cash and bank balances of \$100.4 million as at 31 January 2021 and no term debt. Inventory is always a key area of focus – despite widely reported supply issues the Company's inventories closed at a higher level than in the previous year, ensuring a healthy stock position for the beginning of the new financial year.

\$701.8 M

SALES REVENUE
7.47%

Dividend

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 was paid on 31 March 2021. The share register closed to determine entitlements to the dividend at 5pm on 24 March 2021.

We were delighted to be able to provide an additional return to our shareholders in the form of the 6cps special dividend paid during January 2021, and also to be in a position to increase both the interim and final dividend payments.

“Briscoe Group is committed to the highest standards of governance and management, based on implementing best practice structures and policies.”

Corporate Governance

Briscoe Group is committed to the highest standards of governance and management, based on implementing best practice structures and policies. It has always been a strong feature of the Company that the Board and Executive teams work effectively together and are aligned around the business objectives.

The Board recognises that corporate governance encompasses a broad spectrum of policies, processes and practices from how a company values its stakeholders through to impact on the community and environment. As well as the usual company policies available on our website, Briscoe Group has a number of initiatives in relation to its involvement in the community as well as proactively ensuring a positive environmental impact. These are expanded further on pages 25 and 26 of this Annual Report.

In the last Annual Report we advised that we had commenced a search for an additional director. That search was delayed as a result of the disruption caused by Covid-19, but we were delighted to announce in December that the Board intended

to appoint Mark Callaghan as an independent, non-executive director of Briscoe Group, effective 1 January 2021.

Mark is an experienced business leader with demonstrated commercial abilities in strategy and operations gained across a number of notable FMCG organisations, including Frucor Beverages and Cadbury Schweppes. He has held a variety of positions from marketing management to CEO to Board Director. Mark is currently Chief Executive Officer of Phytomed Medicinal Herbs Ltd, an Independent Non-Executive Chairman of Office Products Depot Ltd and a member of the New Zealand Institute of Directors.

A key feature of good governance is for boards to challenge themselves consistently to ensure the highest level of service to the companies they serve. With Mark's appointment we are confident that the Briscoe Group Board of Directors has an excellent balance of the attributes required to meet the future needs of the business.

The Board recently made its annual determination as to the independence of directors. It was determined that all directors other than the Managing Director continue to be independent. As part of the determination, the tenure of the Chair was considered carefully. While the Board acknowledged that the tenure was significant, it agreed unanimously that it did not compromise in any way the Chair's ability to bring an independent view, act in the best interests of the issuer and represent the best interests of all shareholders.

Equity-based Remuneration Scheme

The Board is of the view that all shareholders benefit from the participation of key senior executives in long-term, appropriately-priced, equity-based remuneration that crystallises only on delivery of increased shareholder value.

As previously reported, the Board approved in March 2019 the Senior Executive Incentive Plan designed to replace the previous Executive Share Option Plan. Under this new plan, selected senior employees could be granted Performance Rights which, upon vesting, would reward the employees with ordinary shares in the Company. Performance Rights vest after three years subject to the Company's achievement against Total Shareholder Return and Earnings Per Share growth targets.

We continue to be of the view that this is an appropriate long-term incentive scheme and to date three tranches of Performance Rights have been issued under this Plan.

Further details in relation to equity-based remuneration can be found in Note 6.2 (page 70) of the financial statements within this Annual Report.

Conclusion

The Board is extremely proud of the performance of the whole Briscoe Group team, the financial results and the way the Company has endeavoured to balance the interests of all stakeholder groups – the team, customers, suppliers and shareholders alike.

No matter how successful we have been at navigating the unique circumstances during 2021, we are acutely aware that the current year could prove equally challenging. Nevertheless we are confident that the robust response of people and organisations across the country, along with the anticipated vaccination programme, will eventually bring us back to a position where trading conditions resemble the

norms that applied before the arrival of Covid-19. Just as the business responded brilliantly to the unique circumstances of the past year, we have every confidence it will continue to do so.

Our greatest strength is the combination of our people, our customers, our suppliers and our business partners and the Board want to thank all of them for their enormous efforts during this most difficult year. We fully recognise the commitment that they make to the success of this company and we are sure, share in our excitement for 2021 and beyond.

On behalf of the Board:

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



From left: Mark Callaghan, Tony Batterton, Dame Rosanne Meo (Chair), Rod Duke and Andy Coupe.

Highlights



A proactive and **united response** to COVID-19



All team members **paid in full** during lockdowns



\$11.5 million **wage subsidy repaid in full**



2.5 million tonnes mixed recycling



Increased customer satisfaction (NPS) across our brands



Black Friday promotions produced **record sales**



Click & Collect rolled out to all stores



New online platform launched



Established strategic partnership with KPMG

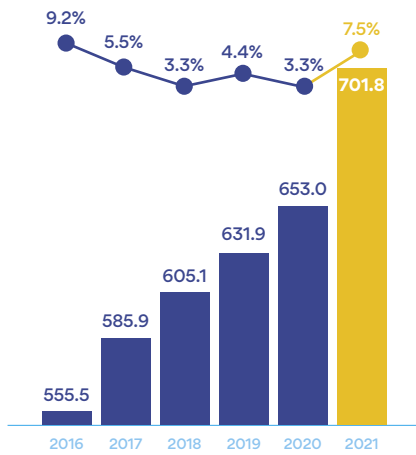
Key performance indicators (KPIs) are used by the Board and throughout the Group to monitor business performance

“In a year which produced so many highlights, both financial and non-financial, the ability of the business to be proactive and decisive meant we could offer reassurance to our stakeholders and ultimately protect the Group’s strong balance sheet position to support our future growth.”



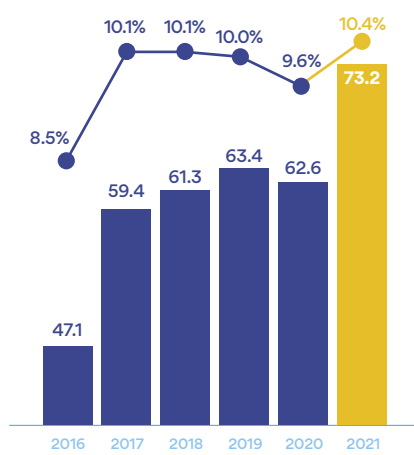
- **Geoff Scowcroft** Chief Financial Officer

TOTAL REVENUE
\$M AND GROWTH %



Growth of 7.5% includes online growth of 79.7% and a slight decline of 1.7% in bricks and mortar stores despite imposed alert-level shutdowns.

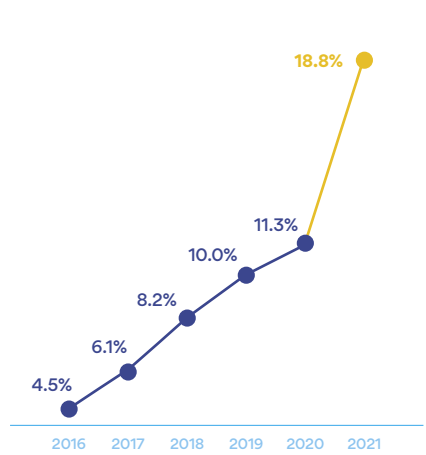
NET PROFIT AFTER TAX*
\$M AND % SALES



Record net profit after tax (NPAT) despite the challenges of Covid-19.

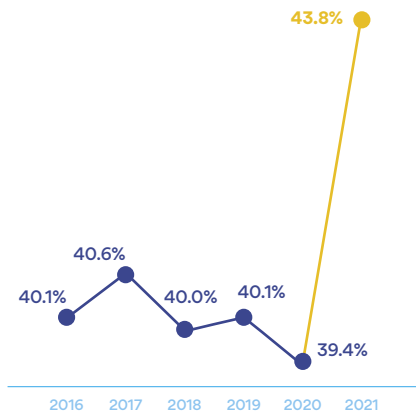
**Values for 2020 and 2021 shown inclusive of impact of NZ IFRS16*

ONLINE MIX OF SALES
%



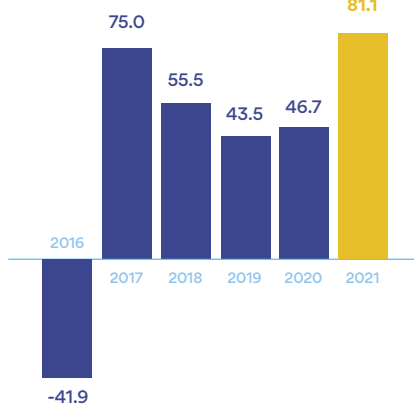
The new online platform and nationwide roll-out of Click and Collect provided the capability to successfully manage the step-change in online volume.

GROSS PROFIT MARGIN
%



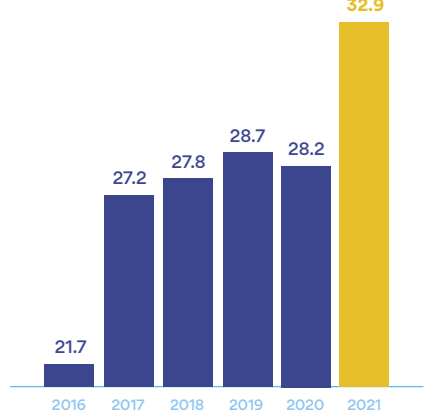
Focus on margin enhancement across all stages of product life cycle has produced significant margin improvement.

FREE CASH FLOW
\$M



Solid positive free cash flow (defined as net cash from operating activities less net cash used in investing activities) helps to maintain the Group’s strong balance sheet.

EARNINGS PER SHARE*
CENTS



Strong increase in earnings per share on the back of record earnings and profit.

**Values for 2020 and 2021 shown inclusive of impact of NZ IFRS16*

Managing Director's Review of Operations

The latest year was truly remarkable – the Covid-19 pandemic made extraordinary demands on the resilience and adaptability of the business. Our response highlighted the capability of teams in all parts of the Company.

Our senior leadership team continued to demonstrate the highest level of strategic awareness and flexibility. The commitment and dedication of our teams – instore, in distribution and in online fulfilment – once again provided the foundations on which a strong operational performance could be built.

Had the operating context been known in advance I doubt anyone would have predicted the results achieved – strong increases in revenue and earnings for the year, a substantial shift upward in margins and the restoration of dividend payments just a few months after they were suspended in highly uncertain trading conditions.

Results

The cornerstone of our performance was a rapid and agile response to the national Level 4 lockdown, which closed all stores in our network with five weeks remaining in the first quarter. A steep decline in sales from that point onward was inevitable. Our stores remained closed for 50 days, but the impact on our performance was overtaken by a rapid increase in online trading and then strong pent-up demand when store trading resumed. It is clear that our customers are increasingly comfortable shopping in both our store and online channels, moving between them according to the needs of the moment.

Sales of both homewares and sporting goods remained high for the rest of the year despite our stores in Auckland being closed again during the regional Level 3 lockdown, for just under two weeks in August 2020. Across the full year, homeware sales rose by 6.89% to \$439.2 million and those for sporting goods by 8.45% to \$262.6 million.

The results incorporate an additional week's trading, 53 weeks compared to 52 in the previous year. The Group operates on a weekly trading and reporting cycle that requires a 53-week year every five-to-six years to realign the financial and calendar year-ends.

The significant increase in gross margin, in both raw dollar and percentage terms, is perhaps the most encouraging feature of the year's results. The massive disruptions to trading from Covid-19 accelerated our strategic plans to optimise margin. This includes; enhancing pre-season planning and buying processes, use of improved data analytics to maximise our seasonal trading events, improving inventory flow and reducing the level of clearance product.

Our work to improve margins is ongoing as part of the supply chain improvement stream in our strategy programme. While every year's trading is different, we do believe that changes made to date and others still to come will have significance for the way we operate going forward.

Inventories were \$91.5 million at the end of the year – up \$4.1 million due predominantly to early landings of some homeware stock to avoid delays ahead of Chinese New Year. Given the impact of the pandemic on product sourcing, our strong relationships with suppliers have been incredibly valuable to us in securing reliable and consistent supply. We are very grateful to our supply partners for their collaboration and co-operation through this extraordinary year.

The Group invested \$27.4 million in capital projects during the year, of which \$18.3 million was for the development of property owned by the Group in Auckland, Silverdale and Invercargill. The balance was for the fit-out of relocated stores, online platform improvements, security system upgrades and enhancements to system software and hardware.

Store Network

Despite the disruptions created by Covid-19 the Group progressed a number of store development projects during the year.

The Briscoes Homeware and Rebel Sport stores in Nelson were relocated in May, 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 our new generation fit-out. The former Group-owned Rebel Sport premises were sold.

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

Work also continued on a number of refurbishment projects at Group-owned properties. The re-roofing of Briscoes Invercargill was completed in October 2020. The construction of a new concept Briscoes Homeware store at 36 Taylors Road, Auckland has been completed and the store is now trading. This allows 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 Silverdale development is still progressing well and the construction phase is well over halfway to completion. The opening of these new concept Briscoes Homeware and Rebel Sport stores in October 2021 will make it easier for our customers in Silverdale, Orewa, the Hibiscus Coast and surrounding areas to shop with us.

As part of the refreshed Rebel Sport branding programme our Rebel Sport stores are being converted progressively to feature new signage and a modernised exterior profile.

Our store development programme reflects the ongoing re-examination of our retail footprint – stores, online platform and distribution centre capacity – with a view to ensuring we understand the optimal size and location mix to take the Company into the future.



Online

Our online business experienced extraordinary growth with the move to a national lockdown in March 2020 and continued to perform at higher levels through the rest of the year. Online sales for the full year were 79.65% above those for the previous year. They were 18.82% of total sales, compared with 11.30% in the previous year. While the mix was clearly influenced by the closure of stores during the two lockdowns, we are confident that the online proportion of our business is experiencing a significant step-change upward.

Our online platform had been revamped in a major project completed early in the year as part of our shift towards an online customer targeting strategy. We moved successfully to increase the capacity of the new platform in response to the closure of the store network during the national lockdown. The implementation of online fulfilment centres throughout our network was also crucial in dealing with the surge in online trading.

We also completed the roll-out of Click and Collect facilities across all stores – a great example of the speed with which our teams can respond to accelerate plans when required. The Click and Collect facilities were invaluable during the lockdowns, proving extremely popular with shoppers and accounting for more than 30% of all our online orders during the second half of the year.

It is important to note that our digital strategy also includes a significant in-store dimension – the development of digital tools for our store teams to free up time that is then available to be invested in providing advice and service to our customers.

Looking Ahead

The factors that underpinned our strong performance in the latest year remain in place.

Our leadership team continues to act decisively to protect and improve earnings in the short-term while also ensuring that we develop strategic options and programmes that will facilitate longer-term growth. Our business is run via a lean and flat management structure in which roles are clearly defined and value driven, information and decisions travel efficiently and quick decision-making and implementation are encouraged.

Our ultimate focus remains on offering our customers compelling brand propositions and enjoyable shopping

experiences. Our unique value proposition continues to resonate strongly with customers. Our focus on driving high levels of customer service in-store is measured against a standard retail metric – Net Promoter Score, which indicates how likely customers are to recommend a store to friends or colleagues. Based on over 200,000 individual pieces of feedback received during the year, both Briscoes Homeware and Rebel Sport continued to make progress on this aspect of the business.

We also monitor online traffic and conversion with a view to understanding and improving the experience of customers using that platform. We also actively monitor social sentiment on retail brands, finding that in regard to Briscoe Group this is improving consistently in comparison with other retailers.

The strategic initiatives established at the start of calendar 2020 have laid the foundations for a range of plans to sustain and build the business over the next three to five years. These plans have three key dimensions:

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

We have partnered with KPMG in regard to identifying and implementing supply chain improvements and we have already realised some benefits from this exercise.

We continue to see significant opportunity for growth in our existing stores and in online trading, and through further improvement in our internal systems and disciplines.

Your Board is confident that, whatever conditions prevail in the current year, the Company will continue to maintain a high standard of operating and financial performance.

Rod Duke

Group Managing
Director



Strength in Our Brands



BRISCOES
HOMEWARE



Helping Kiwi's Live for Better

Briscoes Homeware is New Zealand's leading homewares retailer.
We deliver quality you can trust through leading brands, sourced both locally and from throughout the world.



Briscoes Homeware

Part of New Zealand’s popular culture, led by the Briscoes Lady and our love of a sale, New Zealand has a strong connection with the Briscoes brand. Briscoes Homeware resonates strongly with New Zealanders. When surveyed 71%* of customers responded with Briscoes as their first choice.
*TRA Brand Edge Research 2020

At the core of Briscoes DNA is living better. We believe that our home is an active participant in shaping who we are and how we live as individuals and as families. We don’t just fill our homes for functional or stylistic reasons, we choose the things we put in them because of the role they play in our lives.

Every day, through our product ranging, our promotional foundation and our customer engagement we are helping Kiwi’s get more out of life by providing quality homeware products at great prices. We are embracing digital media and technology to engage and appeal to existing and new audiences.

In 2020 we introduced Augmented Reality technology to promote our outdoor range. This allowed our customers to visualise the outdoor setting in their own space. We will continue to trial new technologies to enhance customer experience and attract new customer groups.

Our social media platforms continue to grow as we focus on communicating different aspects of our brand and product range. Allowing us to build a conversation with our customers, the content we create is based on their interests, and provides useful tips and tricks, inspiration, and opportunities to engage. A highly responsive channel, metrics for engagement, intent to purchase, and revenue achieved from social media activity continue to perform strongly.



For our 2020/21 year our customers across NZ bought from us:

-  **920,000** Pillows
-  **2,000,000** Towels
-  **68,000** Vacuum cleaners
-  **1,700,000** Pieces of dinnerware
-  **600,000** Glasses

Living & Giving
An established Kiwi brand, Living & Giving continues to grow its omnichannel presence with 63% of its sales now online. The home of premium brands such as Ecoya, Le Creuset and Jamie Oliver, if you’re looking for the perfect gift for yourself or your home, look no further.



Living & Giving

Strength in Our Brands

Sport Lives Here

Kiwi's love Rebel Sport.

A one stop shop for all sporting gear, Rebel Sport is home of the world's leading brands of apparel and equipment.

A woman with curly hair, wearing a grey tank top and dark leggings, is holding a white ball with 'REBEL' written on it. She is looking towards the camera with her hand raised. The background is a blurred outdoor setting.

REEB

SPO

UNDER ARMOUR



Rebel Sport opened its first store in 1996 with the vision of making the world's leading sports brands accessible to all New Zealanders. A unique, cool and innovative brand, it disrupted the conventional and pioneered the concept of big box sports retail in New Zealand.

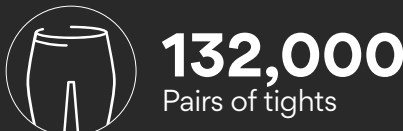
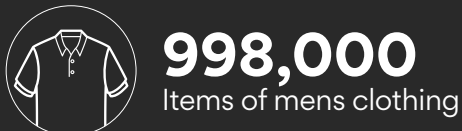
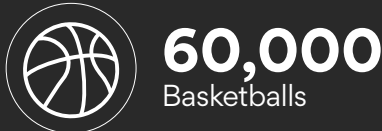
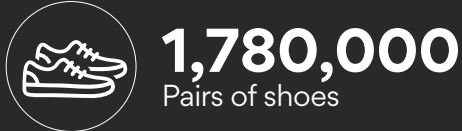
Today, Rebel Sport's ambitions are just as lofty; to make sport happen for more New Zealanders, more often. For the first timers, the tryers, and the winners, be it Olympic gold or that first walk around the block.

We have a purpose to drive the sporting environment both as a retailer selling products and as a community to drive sports participation.

Delivering to this ambition, we are committed to working with sports bodies to make grass roots more accessible for all New Zealanders encouraging participation at all levels. Rebel Sport works with a number of sports associations including Basketball, Cricket, Rugby, Netball, Tennis, Volleyball, Golf and via partnerships with Weetbix Tryathlon and Round the Bays. We believe in encouraging Kiwi's to get out there and give it a go. Why play only one sport when there's so much more fun to be had?

Moving forward our focus for Rebel Sport is to ensure we stay relevant to a passionate and dynamic sports shopper base. Investment in content and technology enables Rebel Sport to leverage sports ambassador relationships and engage sports lovers on and off the field.

For our 2020/21 year our customers across NZ bought from us:



Our Customers

With the breadth of product range across Briscoes Homeware and Rebel Sport we know our brands appeal to a broad group of shoppers.

During 2020, Briscoe Group undertook two significant research projects; Customer Journey mapping and defining our Customer Segmentation. These will help us to better understand our customers and their shopping habits. For both Briscoes Homeware and Rebel Sport, we mapped our customers purchase journey instore and online. The combined initiatives mapped the process our customers go through to make their purchase decision informing where we should invest to enhance customer experience. The deeper understanding of the customer journey has increased the speed of development for experience enhancements both in store and online including informing our new store concept design.

Customer segmentation analytics for both brands, identified the value and behavioural habits of our shopper base. This in turn will allow us to develop more targeted marketing activations to grow our loyal shopper base beyond 2021. We now have better capability to measure the effectiveness of marketing spend and drive stronger shopper engagement.

“Knowing our customer behavior and value through segmentation will drive creative and greater relevancy in how we engage with them. It allows the business to gain visibility of our investment to ensure we have long term strategic growth with the NZ shopper.”

- **Fiona Stewart**
GM Marketing



This year Briscoes Group has bedded in the new eCommerce platform Episerver. This allows us to concentrate on the online customer experience, with a laser focus on creating frictionless experiences for our online shoppers through user experience enhancements, personalisation and stronger online storytelling.

We have also introduced a marketing automation tool, Emarsys, to start to have 1:1 conversations with our customers both through email and using data to personalise their online browsing experiences.

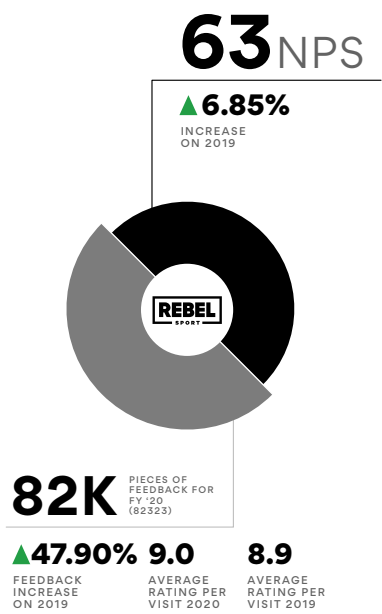
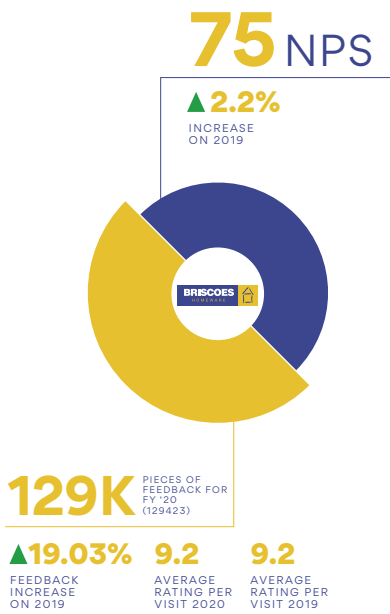
We are investing in strengthening our in house digital and data capability, with the objective of delivering a digitally connected online and instore experience for our customers.

“We continue to focus on our omni experience and using digital to enhance the instore as well as connecting all the ways our shoppers interact with us.”

- **Isabel Campbell**
GM Online and Digital



Briscoe Group is continuously measuring customer satisfaction through Net Promoter Score (NPS). NPS is a metric used globally to measure customer engagement and advocacy levels. Continuous improvement of our NPS metrics is a focus for both brands, and we are extremely encouraged by the results, with both brands continuing to lift year on year, now sitting significantly above industry benchmarks.



Brand health tracking over 2020 also shows incredible improvements for both brands. In this highly competitive retail market, Briscoes Homeware’s brand health metric has lifted 3% leading the marketing in homewares.

Rebel Sport’s brand health has also lifted by 4%, leading the NZ sport retail category.

In a year in which we saw customer shopping behavior significantly change, both brands grew their total customer and loyalist bases.



Growing Together

Our People

Our decision to ensure our team were paid in full throughout the period of the lockdown, despite uncertainty as to the form of government support, alongside clear communication as to what the company would be doing to support them proved to be a successful formula.

From a business perspective, it also meant we laid the foundation to resume trade with the goodwill of our team and the confidence of our customers as the alert levels were lowered.

Leveraging our learning management system as a conduit for communications, both to and from our team, saw engagement with the platform climb to 98%. Critical Covid-19 related training was able to be deployed, for example the appropriate use of masks and gloves as well as daily company updates helping to support and inform all of our team.

“As much as 2020 was a year of disrupted trade and interrupted supply of products, above all else, it was a year of people. I am proud of the way in which our Company responded to the challenges, whether they were team on the frontline or working in support roles throughout the business.”

- Aston Moss
Group General Manager
Human Resources



Alongside supporting our team members through what proved to be a tumultuous and uncertain year, we increased our investment through creation of our new Management and Leadership programme. This programme is critical to our continued capability building, ensuring we set both new and existing managers up for success.

Just as we are building organisational capability throughout our retail leadership team, so too we continue to build the capabilities of our team members in our support roles. Gender, as just one lens through which we evaluate our progress on diversity, has been positively impacted by

our work to ensure unbiased recruitment, selection and development of our people, along with ensuring we develop and maintain an inclusive culture. The fruits of these efforts are evident: our most recent talent assessment within the business shows that almost 40% of those identified as high impact or high potential are female.

To support our key business initiatives which will make our team members' jobs easier and further enhance our customers' shopping experience we have enhanced and leveraged our skills and expertise in internal communications, training and development and change management.

Health and Safety continues to be a priority. Encouragingly, the journey we are on with our team through the promise of 'Safe Home Every Day' was validated and rewarded with confirmation of a discount to our Experience Rating through ACC. Our work on traffic management plans stands out as an example of how we develop and implement safe processes and behaviours as part of our overall approach.

“I'm very proud of the way our team rose to meet the challenges and uncertainty of 2020. Pivoting rapidly to scale up our fulfilment network, roll out click and collect and operate dark stores, each challenge was met efficiently and with resounding positivity from the team. With Covid as a backdrop, it's a true credit to the team to see customer service levels continuing to improve and witness many new initiatives taking flight to ensure sustainable growth.”

- Nick Turner
General Manager Retail Operations
& Property



Our Community

Briscoe Group Scholarship Programme

Briscoe Group has been a proud First Foundation Partner since 2013. With the generous support of the RA Duke Trust, we help fulfil the First Foundation mission of providing students access to higher education through the Briscoe Group-First Foundation Scholarship. Each year, applications are opened to Briscoe Group team members and immediate family members currently enrolled at a NZ Secondary school in Year twelve or thirteen. Successful applicants receive a three-year scholarship that includes significant financial support, mentorship, and paid work experience.

Twenty three scholarships have been awarded to date, with 14 scholars currently progressing with their studies and supported by the programme. The start of 2021 saw the award of a further three scholarships from within the Group. We were delighted to recognise a scholar (Jarod Goodwin, pictured below) who has completed both his tertiary study and the scholarship programme, made all the more exciting in seeing him move to full time employment in one of our support teams.



In 2020 we also continued our support for a number of employees furthering their education at tertiary level through MBA's and other post-graduate studies. In 2021 we have managers progressing their studies through the University of Auckland and Auckland University of Technology.

Cure Kids Partnership

At a charitable level, since 2004 Briscoe Group Limited has been a key partner of Cure Kids, a charity set up to find cures and better treatments for serious illnesses and diseases that affect thousands of children in New Zealand.

Our generous customers, staff and suppliers support the Group's efforts to raise funds for this wonderful charity and we're proud to say that in 16 years of partnership we have raised over \$8.1 million dollars together.

In 2020, a year of such significant disruption for our customers and stores, we were proud to raise \$686,000 for Cure Kids health research.

“Briscoe Group is a huge part of our DNA, our relationship teed off with the very first fundraising Golf Day, moving on to become a regular annual event for Cure Kids. The team at Cure Kids are inspired by the enthusiasm and passion of all the team at Briscoe Group fundraising nationwide.”

- Frances Bengé
CEO Cure Kids

Pass It Forward

Rebel Sport's key community partnership, Pass It Forward was born from a collaboration with a key supplier with the objective of giving every child the opportunity to play sport. The Pass It Forward initiative provides sporting gear to under-funded schools.

In the past 5 years Rebel Sport and Pass It Forward have given away over 40,000 pieces of equipment, equating to more than \$1 million in value.

Grassroots Sports Partnerships

Within NZ there is a renewed focus on youth sports, with a shift in emphasis from performance to participation. Through partnerships with sporting associations such as the Basketball New Zealand 3x3 and the Sanitarium Weetbix Tryathlon, we are working hard to make sport accessible and fun for New Zealand's youth.

Rebel Sport is proud to partner with a large range of sporting organisations.



Our Environment

Briscoe Group remains committed to reducing its impact on the environment. We continue to work with suppliers on a range of initiatives. Last year our supplier of Cloud 9 pillows, moved to compostable packing removing around 500,000 plastic bags annually from landfill. This year we have continued to introduce improvements; replacing the Cloud 9 plastic shower curtain sleeves with cardboard, plastic packaging has been removed from our Hampton & Mason frypans, and Simple Clean has reduced the plastic in their cleaning cloths packaging.

Many of the Briscoes Homeware and Rebel Sport brand partners have developed sustainable ranges such as Adidas Parley Green & Parley Blue made from recycled materials and the Just Home recycled range. We are proud to introduce the ecostore range within Briscoes, a brand established for its environmental purpose.

“As well as developing our own plans, we embrace those developments being made by our supplier partners to produce more environmentally responsible products and packaging.”



- Fraser Collins Group GM - Merchandise

We have compliance agreements in place with our partners to ensure products are produced ethically. We have always been committed to the highest standards of social responsibility and work with international organisations to uphold this.

Operational improvements have also delivered waste reduction. Briscoe Group has three waste streams;

- Clear Plastics
- Cardboard
- General

We work closely with EnviroWaste, our waste management partner to better educate our stores on waste management and disposal. Operational improvement such as the implementation of digital fulfilment has also delivered waste reduction. In the coming year we are forecasting to remove over 2 million pieces of paper from our in-store processes.

This year, as part of our LED light program, we have introduced lighting wellness for each of our stores. In addition to our new store builds we have six stores planned for refurbishment in 2021. From this initiative we estimate a reduction of 15-30% power consumption per store. This work will also deliver improved lux output, greater uniformity of lighting and brighter stores for an enhanced customer experience.

Briscoe Group is actively working with Retail NZ on sustainability issues that may impact the broader retail industry in New Zealand. We have a desire to work with like minded retailers on how we might reduce our environmental footprint and do the right thing by New Zealanders. We will release more on this initiative in the coming year.



Recycling

**2.545m tonnes
of mixed recycling**



Plastic Packaging Reduction

**Over 134,000
units**



Online Fulfilment

**Paper usage
targeted saving of
60% for 2021/22**



LED light initiative

**Up to 30%
reduction in
consumption**



Winning Moving Forward

Our Strategic Progress

From the strategy formulated in early 2020 to create sustainable growth over the next 3-5 years solid progress has been made. We successfully managed to trade the business strongly whilst laying the foundations for future growth.

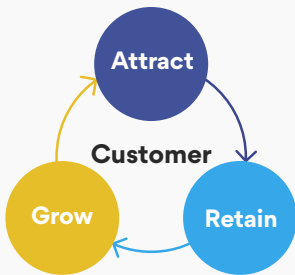
In the first year of our strategic plan we have focused heavily on customer and supply chain improvements.

“Although 2020 was a challenging year due to the Covid-19 pandemic, our strategic programme has continued at pace due to the high level of engagement and ownership from our team. We have created the foundations to deliver sustainable growth over the coming years.”



- **Andrew Scott** COO

2020/21 Achievement



- Completion of online replatform.
- Nationwide roll out of Click and Collect.
- Creation of customer segmentation analytics providing a deeper understanding of customer behaviour and value.
- Increased customer satisfaction levels, Briscoes up to 75 (up 1.2 on last year) and Rebel Sport 63 (up 3.8 on last year).
- Active customer base increase of over 20%.



- Further nationwide expansion of our Online order fulfilment sites – delivering 1.5m customer parcels.
- Optimisation of our online picking process to increase efficiencies.
- Enhanced data analytics capability to increase product availability.
- Enhancing pre-season planning and buying processes.
- Use of improved data analytics to maximise our seasonal trading events.
- Improving inventory flow and reducing the level of clearance product.
- Embedded the strategic partnership with KPMG.



- Completed the software development for extended online product ranging.
- Optimised online delivery fee profile.

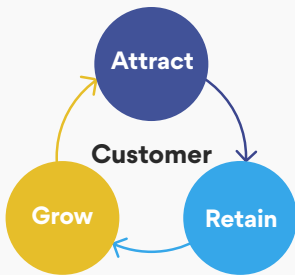
Over 30 analytical processes and products have been created to support the way we buy, how we move and store inventory, how we plan, and how we manage inventory within our 88 Stores. These processes also connect to our suppliers, at the start of the value chain, and most importantly, deliver value to our customers at the end of the chain.

In the year ahead we will have completed our network modelling. This will provide the business with a comprehensive development plan on the required supply chain infrastructure to achieve our future growth.

“KPMG New Zealand is proud to continue supporting Briscoe Group throughout 2020 and 2021 to improve their supply chain and operations. The program is making great progress, having established a new data and analytics capability that services the rest of the business”

- Ian Williamson,
KPMG Partner - Management Consulting

2021/22 Key focus areas



- Deliver mobile solutions for store team members and reinvest time to increase customer service levels.
- Increase speed of development for customer experience enhancements both in store and online.
- Leverage customer segmentation to drive increased visit frequency.
- Launch new email CRM automation tool to drive relevancy and customer engagement.



- Optimise supply chain efficiency to reduce split parcels and optimise online profitability.
- Optimise all stages of the merchandise process, including seasonal and promotional buy process, allocation and replenishment.
- Increase on shelf availability through new analytical tools.
- Complete future DC network modelling analysis.



- Roll out extended online ranging of new products, including premium homewares and sporting goods.
- Trial new product categories online and in store.
- Proactively review new retail opportunities.

BRISCO

HOME



ES



For the 53 week period ended 31 January 2021

Consolidated Financial Statements

For the period ended 31 January 2021

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 blue font for easier identification.

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Directors' Approval of Consolidated Financial Statements

For the 53 week period ended 31 January 2021

Authorisation for Issue

The Board of Directors authorised the issue of these Consolidated Financial Statements on 16 March 2021.

Approval by Directors

The Directors are pleased to present the Consolidated Financial Statements for Briscoe Group Limited for the 53 week period ended 31 January 2021. (Comparative period is for the 52 week period ended 26 January 2020).



Dame Rosanne Meo
CHAIRMAN



Rod Duke
GROUP MANAGING DIRECTOR

16 March 2021

For and on behalf of the Board of Directors

Consolidated Income Statement

For the 53 week period ended 31 January 2021

	Notes	Period ended 31 January 2021 \$000	Period ended 26 January 2020 \$000
Sales revenue		701,797	653,017
Cost of goods sold		(394,681)	(395,515)
Gross profit		307,116	257,502
Other operating income	2.2	139	9,661
Store expenses		(110,845)	(100,342)
Administration expenses		(80,524)	(69,598)
Earnings before interest and tax		115,886	97,223
Finance income		421	724
Finance costs		(14,888)	(13,635)
Net finance cost	5.1	(14,467)	(12,911)
Profit before income tax		101,419	84,312
Income tax expense	2.3.1	(28,220)	(21,729)
Net profit attributable to shareholders		73,199	62,583
Earnings per share for profit attributable to shareholders:			
Basic earnings per share (cents)	2.4	32.9	28.2
Diluted earnings per share (cents)	2.4	32.8	28.0

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

Consolidated Statement of Comprehensive Income

For the 53 week period ended 31 January 2021

	Notes	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	4.1	(92,174)	38,513
Items that may be subsequently reclassified to profit or loss:			
Fair value gain recycled to income statement from cashflow hedge reserve		(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 from cashflow hedge reserve	2.3.2	170	1,142
Deferred tax on fair value loss/(gain) taken to cashflow hedge reserve	2.3.2	584	(846)
Total other comprehensive (loss)/income		(94,112)	37,754
Total comprehensive (loss)/income attributable to shareholders		(20,913)	100,337

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

Consolidated Balance Sheet

As at 31 January 2021

	Notes	31 January 2021 \$000	26 January 2020 \$000
ASSETS			
Current assets			
Cash and cash equivalents	3.1.1	100,417	67,414
Trade and other receivables	3.1.2	3,534	3,533
Inventories	3.1.3	91,473	87,414
Held-for-sale assets	3.2	-	5,408
Derivative financial instruments	5.2.5	32	269
Total current assets		195,456	164,038
Non-current assets			
Property, plant and equipment	3.3	117,397	97,265
Intangible assets	3.4	3,608	3,464
Right-of-use assets	3.5.1	255,850	266,001
Deferred tax	2.3.2	14,750	11,676
Investment in equity securities	4.1	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	3.1.4	80,952	81,260
Lease liabilities	3.5.3	19,277	17,744
Taxation payable	2.3.2	12,413	4,895
Derivative financial instruments	5.2.5	3,378	1,014
Total current liabilities		116,020	104,913
Non-current liabilities			
Trade and other payables	3.1.4	930	852
Lease liabilities	3.5.3	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	5.3.2	61,839	60,752
Cashflow hedge reserve	5.2.5	(2,457)	(519)
Equity-based remuneration reserve	6.2.3	444	841
Other reserves	5.3.4	(25,923)	66,251
Retained earnings		225,144	184,794
TOTAL EQUITY		259,047	312,119

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

Consolidated Statement of Cash Flows

For the 53 week period ended 31 January 2021

Notes	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
	702,064	663,212
Cash was applied to		
Payments to suppliers	(450,182)	(450,085)
Payments to employees	(80,006)	(75,593)
Interest paid	(14,889)	(13,631)
Net GST paid	(27,508)	(20,310)
Income tax paid	(22,913)	(24,085)
	(595,498)	(583,704)
Net cash inflows from operating activities	106,566	79,508
INVESTING ACTIVITIES		
Cash was provided from		
Proceeds from sale of property, plant and equipment	1,996	11
	1,996	11
Cash was applied to		
Purchase of property, plant and equipment	3.3 (25,540)	(17,410)
Purchase of intangible assets	(1,889)	(1,768)
Investment in equity securities	4.1 -	(13,602)
	(27,429)	(32,780)
Net cash outflows from investing activities	(25,433)	(32,769)
FINANCING ACTIVITIES		
Cash was provided from		
Issue of new shares	5.3.2 919	1,620
Net proceeds from borrowings	-	-
	919	1,620
Cash was applied to		
Dividends paid	5.3.3 (33,370)	(45,494)
Lease liability payments	(15,588)	(16,264)
	(48,958)	(61,758)
Net cash outflows from financing activities	(48,039)	(60,138)
Net increase in cash and cash equivalents	33,094	(13,399)
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 period end	3.1.1 100,417	67,414

Consolidated Statement of Cash Flows (continued)

For the 53 week period ended 31 January 2021

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

	Period ended 31 January 2021 \$000	Period ended 26 January 2020 \$000
Reported net profit attributable to shareholders	73,199	62,583
Items not involving cash flows		
Depreciation and amortisation expense	31,845	27,326
Adjustment for fixed increase leases / inducements	-	(790)
Bad debts and movement in doubtful debts	(40)	95
Inventory adjustments	1,563	510
Amortisation of equity-based remuneration	183	273
Loss on disposal/surrender of assets	501	148
	34,052	27,562
Impact of changes in working capital items		
Decrease (increase) in trade and other receivables	39	(806)
Decrease (increase) in inventories	(5,622)	(6,907)
Increase (decrease) in taxation payable	7,518	(1,935)
Increase (decrease) in trade payables	(9,974)	2,925
Increase (decrease) in other payables and accruals	7,354	(3,914)
	(685)	(10,637)
Net cash inflow from operating activities	106,566	79,508

NET DEBT RECONCILIATION

	Period ended 31 January 2021 \$000	Period ended 26 January 2020 \$000
Cash and cash equivalents		
Cash and cash equivalents at beginning of period	67,414	80,777
Net increase in cash and cash equivalents	33,094	(13,399)
Effect of exchange rate changes	(91)	36
Cash and cash equivalents at period end	100,417	67,414
Lease liabilities		
Opening value	(296,408)	-
Movement on transition	-	(259,462)
Cash flows	15,588	16,264
Lease acquisitions	(13,126)	(53,210)
Lease surrenders	1,675	-
Total lease liabilities at period end	(292,271)	(296,408)
Net debt reconciliation	(191,854)	(228,994)

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

Consolidated Statement of Changes in Equity

For the 53 week period ended 31 January 2021

	Notes	Share Capital \$000	Cashflow Hedge Reserve \$000	Equity-Based Remuneration Reserve \$000	Other Reserves \$000	Retained Earnings \$000	Total Equity \$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	4.1	-	-	-	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	5.3.3	-	-	-	-	(45,494)	(45,494)
Share options charged to income statement	6.2.1	-	-	168	-	-	168
Performance rights charged to income statement	6.2.2	-	-	105	-	-	105
Share options exercised	5.3.2/6.2	1,823	-	(203)	-	-	1,620
Transfer for share options lapsed and forfeited	6.2.3	-	-	(373)	-	373	-
Deferred tax on equity-based remuneration	2.3.2/6.2.3	-	-	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	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)
Share options charged to income statement	6.2.1	-	-	-	-	-	-
Performance rights charged to income statement	6.2.2	-	-	183	-	-	183
Share options exercised	5.3.2/6.2	1,087	-	(168)	-	-	919
Transfer for share options lapsed and forfeited	6.2.3	-	-	(521)	-	521	-
Deferred tax on equity-based remuneration	2.3.2/6.2.3	-	-	109	-	-	109
Balance at 31 January 2021		61,839	(2,457)	444	(25,923)	225,144	259,047

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

For the 53 week period ended 31 January 2021

1. Basis of Preparation

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 2021.

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 53-week period 27 January 2020 to 31 January 2021 and provide a balance sheet as at 31 January 2021. The comparative period is in respect of the 52-week period 28 January 2019 to 26 January 2020. 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.

1. Basis of Preparation

For the 53 week period ended 31 January 2021

Subsidiaries	Activity	2021 Interest	2020 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	3.5

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.

For the 53 week period ended 31 January 2021

2. Performance

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 (2020: 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 31 January 2021

	Homeware \$000	Sporting goods \$000	Eliminations/ Unallocated \$000	Total Group \$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 costs	(9,851)	(4,925)	(112)	(14,888)
Net finance cost	(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
	<i>\$000</i>			
1. Investment in equity securities	61,930			
Intercompany eliminations	(2,193)			
Other balances	8,665			
	68,402			

2. Performance

For the 53 week period ended 31 January 2021

For the period ended 26 January 2020

	Homeware \$000	Sporting goods \$000	Eliminations/ Unallocated \$000	Total Group \$000
INCOME STATEMENT				
Total sales revenue	410,908	242,109	-	653,017
Gross profit	162,297	95,205	-	257,502
Earnings before interest and tax	49,390	36,447	11,386	97,223
Finance income	185	515	24	724
Finance costs	(8,944)	(4,560)	(131)	(13,635)
Net finance cost	(8,759)	(4,045)	(107)	(12,911)
Income tax expense	(11,641)	(9,075)	(1,013)	(21,729)
Net profit after tax	28,990	23,327	10,266	62,583
BALANCE SHEET ITEMS:				
Assets	337,014	220,417	139,117 ¹	696,548
Liabilities	257,717	145,045	(18,333)	384,429
OTHER SEGMENTAL ITEMS:				
Acquisitions of property, plant and equipment, intangibles and investments	15,332	3,846	13,602	32,780
Depreciation and amortisation expense	17,309	10,017	-	27,326
		<i>\$000</i>		
1. Investment in equity securities		156,887		
Intercompany eliminations		(23,159)		
Other balances		5,389		
		139,117		

2. Performance

For the 53 week period ended 31 January 2021

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 31 January 2021	Period ended 26 January 2020
	\$000	\$000
Income		
Rental income	15	12
Dividends received	3	6,832
Premium from KMD rights issue	-	2,720
Insurance recovery	22	97
Gain on lease surrender	99	-
Expenses		
Depreciation of property, plant and equipment	8,400	6,594
Amortisation of software costs	1,745	824
Depreciation of right-of-use assets	21,700	19,908
Interest on leases	14,772	13,504
Operating lease rental expense	27	1,215
Wages, salaries and other short-term benefits	85,352	73,712
Equity-based remuneration (refer also Note 6.2)	183	273
Amounts paid to auditors: ¹		
Statutory Audit	108	108
Half year review	26	26
Other services	-	-

1. Refer to Note 6.1.1 in relation to tax services performed by PwC in relation to RA Duke Trust.

2. Performance

For the 53 week period ended 31 January 2021

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 31 January 2021	Period ended 26 January 2020
	\$000	\$000
(a) Income tax expense		
Current tax expense:		
Current tax	30,311	21,994
Adjustments for prior periods	120	156
	30,431	22,150
Deferred tax expense:		
Decrease in future tax benefit current period	(1,408)	(294)
Tax effect of disposal of buildings	(203)	-
Tax effect of legislative changes	(478)	-
Adjustments for prior periods	(122)	(127)
	(2,211)	(421)
Total income tax expense	28,220	21,729

2. Performance

For the 53 week period ended 31 January 2021

	Period ended 31 January 2021	Period ended 26 January 2020
	\$000	\$000
(b) Reconciliation of income tax expense to tax rate applicable to profits		
Profit before income tax expense	101,419	84,312
Tax at the corporate rate of 28% (2020: 28%)	28,397	23,607
Tax effect of amounts which are either non-deductible or non-assessable in calculating taxable income	506	(1,906)
Tax effect of disposal of buildings	(203)	-
Tax effect of legislative changes	(478)	-
Prior period adjustments	(2)	28
Total income tax expense	28,220	21,729

The Group has no tax losses (2020: Nil) and no unrecognised temporary differences (2020: 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 27 January 2019	(162)	3,674	(94)	-	3,418
Impact of adopting NZ IFRS 16	-	-	-	7,494	7,494
Credited / (charged) to the income statement	64	(663)	-	1,020	421
Credited to equity	-	47	-	-	47
Net credited to other comprehensive income	-	-	296 ¹	-	296
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

1. Net credited to other comprehensive income comprises deferred tax on fair value gain taken to income statement of \$170,211 (2020: deferred tax on fair value gain of \$1,141,574) and deferred tax on fair value loss taken to cash flow hedge reserve of \$583,545 (2020: deferred tax on fair value gain of \$846,031).

2. Performance

For the 53 week period ended 31 January 2021

(b) Taxation payable

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

	Period ended 31 January 2021 \$000	Period ended 26 January 2020 \$000
Movements:		
Balance at beginning of period	(4,895)	(6,830)
Current tax	(30,431)	(22,150)
Tax paid	22,675	23,761
Foreign investor tax credit (FITC)	238	324
Balance at end of period	(12,413)	(4,895)

2.3.3 Imputation credits

	Period ended 31 January 2021 \$000	Period ended 26 January 2020 \$000
Imputation credits available for use in subsequent accounting periods:	107,174	92,284

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. Performance

For the 53 week period ended 31 January 2021

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 share options and 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 share options and performance rights to issue ordinary shares were exercised and converted into shares.

	Period ended 31 January 2021	Period ended 26 January 2020
Net profit attributable to shareholders \$000	73,199	62,583
Basic		
Weighted average number of ordinary shares on issue (thousands)	222,340	221,998
Basic earnings per share	32.9 cents	28.2 cents
Diluted		
Weighted average number of ordinary shares on issue adjusted for share options and performance rights issued but not exercised (thousands)	223,142	223,872
Diluted earnings per share	32.8 cents	28.0 cents

For the 53 week period ended 31 January 2021

3. Operating Assets and Liabilities

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 31 January 2021 \$000	Period ended 26 January 2020 \$000
Cash at bank or on hand	100,417	67,414

As at 31 January 2021 the Group held foreign currency equivalent to NZ\$0.735 million (2020: NZ\$2.372 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 31 January 2021 \$000	Period ended 26 January 2020 \$000
Trade receivables	431	611
Prepayments	1,937	2,198
Other receivables	1,166	724
Total trade and other receivables	3,534	3,533

No interest is charged on trade receivables.

3. Operating Assets and Liabilities

For the 53 week period ended 31 January 2021

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 applicable variable selling expenses.

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 31 January 2021 \$000	Period ended 26 January 2020 \$000
Finished goods	96,027	90,204
Inventory provisions and adjustments	(4,554)	(2,790)
Net inventories	91,473	87,414

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.

3. Operating Assets and Liabilities

For the 53 week period ended 31 January 2021

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 31 January 2021 \$000	Period ended 26 January 2020 \$000
Trade payables	50,460	60,434
Employee entitlements	15,809	10,463
Other payables and accruals	15,516	11,107
Provisions	97	108
Total trade and other payables	81,882	82,112
Shown in balance sheet as:		
Current liabilities	80,952	81,260
Non-current liabilities	930	852
Total trade and other payables	81,882	82,112

3.2 Held-For-Sale Assets

Held-for-sale assets are assets that are available for immediate sale in their present condition, subject only to normal sale terms, and for which there is a high probability that they will be offered for sale or sold. The Group measures a held-for-sale asset at the lower of carrying value and fair value less costs to sell.

Held-for-sale assets were:

	Period ended 31 January 2021 \$000	Period ended 26 January 2020 \$000
Property	-	5,408

3. Operating Assets and Liabilities

For the 53 week period ended 31 January 2021

3.3 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.

3. Operating Assets and Liabilities

For the 53 week period ended 31 January 2021

	Land and buildings \$000	Plant and equipment \$000	Total \$000
At 27 January 2019			
Cost	77,115	79,556	156,671
Accumulated depreciation	(5,702)	(58,953)	(64,655)
Net book value	71,413	20,603	92,016
Period ended 26 January 2020			
Opening net book value	71,413	20,603	92,016
Additions	4,671	12,739	17,410
Disposals	-	(159)	(159)
Reclassified as held-for-sale asset	(5,408)	-	(5,408)
Depreciation charge	(1,426)	(5,168)	(6,594)
Closing net book value	69,250	28,015	97,265
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

Capital commitments

Period ended
31 January 2021
\$000

Period ended
26 January 2020
\$000

Capital commitments in relation to property, plant and equipment at balance date not provided for in the financial statements

7,458¹

22,740

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 (2020: \$22.1 million).

3. Operating Assets and Liabilities

For the 53 week period ended 31 January 2021

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

3.5 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.

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. Operating Assets and Liabilities

For the 53 week period ended 31 January 2021

3.5.1 Right-of-use assets:

	Land and Buildings \$000
Period ended 26 January 2020	
Movements on transition	232,699
Additions	53,210
Depreciation for the period	(19,908)
Closing carrying amount	266,001
At 26 January 2020	
Cost	285,909
Accumulated depreciation	(19,908)
Carrying amount	266,001
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

3.5.2 Lease liabilities:

	As at 31 January 2021 \$000	As at 26 January 2020 \$000
Opening value	296,408	-
Movements on transition	-	259,462
Additions	13,126	53,210
Surrender	(1,675)	-
Interest for the period	14,772	13,504
Lease payments made	(30,360)	(29,768)
Total lease liabilities	292,271	296,408

3. Operating Assets and Liabilities

For the 53 week period ended 31 January 2021

3.5.3 Lease liabilities maturity analysis:

	Minimum lease payments \$000	Interest \$000	Present Value \$000
Within one year	33,170	(13,893)	19,277
One to five years	124,032	(47,128)	76,904
Beyond five years	263,211	(67,121)	196,090
Total	420,413	(128,142)	292,271
Current			19,277
Non-current			272,994
Total			292,271

3.5.4 Lease related expenses included in the income statement:

	Period ended 31 January 2021 \$000	Period ended 26 January 2020 \$000
Depreciation	21,700	19,908
Short-term leases	27	1,215
Interest on leases	14,772	13,504
Total	36,499	34,627

3.5.5 Lease payments included in the cashflow statement:

	Period ended 31 January 2021 \$000	Period ended 26 January 2020 \$000
Total cash outflow in relation to leases	30,360	29,768

For the 53 week period ended 31 January 2021

4. Investments

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 KMD as at 31 January 2021.

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 January 2021¹.

	\$000
At 27 January 2019	101,989
Additions	13,602
Change in fair value credited to other reserves	38,513
At 26 January 2020	154,104
Additions	-
Change in fair value credited to other reserves	(92,174)
At 31 January 2021	61,930

1. Fair value determined to be \$1.29 per share as per NZX closing price of Kathmandu Holdings Limited as at 29 January 2021 (2020: \$3.21)
(Level 1 in the fair value hierarchy).

For the 53 week period ended 31 January 2021

5. Financing and Capital Structure

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 2021. 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 31 January 2021. (2020: Nil).

Net finance income / (costs)	Period ended 31 January 2021 \$000	Period ended 26 January 2020 \$000
Interest income	421	724
Interest expense - leases	(14,772)	(13,504)
Interest expense - other	(4)	(1)
Other finance costs	(112)	(120)
Net finance cost	(14,467)	(12,911)

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).

5. Financing and Capital Structure

For the 53 week period ended 31 January 2021

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.

5. Financing and Capital Structure

For the 53 week period ended 31 January 2021

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 3.5.3.

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)

As at 26 January 2020

	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	(69,233)	-	-	-	(69,233)	(69,233)
Forward foreign exchange contracts						
Cash flow hedges:						
- outflow	(17,779)	(16,768)	(27,323)	(2,998)	(64,868)	
- inflow	17,746	16,600	26,763	3,014	64,123	
- Net	(33)	(168)	(560)	16	(745)	(745)

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

5. Financing and Capital Structure

For the 53 week period ended 31 January 2021

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 31 January 2021 \$000	Period ended 26 January 2020 \$000
Current assets		
Forward foreign exchange contracts	32	269
Total current derivative financial instrument assets	32	269
Current liabilities		
Forward foreign exchange contracts	3,378	1,014
Total current derivative financial instrument liabilities	3,378	1,014

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.

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For the 53 week period ended 31 January 2021

At balance date these contracts are represented by assets of \$32,361 (2020: \$269,484) and liabilities of \$3,378,483 (2020: \$1,014,488) and together are included in equity as part of the cash flow hedge reserve, net of deferred tax, as a net loss of \$2,409,208 (2020: net loss \$536,403). The cash flow hedge reserve also consists of gains and losses, net of deferred tax, from foreign currencies used as hedges, as a net loss of \$47,826 (2020: net gain of \$17,341). The total of these net gains and losses amount to a net loss of \$2,457,034 (2020: net loss \$519,062).

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 (2020: 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% (2020: -10% / +5%) in the NZD against the USD, from the period-end rate of 0.7168 (2020: 0.6617),
- A shift of -0.25% / +0.25% (2020: -0.25% / +0.25%) in market interest rates from the period-end weighted average deposit rate of 0.35% (2020: 1.51%).
- A shift of -10% / +20% (2020: -10% / +20%) in the NZX share price of Kathmandu Holdings Ltd from the period-end closing share price of \$1.29 (2020: \$3.21)

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 31 January 2021

	Carrying amount \$000	Profit \$000	Interest rate		Foreign exchange rate		Equity price		
			-0.25% Equity \$000	+0.25% Profit \$000	-10% Equity \$000	+10% Equity \$000	-10% Equity \$000	+20% Equity \$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.

5. Financing and Capital Structure

For the 53 week period ended 31 January 2021

As at 26 January 2020

	Carrying amount \$000	Profit \$000	Interest rate		Foreign exchange rate		Equity price		
			-0.25% Equity \$000	Profit \$000	+0.25% Equity \$000	-10% Equity \$000	+5% Equity \$000	-10% Equity \$000	+20% Equity \$000
Financial Assets:									
Cash and cash equivalents ¹	67,414	(117)	(117)	117	117	190	(81)	-	-
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts) ²	269	-	-	-	-	1,899	(813)	-	-
Investment in equity securities ³	154,104	-	-	-	-	-	-	(15,410)	30,821
Financial Liabilities:									
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts) ²	1,014	-	-	-	-	3,221	(1,383)	-	-
Total increase / (decrease)		(117)	(117)	117	117	5,310	(2,277)	(15,410)	30,821

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. Financing and Capital Structure

For the 53 week period ended 31 January 2021

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 31 January 2021	Period ended 26 January 2020	Period ended 31 January 2021	Period ended 26 January 2020
	Shares	Shares	\$000	\$000
Opening ordinary shares	222,188,500	221,599,500	60,752	58,929
Issue of ordinary shares arising from the exercise of options	277,500	589,000	1,087 ¹	1,823 ¹
Balance at end of period	222,466,000	222,188,500	61,839	60,752

1. When share options are exercised the amount in the share options reserve relating to those options exercised, together with the exercise price paid by the employee, is transferred to share capital. The amounts transferred for the 277,500 shares issued during the period ended 31 January 2021 were \$168,415 and \$918,525 respectively (2020: \$202,970 and \$1,619,750 respectively for the 589,000 shares issued).

5. Financing and Capital Structure

For the 53 week period ended 31 January 2021

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 31 January 2021 Cents per share	Period ended 26 January 2020 Cents per share	Period ended 31 January 2021 \$000	Period ended 26 January 2020 \$000
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	-	-	-	-
Interim dividend for the period ended 26 January 2020	-	8.50	-	18,881
Final dividend for the period ended 27 January 2019	-	12.00	-	26,613
	15.00	20.50	33,370	45,494

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 \$238,416 (2020: \$323,716) were provided to shareholders not tax resident in New Zealand, for which the Group received a Foreign Investor Tax Credit entitlement.

On 16 March 2021 the Directors resolved to provide for a final dividend to be paid in respect of the period ended 31 January 2021. The dividend will be paid at a rate of 13.50 cents per share for all shares on issue as at 24 March 2021, 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 share options and performance rights granted but not exercised, lapsed or forfeited. Amounts are transferred to share capital when vested share options or 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).

For the 53 week period ended 31 January 2021

6. Other Notes

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 \$613,663 (2020: \$645,000) from the Group, under an agreement to lease premises to The Sports Authority Limited (trading as Rebel Sport).
- Kein Geld (NZ) Limited, an entity associated with RA Duke, received rental payments (net of rental relief) of \$520,001 (2020: \$564,598) as owner of the Briscoes Homeware premises at Wairau Park, Auckland, under an agreement to lease premises to Briscoes (NZ) Limited.
- The RA Duke Trust (including RA Duke Limited) received dividends of \$25,714,289 (2020: \$35,035,134).
- P Duke, spouse of RA Duke, received payments of \$65,000 (2020: \$65,000) in relation to her employment as an overseas buying specialist with Briscoe Group Limited, and rental payments (net of rental relief) of \$918,570 (2020: \$825,000) as owner of the Briscoes Homeware premises at Panmure, Auckland under an agreement to lease premises to Briscoes (NZ) Limited.
- The RA Duke Trust paid PwC \$24,950 for tax services performed in relation to shareholder continuity as a result of changes made to the RA Duke Trust Deed.

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 31 January 2021	Period ended 26 January 2020
	\$000	\$000
Salaries and other short-term employee benefits	2,854	2,274
Equity-based remuneration	100	79
Directors' fees	293	295
Total benefits	3,247	2,648

Key management did not receive any termination benefits during the period (2020: Nil).

Key management did not receive and are not entitled to receive any post-employment or long-term benefits (2020: Nil).

Executives included in key management received dividends of \$143,151 (2020: \$239,766) in relation to Briscoe Group shares held.

6. Other Notes

For the 53 week period ended 31 January 2021

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 31 January 2021		Period ended 26 January 2020	
	Directors' fees	Dividends	Directors' fees	Dividends
	\$000	\$000	\$000	\$000
Executive Director				
RA Duke	-	-	-	-
Non-Executive Directors				
RPO'L Meo	132	-	132	-
MM Devine ¹	-	-	12	1
AD Batterton	78	-	74	-
RAB Coupe	77	2	77	2
HJM Callaghan ²	6	-	-	-
	293	2	295	3

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

	Period ended 31 January 2021	Period ended 26 January 2020
	\$000	\$000
Executive Director		
RA Duke	25,714	35,035
Non-Executive Directors		
RPO'L Meo	15	21
MM Devine ¹	-	-
AD Batterton	3	4
RAB Coupe	-	-
HJM Callaghan ²	-	-

1. Mary Devine resigned as a Director effective from 31 March 2019.

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

6. Other Notes

For the 53 week period ended 31 January 2021

6.2 Employee Equity-Based Remuneration

6.2.1 Equity settled share options

The *Executive Share Option Plan* allows Group employees to be granted options to acquire shares of the Company. The fair value of options granted is recognised as an employee expense in the income statement with a corresponding increase in the equity-based payment reserve. The fair value is measured at grant date and amortised over the vesting periods. The fair value of the options granted is measured using the Black Scholes valuation model, taking into account the terms and conditions upon which the options are granted. When options are exercised the amount in the equity-based payment reserve relating to those options, together with the exercise price paid by an employee, is transferred to share capital. When any share options lapse upon employee termination, the amount in the share-based payments reserve relating to those rights is transferred to retained earnings.

On 25 July 2003 the Board approved an Executive Share Option Plan to issue options to selected senior executives and, subject to shareholder approval, to Executive Directors. Options may be exercised in part or in full by the holder three years after the date of issue, and lapse after four years if not exercised. Each option entitles the holder to one ordinary share in the capital of the Company. The exercise price is determined by the Board but is generally set by reference to the weighted average market price of ordinary shares in the Company for the period of five business days before and five business days after, as the Board in its discretion sees fit, either:

- (a) the date on which allocations are decided by the Board; or
- (b) the date on which allocations are made.

The Company does not intend to issue any further options under this plan and the final tranche was issued on 23 August 2016.

The estimated fair value for each tranche of options issued is expensed over the vesting period of three years, from the grant date. The Company has expensed in the income statement \$Nil (2020: \$167,910) in relation to share options.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Period ended 31 January 2021		Period ended 26 January 2020	
	Weighted average exercise price	Options	Weighted average exercise price	Options
	\$ per share	000	\$ per share	000
Opening balance	3.31	1,135	3.09	2,472
Issued	-	-	-	-
Forfeited	-	-	3.25	(435)
Exercised	3.31	(277)	2.75	(589)
Lapsed	3.31	(858)	2.75	(313)
Closing balance	-	-	3.31	1,135

The weighted average share price for options exercised during the period was \$3.43 (2020: \$3.46). There were no outstanding options at balance date (2020: 1,135,000 of which 1,135,000 were exercisable).

Share options outstanding at the end of the period have the following expiry dates, exercise dates and exercise prices:

Expiry month	Exercise month	Exercise price	Period ended 31 January 2021 000	Period ended 26 January 2020 000
August 2020	August 2019	\$3.31	-	1,135
Total share options outstanding			-	1,135

The weighted average remaining contractual life of options outstanding at the end of the period was 0.00 years (2020: 0.50).

6. Other Notes

For the 53 week period ended 31 January 2021

6.2.2 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 is 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	105,780	-	-	(15,480)	90,300
2	26 Jun 2019	104,167	-	-	(14,881)	89,286
3	30 Jul 2020	-	136,218	-	-	136,218
		209,947	136,218	-	(30,361)	315,804

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 each tranche is shown in the table below:

Tranche	Grant Date	TSR Weighting	EPS Weighting
1	15 Apr 2019	50%	50%
2	26 Jun 2019	50%	50%
3	30 Jul 2020	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:

% Vesting	Tranche 1	Tranche 2	Tranche 3
0%	< 9.0% CAGR	< 10.1% CAGR	< 12.4% CAGR
50%	= 9.0% CAGR	= 10.1% CAGR	= 12.4% CAGR
51% - 99% (Straight-line prorata)	> 9.0%, < 13.0% CAGR	> 10.1%, < 13.0% CAGR	> 12.4%, < 16.0% CAGR
100%	=> 13.0% CAGR	=> 13.0% CAGR	=> 16.0% CAGR

6. Other Notes

For the 53 week period ended 31 January 2021

The TSR performance is calculated across the following periods:

Tranche	Performance Period
1	Announcement date of FY 2017/18 Result to announcement date of FY 2020/21 Result
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

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 1	Tranche 2	Tranche 3
Fair value of TSR performance rights	\$18,617	\$22,813	\$47,200
Current price at grant date	\$3.34	\$3.30	\$3.37
Risk free interest rate	1.71%	1.71%	0.30%
Expected life (years)	1.9	2.8	2.6
Expected share volatility ¹	16% ¹	16% ¹	24% ²

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.

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 1	Tranche 2	Tranche 3
0%	< 1.9% CAGR	< 0.8% CAGR	< 1.8% CAGR
50%	= 1.9% CAGR	= 0.8% CAGR	= 1.8% CAGR
51% - 99% (Straight-line prorata)	> 1.9%, < 3.0% CAGR	> 0.8%, < 2.6% CAGR	> 1.8%, < 4.6% CAGR
100%	=> 3.0% CAGR	=> 2.6% CAGR	=> 4.6% CAGR

The EPS performance is calculated across the following periods:

Tranche	Performance Period
1	FY 2020/21 EPS relative to FY 2017/18 EPS
2	FY 2021/22 EPS relative to FY 2018/19 EPS
3	FY 2022/23 EPS relative to FY 2019/20 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 performance right has been calculated to be \$3.05, \$2.79 and \$2.76 for tranche 1, tranche 2 and tranche 3, 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 \$182,969 (2020: \$104,820) in relation to performance rights.

6. Other Notes

For the 53 week period ended 31 January 2021

6.2.3 Equity-based remuneration reserve

	Period ended 31 January 2021	Period ended 26 January 2020
	\$000	\$000
Balance at beginning of period	841	1,097
Current period amortisation	183	273
Options forfeited and lapsed transferred to retained earnings	(521)	(373)
Options exercised transferred to share capital	(168)	(203)
Deferred tax on performance rights	109	47
Balance at end of period	444	841

6.3 Contingent Liabilities

There were no contingent liabilities as at 31 January 2021 (2020: Nil).

6.4 Impact of Covid-19

On 11 March 2020, the World Health Organisation declared COVID-19 a global pandemic. COVID-19 has brought disruptions and uncertainties to businesses and economies globally. These disruptions impacted on the operations of Briscoe Group predominantly during the first half of the financial year. The Level 4 lockdown from 26 March 2020 saw all bricks and mortar stores cease trading. Essential goods were sold online across both Briscoes Homeware and Rebel Sport during Level 4 and full online trading resumed when New Zealand moved to Level 3 on 28 April 2020. On 14 May 2020 New Zealand moved to Level 2 and full trading operations recommenced. As previously reported, the impact on the first quarter trading was significant resulting in a decline in sales of 35.6% compared to the same period last year. However, consumer demand since New Zealand came out of the nationwide lockdown, has been strong for the Group which has seen this increased demand sustained throughout the year. The Group reported increased sales of 28.2% for the second quarter with the half-year sales closing only 3.5% down on the same period for the previous year. The Group's online platform and 'Click and Collect' capability has been outstanding and enabled the Group to serve the increased level of online demand, especially during the subsequent Level 3 lockdowns imposed in Auckland during August 2020, February 2021 and March 2021.

The resurgence in consumer demand since the end of nationwide lockdown has assisted in the record profit produced by the Group for the year ended 31 January 2021. An assessment of the impact of Covid-19 on the Briscoe Group financial statements is summarised below.

- On 23 March 2020 the Board cancelled the final dividend for the year ended 26 January 2020 of 12.5 cents per share(cps) as a result of the potential impact of Covid-19. On 1 October 2020 an interim dividend of 9.00 cps was paid by the Group and then on 20 January 2021 a special dividend of 6.00cps was paid.
- In April 2020 the Group was eligible for and received \$11.5 million of New Zealand Government wage subsidy. This was repaid in full in October 2020.
- The Group engaged with landlords for rent relief, however there is no significant impact on the financial statements from the rent relief.
- The reintroduction of depreciation allowances for commercial buildings by the New Zealand Government has led to the need to adjust deferred tax balances (refer Note 2.3).
- Other than minor immaterial inventory adjustments for a few impacted categories, there are no other provisions in these financial statements for the period ended 31 January 2021 for financial impacts of Covid-19.

6. Other Notes

For the 53 week period ended 31 January 2021

The Board note the high level of business uncertainty that continues to exist in relation to the impacts of the Covid-19 pandemic. The risks and uncertainties faced by the Group include (and are not limited to):

- Further government-imposed lockdowns,
- the possibility of supply chain disruption around the ability to obtain stock or where stock delivery may be delayed. This may negatively affect revenue and inventory provisioning, and
- erosion of consumer spending negatively affecting revenue.

6.5 Events After Balance Date

On 16 March 2021 the Directors resolved to provide for a final dividend to be paid in respect of the period ended 31 January 2021. The dividend will be paid at a rate of 13.50 cents per share for all shares on issue as at 24 March 2021, with full imputation credits attached. (Note 5.3.3)

6.6 New Accounting Standards

There were no new standards applied during the period.



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 31 January 2021, 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 31 January 2021;
- 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.

Our firm provided tax services to entities related to the Briscoes Group, specifically in relation to shareholder continuity. The provision of these other services has not impaired our independence as auditor of 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

Inventory existence and valuation

At 31 January 2021, the Group held inventories of \$91.5 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.

How our audit addressed the key audit matter

Our audit procedures included:

- gaining an understanding of inventory processes and assessing the design and implementation of relevant 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: \$5,070,000, which represents approximately 5% of profit before tax.

We chose profit before tax as the benchmark because, in our view, it is a key financial metric used in assessing the performance of the Group. We chose 5% based on our professional judgement, noting that it is also within the range of commonly accepted thresholds for entities where profit before tax is considered the appropriate 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).

A handwritten signature in black ink, appearing to read 'Indumin Senaratne (Indy Sena)', written in a cursive style.

For and on behalf of:
Chartered Accountants
16 March 2021

Auckland

Corporate Governance Statement

Corporate Governance

Briscoe Group is committed to maintaining the highest standards of governance by implementing best practice structures and policies. This Corporate Governance Statement sets out the corporate governance policies, practices and processes adopted or followed by Briscoe Group (including the guiding principles, authority, responsibilities, membership and operation of the Board of Directors) and has been approved by the Board.

The best practice principles (and underlying recommendations) which Briscoe Group has had regard to in determining its governance approach, are the principles set out in the NZX Corporate Governance Code ('NZX Code'). The Board's view is that Briscoe Group's corporate governance policies, practices and processes generally follow the recommendations set by the NZX Code. This Corporate Governance Statement includes disclosure of the extent to which Briscoe Group has followed each of the recommendations in the NZX Code (or, if applicable, an explanation of why a recommendation was not followed and any alternative practices followed in lieu of the recommendation).

Briscoe Group Limited is a company incorporated in New Zealand and is also registered in Australia as a foreign company under the name Briscoe Group Australasia Limited. It is listed on the NZX and also, as a foreign exempt entity, on the Australian Securities Exchange (ASX). As such Briscoe Group is exempt from complying with most of the ASX's Listing Rules and must undertake to comply with the listing rules of its home exchange (NZX). Briscoe Group also supports the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Further information about Briscoe Group's corporate governance framework (including the Board and Board committee charters, and codes and selected policies referred to in this section) is available to view at www.briscoegroup.co.nz.

Principle 1 – Code of Ethical Behaviour

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

Code of Values and Conduct and Related Policies

Recommendation 1.1: The Board should document minimum standards of ethical behaviour to which the issuer's Directors and employees are expected to adhere (a code of ethics) and comply with the other requirements of Recommendation 1.1 of the NZX Code.

Briscoe Group expects its Directors, senior management and employees to maintain the highest standards of honesty, integrity and ethical conduct in day to day behaviour and decision making. The Board has adopted a Code of Conduct which incorporates the requirements set out in Recommendation 1.1, forms part of the induction process for all new employees and is available on Briscoe Group's website. The Code of Conduct is reviewed annually and was last reviewed in March 2021. All Directors and employees must provide acknowledgement that they have read and understood the content. To ensure that our expectations are known and understood, both training and reinforcement are delivered via our online learning platform as part of initial and ongoing training.

Trading in Company Securities Policy

Recommendation 1.2: An issuer should have a financial product dealing policy which applies to employees and Directors.

The Trading in Company Securities Policy sets out Briscoe Group's requirements for all Directors and employees in relation to trading Briscoe Group shares and is available on Briscoe Group's website. In general, Directors and employees are allowed to trade in Briscoe Group shares during two 'trading windows'. Trading windows commence on the day after the half-year and full-year results are announced to the market and run for a period of 60 days. Trading outside these windows is generally prohibited. Proposed transactions by Directors and employees during the trading windows require approval. The policy also provides that no Directors, employees or independent contractors can trade shares if they are in possession of price sensitive information that is not publicly available.

Principle 2 – Board Composition and Performance

To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.

Board Charter

Recommendation 2.1: The Board of an issuer should operate under a written charter which sets out the roles and responsibilities of the Board. The Board charter should clearly distinguish and disclose the respective roles and responsibilities of the Board and management.

The Board has adopted a formal Board Charter which sets out the respective roles, responsibilities, composition and structure of the Board and senior management, and this is available on Briscoe Group's website. The Board is responsible for overseeing the management of the Company and its subsidiaries and to direct performance by optimising the short-term and long-term best interests of the Company and its Shareholders. This includes approving the Company's objectives, reviewing the major strategies for achieving them and monitoring the Company's performance. The focus of the Board is the creation of company and shareholder value and ensuring the Company is committed to best practice. Responsibility for the day-to-day management of Briscoe Group has been delegated to the Managing Director and other senior management. Management are responsible for implementing the objectives and strategies approved by the Board, within the ambit of risk set by the Board. The Company Secretary provides company secretarial services to the Board and is accountable to the Board through the Chair.

Nomination and Appointment of Directors

Recommendation 2.2 and 2.3: Every issuer should have a procedure for the nomination and appointment of Directors to the Board. An issuer should enter into written agreements with each newly appointed Director establishing the terms of their appointment.

The Board collectively considers the nomination of Directors. In doing this, the Board's procedure involves careful consideration of the composition of the Board in relation to the Company's needs and operating environment to ensure relevant skills and experience. This also applies to the consideration of additional or replacement Directors, subject to the constitutional limitation of the number of Directors. In so doing, as noted above, the priority must be on ensuring the skills, experience and diversity on the Board, and the skills that are necessary or desirable for the Board to fulfil its governance role and to contribute to the long-term strategic direction of the company. The Board may engage consultants to assist in the identification, recruitment and appointment of suitable candidates.

When appointing new Directors, the Board ensures that the constitutional requirements in respect of Directors will continue to be satisfied. There must be at least three and no more than five Directors, at least two of whom are resident in New Zealand and also at least two Directors must be determined by the Board to be independent (as defined in the NZX Listing Rules). The Board also takes into consideration recommendation 2.8 - a majority of the Board should be independent Directors.

The constitution provides that all Directors are elected by Shareholders. Directors may be appointed by the Board to fill vacancies, but they are then subject to re-election at the next annual Shareholder meeting. In addition to Directors retiring by rotation, and eligible for re-election, nominations may be made by Shareholders. All new Directors enter into a written agreement with Briscoe Group setting out the terms of their appointment.

Directors

Recommendation 2.4: Every issuer should disclose information about each Director in its Annual Report or on its website, including a profile of experience, length of service, independence and ownership interests.

The Board currently comprises five Directors; four independent and one Executive Director. The Board has considered which of its Directors are deemed to be independent for the purposes of the NZX Listing Rules and has determined that as at 31 January 2021, four Directors are independent, including the Chair and the Chair of the Audit and Risk Committee. As at the date of this Annual Report, the Directors are:

Dame Rosanne Meo	Chair, Independent	Appointed in May 2001
Rod Duke	Executive Director	Appointed in March 1992
Tony Batterton	Independent	Appointed in June 2016
Andy Coupe	Independent	Appointed in October 2016
Mark Callaghan	Independent	Appointed in January 2021

The directors (other than Dame Rosanne Meo) have carefully considered her tenure as a director and as Chair, and whether it leads to any influence or perceived influence, in a material way, affecting her capacity to bring an independent view, to act in the best interests of Briscoe Group, or to represent shareholders. They have observed the robust and critical approach that she brings in challenging management and strategic priorities, while clearly facilitating open and constructive dialogue both between members of the Board, and also between the management and the other members of the Board. As such, they have determined that Dame Rosanne Meo continues to qualify as an independent Director.

A profile of experience for each Director is available on Briscoe Group's website.

Directors disclosed the following relevant interests in shares as at 31 January 2021:

Director	Number of shares in which a relevant interest is held
Dame Rosanne Meo	100,000 shares
Rod Duke	171,566,383 shares
Tony Batterton	20,000 shares
Andy Coupe	10,000 shares

Diversity

Recommendation 2.5: An issuer should have a written Diversity Policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. The issuer should disclose the policy or a summary of it.

We appreciate that our workforce, including potential employees, come from all walks of life. Every individual is unique, having different skills and experiences including but not limited to educational opportunity and achievement. People come from many cultures and backgrounds, along with a wide range of other personal attributes including gender, age, disability (mental, learning or physical), economic background, language(s) spoken, marital/partnered status, physical appearance, race, religious beliefs and gender identity or orientation. Briscoe Group has a commitment to attracting, selecting, developing and retaining the most suitable employees from this diverse range of attributes. The Group's Diversity and Inclusiveness Policy is available on Briscoe Group's website.

We have a very high level of long-term employees and a strong "sense of belonging within the Briscoes family." We acknowledge that traditionally the retail sector has had high representation of women in its operations and yet has been underrepresented in senior management. We would note that in our recent assessment of high talent in our organisation, 37% are female.

Similarly, there has been an inadequate retail specific tertiary educational focus, although it has, as a sector, provided a working environment with good opportunities for family-oriented workplace balance through long term part-time participation. Education is fundamental and we are pleased with the developments in this area in recent years. During 2020 we continued our support for a number of employees furthering their education at tertiary level through MBAs and other post-graduate studies.

The Board and management recognise that diversity without inclusiveness does not result in the balanced workforce desired in the business. Briscoe Group has in place policies and procedures to encourage and support equitable treatment for all employees and includes consideration of internal applicants for jobs with the Group. We do however agree with a recent Institute of Directors commentary which stated that diversity should be approached through the lens of demonstrated competence.

Briscoe Group has partnered with a number of external organisations to develop and deliver educational materials in this important area, all of which are available through our online training platform.

We acknowledge that traditionally any narrowness in diversity is not sustainable and believe that an increased emphasis on a collaborative and inclusive culture and focus on developing talent will secure this realignment. Ensuring that all employees at all levels and in all workplace environments feel secure and safe, confident and appreciated through understanding the importance of diversity is most important to us.

A breakdown of the gender composition of Directors and officers as at the Company's balance date, including comparative figures, is shown below:

	31 January 2021		26 January 2020	
	Female	Male	Female	Male
Directors	1	4	1	3
Officers ^{1,2}	-	3	-	3
Other Senior Management ³	2	2	1	2

1. Excludes Managing Director (included in breakdown of Directors).

2. Officers is defined as the members of the senior management team, who report either directly to the Board or to the Group Managing Director.

3. General Manager positions not reporting directly to the Group Managing Director.

Director Training

Recommendation 2.6: Directors should undertake appropriate training to remain current on how to best perform their duties as Directors of an issuer.

The Board expects all Directors to undertake continuous education to remain current on how to best perform their responsibilities and keep abreast of changes and trends in economic, political, social, financial and legal climates and governance practices. The Board also ensures that new Directors are appropriately introduced to management and the business, that all Directors are updated on relevant industry and company issues and receive copies of appropriate company documents to enable them to perform their roles. The expectation that Directors undergo ongoing training (informal or formal) and education is reinforced in the Board Charter.

Board Evaluation

Recommendation 2.7: The Board should have a procedure to regularly assess Director, Board and committee performance.

The Chair of the Board leads an annual performance review and evaluation of the performance of Directors, the Board as a whole, and of the Board committees against the Board and committee charters, including seeking Director's views relating to Board and committee process, efficiency and effectiveness. The Chair of the Board also engages with individual Directors to evaluate and discuss performance and professional development.

Independent Directors

Recommendation 2.8: A majority of the Board should be Independent Directors.

The Board currently comprises of five Directors; four independent and one executive Director. Further details of the Board composition are above at Recommendation 2.4.

Separation of Board Chair and CEO

Recommendation 2.9: The Chair and the CEO should be different people.

The Board Charter makes explicit that the Chairman and the Managing Director roles are separate.

Principle 3 – Board Committees

The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.

Audit and Risk Committee

Recommendation 3.1: An issuer's audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The chair of the audit committee should not also be the Chair of the Board.

The Audit and Risk Committee operates under a written Charter, and this is available on Briscoe Group's website. The Audit and Risk Committee currently comprises Tony Batterton (Chair), Dame Rosanne Meo and Andy Coupe and it met three times during the year. The Audit and Risk Committee advises and assists the Board in discharging its responsibilities with respect to financial reporting, compliance and risk management practices of Briscoe Group.

Recommendation 3.2: Employees should only attend Audit Committee meetings at the invitation of the Audit Committee.

The Managing Director, Chief Financial Officer, Chief Operating Officer, Finance Manager and Internal Audit Manager attend Audit and Risk Committee meetings at the invitation of the Audit and Risk Committee. Briscoe Group's external auditor also attends meetings at the committee's invitation. The Audit and Risk Committee receives reports from the external auditor without management present, concerning any matters that arise in connection with the performance of management's role and otherwise as necessary to protect the independence of the Audit and Risk Committee from undue influence.

Remuneration Committee

Recommendation 3.3: An issuer should have a Remuneration Committee which operates under a written charter (unless this is carried out by the whole Board). At least a majority of the Remuneration Committee should be Independent Directors. Management should only attend Remuneration Committee meetings at the invitation of the Remuneration Committee. The Board operates a Human Resources Committee which incorporates remuneration. The Human Resources Committee currently comprises Andy Coupe (Chair), Dame Rosanne Meo and Mark Callaghan. It met five times during the year. It assists the Board in discharging its responsibilities with respect to the remuneration and performance of the Group Managing Director and other senior executives, remuneration of Directors and human resources policy and strategy. The Human Resources Committee operates under the Human Resources Committee Charter, and this is available on Briscoe Group's website. Selected management only attend Human Resource Committee meetings at the invitation of the Human Resources Committee.

Nomination Committee

Recommendation 3.4: An issuer should establish a nomination Committee to recommend Director appointments to the Board (unless this is carried out by the whole Board), which should operate under a written charter. At least a majority of the Nomination Committee should be independent Directors.

The Board does not operate a separate Nomination Committee as Director appointments are considered by the Board as a whole. The Board's procedure for the nomination and appointment of Directors is summarised under Principle 2 above (under the heading "Nomination and Appointment of Directors").

Overview of Board Committees

Recommendation 3.5: An issuer should consider whether it is appropriate to have any other Board committees as standing Board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.

The Board does not operate any other committees apart from the Audit and Risk Committee and the Human Resources Committee. Briscoe Group has considered whether any other standing Board committees are appropriate and has determined not. Each committee operates under a charter which is available on Briscoe Group's website. Committee members are appointed from members of the Board and membership is reviewed on an annual basis. Any recommendations made by the committees are submitted to the full Board for formal approval.

Attendance at Board and Committee Meetings for the Year Ended 31 January 2021

	Board	Audit and Risk	Human Resources
Number of meetings held ¹	17	3	5
	Attended	Attended	Attended
Dame Rosanne Meo	17	3	5
Rod Duke ²	16	2	4
Tony Batterton ³	17	3	3
Andy Coupe	17	3	5
Mark Callaghan ⁴	0	0	0

1. Additional Board meetings were held across April and May to regularly assess the impacts of Covid-19.

2. Rod Duke resigned from the Audit and Risk and HR committees 1 July 2020.

3. Tony Batterton was appointed as a member of the HR Committee effective from 1 July 2020.

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

Takeover Protocols

Recommendation 3.6: The Board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer (amongst other matters).

Given Briscoe Group's shareholding structure, with the largest Shareholder being a member of the Board, the Board considers the likelihood of an unanticipated takeover to be low, and so the Board does not consider this recommendation to be necessary. However, in the event of a takeover offer, the Board has already agreed that a Takeover Response Committee would be convened, comprised of Independent Directors. That committee would consider the Company's actions in relation to the takeover offer, including seeking appropriate legal, financial and strategic advice, complying with takeover regulation (including the appointment of an independent advisor under the Takeovers Code and the preparation of a Target Company Statement) and determining what additional information (if any) would be provided by the Company to the bidder.

Principle 4 – Reporting and Disclosure

The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

Continuous Disclosure

Recommendation 4.1: An issuer's Board should have a written Continuous Disclosure Policy.

As a listed company, there is an imperative to ensure the market is informed, and the listed securities are being fairly valued by the market. In addition to statutory disclosures, the company provides ongoing updates of its operations. This material is made publicly available through releases to the NZX and ASX, in accordance with the relevant Listing Rules. Briscoe Group has a Continuous Disclosure Policy, and this is available on Briscoe Group's website. The purpose of this policy is to: ensure Briscoe Group complies with its continuous disclosure obligations; ensure timely, accurate and complete information is provided to all Shareholders and market participants; and outline the responsibilities in relation to the identification, reporting, review and disclosure of material information relevant to Briscoe Group.

Charters and Policies

Recommendation 4.2: An issuer should make its code of ethics, Board and committee charters and the policies recommended by NZX Code, together with any other key governance documents, available on its website.

Information about Briscoe Group's corporate governance framework (including Code of Conduct, Board and Board committee charters, and other selected key governance codes and policies) is available to view on Briscoe Group's website.

Financial and Non-Financial Reporting

Recommendation 4.3: Financial reporting should be balanced, clear and objective. An issuer should provide non-financial disclosure at least annually, including considering environmental, economic and social sustainability factors and practices. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the Board.

Financial Reporting

The Audit and Risk Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of financial statements, and ensuring that financial reporting is balanced, clear and objective. It reviews annual and half year financial statements and makes recommendations to the Board concerning the application of accounting policies and practice, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit.

Management's accountability for Briscoe Group's financial reporting is reinforced by the written confirmation from the Managing Director and Chief Financial Officer that, in their opinion, financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Briscoe Group. Such representations are given on the basis of a sound system of risk management and internal control which is operating effectively in all material respects in relation to financial reporting risk.

Non-Financial Reporting - Sustainability

Briscoe Group assesses its exposure to environmental, economic and social sustainability as part of the overall framework for managing risk (see Principle 6 – Risk Management). Briscoe Group is committed to improving standards of environmental performance to enable a more efficient and sustainable future. Accordingly, we have the following initiatives which are incorporated into regular management reporting to the Board.

Being one of New Zealand's leading retailers encompassing multiple large-format retail outlets, there are many ways we look to improve our environmental performance.

Currently the Group's sustainability initiatives cover:

- Waste Management
- Energy Efficiency

WASTE MANAGEMENT

The Group's waste management strategy recognises that product sourcing is the first step in the supply chain and the best opportunity in minimising unnecessary packaging. Initiatives have been implemented to:

- Work with suppliers to reduce packaging and specify recyclable packaging types at source,
- Ensure that the Group is using recyclable packaging materials in efficient quantities, and
- Ensure that stores have the adequate tools and services to enable effective landfill minimisation.

ENERGY EFFICIENCY

Specifying energy efficient elements within our building documentation for new stores ensures a high level of energy efficiency for the entire lifecycle of the building.

Operationally, comparing energy use on a site by site basis enables us to compare similarly sized stores and target potential future savings through investment in heating, ventilation, air-conditioning and lighting systems.

In addition to the above initiatives, we are working in collaboration with Retail New Zealand and other likeminded retailers to identify opportunities to decrease our environmental footprint. This will be research driven and will enable us to focus on the issues that are important to New Zealanders. It is likely to cover areas such as carbon reduction, increasing recycling levels across the business and targeting packaging for online parcels.

Principle 5 – Remuneration

The remuneration of Directors and executives should be transparent, fair and reasonable.

Directors' Remuneration

Recommendation 5.1: An issuer should recommend director remuneration to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer's Annual Report.

In accordance with the Constitution, Shareholder approval is sought for any increase in the pool available to pay Directors' fees. Approval was last sought in 2016, when the pool limit was set at \$380,000 per annum.¹

The Board has determined the following allocation from the pool;

	Position	Fees (per annum)
Board of Directors	Chair	\$120,000
	Member	\$62,500
Audit and Risk Committee	Chair	\$12,000
	Member	\$6,000
Human Resources Committee	Chair	\$8,500
	Member	\$6,000

Remuneration of Directors in the reporting period is tabulated below:

	Board Fee	Audit and Risk Committee	Human Resources Committee	Total Fees	Other Payments/Benefits	Total Remuneration
Dame Rosanne Meo	\$120,000	\$6,000	\$6,000	\$132,000	-	\$132,000
Rod Duke ²	-	-	-	-	\$1,035,052	\$1,035,052
Tony Batterton ³	\$62,500	\$12,000	\$3,500	\$78,000	-	\$78,000
Andy Coupe	\$62,500	\$6,000	\$8,500	\$77,000	-	\$77,000
Mark Callaghan ⁴	\$5,208	\$500	\$500	\$6,208	-	\$6,208
Total	\$250,208	\$24,500	\$18,500	\$293,208	\$1,035,052	\$1,328,260

1. The Board intends to seek an increase to the Directors' fee pool at the next Annual Meeting to be held in May 2021.

2. No Directors' fees are paid to Executive Directors. For more information in relation to Executive Director remuneration refer to "Managing Director Remuneration" below.

3. Tony Batterton was appointed to the HR committee effective from 1 July 2020.

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

Remuneration Policy

Recommendation 5.2: An issuer should have a Remuneration Policy for remuneration of directors and officers, which outlines the relative weightings of remuneration components and relevant performance criteria.

Briscoe Group has adopted a Remuneration Policy which sets out the remuneration principles that apply to all Non-Executive Directors and all employees including senior management, to ensure that remuneration practices are fair and appropriate, and that there is a clear link between remuneration and performance. A copy of the Remuneration Policy, which is reviewed annually, is available on Briscoe Group's website. Briscoe Group is committed to applying fair and equitable remuneration and reward practices in the workplace, taking into account internal and external relativity, the commercial environment, the ability to achieve Briscoe Group's business objectives and the creation of Shareholder value. Under Briscoe Group's remuneration framework, job size relative to the relevant competitive market for talent as well as individual performance against defined key performance

objectives are key considerations in all remuneration-based decisions, balanced by the organisational context. Remuneration for senior management includes a mix of fixed and variable components. Criteria for performance payments which comprise short, medium and long-term incentives are regularly appraised to ensure they incorporate changing market conditions as well as the Company's performance in relation to strategic initiatives that are deemed by the Board to be most relevant in driving Shareholder value.

Non-Executive Directors are paid fees in accordance with the table provided under 5.1. The levels at which fees are set reflects the time commitment and responsibilities of the roles of Non-Executive Directors and the figures shown under 5.1 do not include any performance-based payments. The Board uses various sources to inform its decision making on fees and consults with expert independent advisors where appropriate.

During 2019 the Board introduced the Briscoe Group Senior Executive Incentive Plan to grant performance rights to key senior management personnel as a long-term incentive (LTI) programme. Vesting is dependent upon achievement of Earnings per Share (EPS) and Absolute Total Shareholder Return (aTSR) growth targets at the end of a three-year term. Three tranches of performance rights have been issued under this programme. This replaced the existing Share Option Scheme which had been in place since 2003.

A medium-term incentive (MTI) scheme was also introduced for other selected senior management. This plan vests in cash rather than equity over a two-year period, using the same measures of EPS and aTSR as the LTI.

Periodically the Human Resources Committee, on behalf of the Board, seeks independent external advice to ensure that remuneration for senior executives is appropriate and fulfils the objectives of attraction, retention and motivation. This exercise was repeated in 2021.

In this manner, the various components of remuneration maintain alignment with the interests of Shareholders, the Company and the individual.

Employee Remuneration

The number of employees and former employees within Briscoe Group (including the Managing Director but excluding any other Director) receiving remuneration and benefits above \$100,000, relating to the 53-week period ending 31 January 2021 is set out in the table below:

Remuneration	Number of Employees	Remuneration	Number of Employees
\$100,000 - \$109,999	12	\$220,000 - \$229,999	1
\$110,000 - \$119,999	11	\$230,000 - \$239,999	3
\$120,000 - \$129,999	2	\$240,000 - \$249,999	1
\$130,000 - \$139,999	13	\$310,000 - \$319,999	3
\$140,000 - \$149,999	9	\$320,000 - \$329,999	1
\$150,000 - \$159,999	1	\$390,000 - \$399,999	1
\$160,000 - \$169,999	6	\$440,000 - \$449,999	1
\$170,000 - \$179,999	1	\$470,000 - \$479,999	1
\$180,000 - \$189,999	3	\$520,000 - \$529,999	1
\$190,000 - \$199,999	5	\$640,000 - \$649,999	1
\$200,000 - \$209,999	3	\$790,000 - \$799,999	1
		\$1,030,000 - \$1,039,999	1

Managing Director Remuneration

Recommendation 5.3: An issuer should disclose the remuneration arrangements in place for the Managing Director in its Annual Report. This should include disclosure of the base salary, short-term incentives and long-term incentives and the performance criteria used to determine performance-based payments.

The remuneration of the Managing Director for the year ended 31 January 2021 was:

	Period Ended 31 January 2021
Base Salary	\$716,930
Other Benefits	\$84,581
STI	\$233,541
Subtotal	\$1,035,052
LTI	-
Total Remuneration	\$1,035,052

The remuneration of the Managing Director comprises fixed and performance payments. Fixed remuneration includes a base salary and other benefits comprising; contributions to superannuation, life insurance, health insurance and a fuel card. The Managing Director received a short-term incentive of \$233,541. The target value of a STI payment is recommended by the Human Resources Committee, approved by the Board and linked strongly to company financial performance and performance against strategic initiatives. Given his shareholding in the Company, the Managing Director does not participate in any Company Long Term Incentive Scheme.

Senior Management

Briscoe Group's senior management are appointed by the Managing Director and their key performance indicators ('KPIs') are comprised of specific Briscoe Group financial objectives along with business related individual objectives. Establishing and monitoring these KPIs is done annually by the Managing Director recommending the KPIs to the Human Resources Committee, which in turn, makes recommendations to the Board for approval. The performance of senior management against these KPIs is evaluated annually and serves as a key determinant of any short-term incentive scheme values and payments.

Short Term Incentive Payments

Short term incentive (STI) payments are at risk cash payments designed to motivate and reward for short term (within each financial year) performance. The target value of a STI payment is set by the Managing Director with a specified dollar potential available to each participant in the scheme. The target areas for all employees who are entitled to a STI payment are set based on a combination of company financial performance, specific financial performance relative to the employee's areas of responsibility and individual goals. The weightings applied to each of the target areas will be largely consistent throughout the company for roles entitled to a STI payment but may vary depending on specific areas of focus as determined by the Managing Director. The Board approves the STI payments to be made to senior management at the end of the financial year and approves their targets for the following year.

Medium Term Incentive Payments

Medium term incentive (MTI) payments are at risk cash payments designed to motivate and reward for medium term (crossing two financial years) performance. A two-year term provides for evaluation of performance over a longer term than used for purposes of STI and ensures a degree of impact or sustainability thereby avoiding or reducing the risk of "short-termism". MTI participants are members of the senior management team who significantly influence achievement of the Company's performance. The target value of an MTI payment is recommended by the Managing Director for approval by the Board, with a specified dollar amount potentially available to each participant in the scheme. Performance is assessed at Company rather than individual level with measures aligned to those of the LTI scheme, albeit over a slightly lesser timeframe. The Board will review performance and approve any MTI payments to be made to senior management at the end of the financial year and approve objectives for the following year.

Long Term Incentive Payments

On 26 March 2019 the Board approved a Senior Executive Incentive Plan under which selected senior employees could be granted Performance Rights which upon vesting would reward the employees with ordinary shares in the Company. Vesting of the Performance Rights occurs after three years and is subject to the achievement of certain performance hurdles, relating to the Company's achievement against Total Shareholder Return and Earnings Per Share growth targets. This plan replaced the Share Option Scheme which had been in place since 2003.

Three tranches of Performance Rights have been issued under this Plan.

Principle 6 – Risk Management

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

Risk Management

Recommendation 6.1: An issuer should have a risk management framework for its business and the issuer's Board should receive and review regular reports. A framework should also be put in place to manage any existing risks and to report the material risks facing the business and how these are being managed.

The Board is responsible for Briscoe Group's risk assessment, management and internal control and has carried out a robust risk assessment process. Principally through the Audit and Risk Committee, the Board monitors policies and processes that identify significant business risks and implements procedures to monitor these risks. A management Risk Committee comprising the Managing Director, Chief Financial Officer, Chief Operating Officer and Internal Audit Manager meets every quarter to identify and assess the major risks affecting the business by maintaining a risk matrix which is used to develop strategies to monitor and mitigate these risks. Risks are assessed against the impact of the risk and the likelihood of it eventuating. The risk matrix is provided to the Board six monthly. The management risk committee reports to the Audit and Risk Committee. Significant risks are discussed at Board meetings, or as required. Briscoe Group maintains insurance policies that it considers adequate to meet insurable risks.

Health and Safety

Recommendation 6.2: An issuer should disclose how it manages its health and safety risks and should report on their health and safety risks, performance and management.

The Human Resources Committee, the General Manager Human Resources and specialist team members in the Human Resource function assist the Board in meeting its responsibilities under the Health and Safety at Work Act 2015, other regulations and policies.

The Human Resources Committee, along with management, is responsible for ensuring that Health and Safety has appropriate focus and is sufficiently resourced to achieve its objectives within Briscoe Group.

Company performance across a range of measures of Health and Safety are a consistent and priority agenda item at all Board meetings. The Board and senior management are apprised of all notifiable incidents and injuries and the actions taken to ensure the health and wellbeing of injured persons. Actions taken to prevent incident recurrence are also advised.

Management operates and assesses the effectiveness of risk assessment and mitigation, safety processes and systems, capability of staff and the general culture of the business in relation to safety.

Briscoe Group has implemented a Health and Safety Risk Matrix to identify specific hazards and risks, assess their severity of impact and likelihood of occurrence, document mitigation strategies and determine the level of residual risk. The matrix incorporates mental wellness in addition to physical safety. This matrix is reviewed at least annually by the Board and annual Health and Safety objectives and KPIs are set for the business based on the significant risks identified.

The Company operates a continuous system of hazard identification and management along with monthly reviews of performance to ensure that opportunities for improvement are identified and progressed. 2020 saw continued progress with development and implementation of traffic management across our sites. In addition, significant attention was paid to the mental health and wellbeing of our team, both generally and as a specific initiative within our wider pandemic response. Through the invaluable combination of our online platforms for learning (Axonify) and Health & Safety (ecoPortal), we were able to proactively engage our team throughout the pandemic. Our efforts ensured that they had all of the necessary information in relation to good hygiene practices, use of personal protective equipment and our processes for maintaining healthy and hygienic workplaces. In addition, our focus on the wellbeing of our people was complemented through resources on encouraging and maintaining good mental health, which was encouragingly reinforced through the innovative use of many of the valued brand and company ambassadors that we are fortunate to have supporting Briscoe Group. Healthy eating, exercising and staying fit were themes reinforced throughout our response and feedback was that these were greatly appreciated. Our managers and other leaders were proactive in engaging with their teams, understanding and accommodating individual circumstances while supporting the continued performance of the business. We did not underestimate the importance of providing assurance to our team that they were being listened to, that we shared and managed concerns as they arose and that our broad and deep approach to health and safety was as important a consideration as was the managing of our trading performance.

Monthly updates are provided to the senior management and Board on our safety performance. We have previously referred to assessment of actual Health and Safety performance using independent information provided by ACC. In 2020, we continued to see tangible evidence of our progress in this area with confirmation that Briscoe Group would receive a discount rather than a loading based on our Experience Rating. Such an outcome maintains our confidence in the systems and processes we have in place, the commitment of our people from the frontline to senior management and the Board, and encourages continued focus in this vital area of business performance.

Using our SaaS platform ecoPortal, management and the Board are able to proactively view preventative efforts and to review safety related incidents (including those without injuries) in order to prevent incidents that pose risk to our people.

Principle 7 – Auditors

The Board should ensure the quality and independence of the external audit process.

External Audit

Recommendation 7.1 and 7.2: The Board should establish a framework for the issuer's relationship with its external auditors. This should include procedures prescribed in the NZX Code. The external auditor should attend the issuer's annual shareholders meeting to answer questions from shareholders in relation to the audit.

The Audit and Risk Committee is responsible for the oversight of Briscoe Group's external audit arrangements. These arrangements include procedures for the matters described in Recommendation 7.1 of the NZX Code.

The Audit and Risk Committee is committed to ensuring Briscoe Group's external auditor is able to carry out its work independently so that financial reporting is reliable and credible. Briscoe Group has an External Auditor Independence policy, which is available on Briscoe Group's website. The External Auditor Independence policy implements the procedures set out in the NZX Code.

The policy sets out the work that the external auditor is required to do and specifies the services that the external auditor is not permitted to do unless authorised by the both the Chair and Chair of the Audit and Risk Committee and so advised to the Board. This is so the ability of the auditor to carry out its work is not impaired and could not reasonably be perceived to be impaired.

Briscoe Group's external auditor is PricewaterhouseCoopers. Total fees paid to PricewaterhouseCoopers in its capacity as auditor for period ended 31 January 2021 were \$108,000 (2020: 108,000).

Total fees paid to PricewaterhouseCoopers for other professional services for the period ended 31 January 2021 were \$26,000 (2020: \$26,000). The other service fees comprise a half yearly review.

PricewaterhouseCoopers has historically attended the Annual Shareholders' Meeting, and the lead audit partner is available to answer relevant questions from Shareholders at that meeting.

Internal Audit

Recommendation 7.3: Internal audit functions should be disclosed.

Briscoe Group has an internal audit team that performs assurance and compliance reviews across company operations as part of a risk-based programme of work approved by the Audit and Risk Committee. In scope are all aspects of the Group's store and non-store operations. In addition to the assurance and compliance work, the internal audit team provide advice to improve both established systems and processes, and during the design and implementation phase of new systems and processes. The Internal Audit Manager reports functionally to the Audit and Risk Committee and administratively to the Chief Financial Officer. The Internal Audit Manager provides regular reporting to management as well as to the Board and Audit and Risk Committee.

Principle 8 – Shareholder Rights and Relations

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

Information for Shareholders

Recommendation 8.1: An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.

Briscoe Group is committed to an open and transparent relationship with Shareholders. The Board aims to ensure that all Shareholders are provided with all information necessary to assess Briscoe Group's direction and performance.

This is done through a range of communication methods including periodic and continuous disclosures to NZX and ASX, half year and annual reports and the Annual Shareholders' Meeting. Briscoe Group's website provides financial and operational information, information about its Directors and Senior Management and copies of its governance documents, for investors and interested stakeholders to access at any time.

Communicating with Shareholders

Recommendation 8.2: An issuer should allow investors the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically.

Shareholders have the option of receiving their communications electronically, including by email or through Briscoe Group's investor centre. Briscoe Group's website includes a section for Shareholder communications and the Board has always been committed to having an open dialogue with Shareholders and welcomes investor enquiries.

Shareholder Voting Rights

Recommendation 8.3: Shareholders should have the right to vote on major decisions which may change the nature of the company in which they are invested.

In accordance with the Companies Act 1993, the Company's Constitution, and the NZX and ASX Listing Rules, Briscoe Group refers any significant matters to Shareholders for approval at a Shareholder meeting.

Further Capital

Recommendation 8.4: If seeking additional equity capital, an issuer should offer further equity securities to existing shareholders of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.

If the Company seeks additional equity capital, the Board will ensure it considers the interests of existing shareholders and, where that is reasonable and in the best interests of the Company, permit shareholders to participate on a pro-rata basis.

Notice of Annual Shareholders meeting

Recommendation 8.5: The Board should ensure that the annual shareholders notice of meeting is posted on the issuer's website as soon as possible and at least 20 working days prior to the meeting.

Briscoe Group posts any Notices of Shareholder meetings on its website as soon as these are available. The general practice is to make these available not less than four weeks prior to the Shareholder meeting.

General Disclosures

Board of Directors

Dame Rosanne Meo, DNZM, OBE, BA, Dip BIA: Chairman (Non-Executive)

Chairman of AMP Staff Superannuation. Director of AMP Administration (NZ) Ltd and Rosanne Meo Consulting. Chartered Fellow of Institute of Directors.

Rod Duke: Group Managing Director and Deputy Chairman

Group Managing Director since 1991. Director of Kein Geld (NZ) Limited, RA Duke Limited, Briscoe Share Plan Trustee Limited and RD Golf Investments Limited.

Tony Batterton, BCom, C.A: Director (Non-Executive)

Partner and Executive Director of Evergreen Partners Ltd. Non-Executive Director of Direct Capital Investments Ltd, Direct Capital IV Investments Ltd, Direct Capital IV Management Ltd, Direct Capital IV Partners Ltd, Direct Capital IV GP Ltd, P F Olsen Group Ltd, PF Olsen Ltd, Siplow Nominees Ltd, Wright Loan Ltd, Direct Capital Partners Ltd, NZ Fine Touring Group and Evergreen Partners GP Ltd.

Andy Coupe, LLB: Director (Non-Executive)

Chairman of Television New Zealand Ltd and the New Zealand Takeovers Panel. Director of Kingfish Ltd, Barramundi Ltd, Marlin Global Ltd. Chartered Member of Institute of Directors.

Mark Callaghan, BCA (Hons): Director (Non-Executive)

Director of OPD Holdings Ltd, Office Products Depot Ltd, Hepstore Ltd and Callaghan Associates Ltd. Member of Institute of Directors.

Subsidiary Companies

No employee of the Group appointed as a Director of Briscoe Group Limited or its subsidiaries receives or retains any remuneration or other benefits in their capacity as a Director.

The remuneration and other benefits of such employees (received as employees) totalling \$100,000 or more during the year ended 31 January 2021, are included in the relevant bandings for remuneration disclosed as part of the "Remuneration" section of the Corporate Governance Statement included in this Annual Report (page 89).

The persons who held office as Directors of subsidiary companies at 31 January 2021 are as follows:

Briscoes (New Zealand) Limited

Rod Duke, Geoff Scowcroft, Alaister Wall

The Sports Authority Limited

Rod Duke, Geoff Scowcroft, Alaister Wall

Rebel Sport Limited

Rod Duke, Alaister Wall

Living & Giving Limited

Rod Duke, Alaister Wall

Principal Activities of the Group

Briscoe Group Limited is a non-trading holding company but provides management services to its subsidiaries.

The principal trading subsidiaries are Briscoes (New Zealand) Limited, a specialist homeware retailer selling leading branded products, and The Sports Authority Limited, (trading as Rebel Sport), New Zealand's largest retailer of most leading brands of sporting goods. The subsidiaries are 100% owned by Briscoe Group Limited.

During the period there were no changes to the nature of Briscoe Group Limited's business or that of its subsidiaries. There were also no changes to company structure.

Directors

A. Shareholdings

Beneficially Held	As at 19 March 2021 Number of shares
RAB Coupe	10,000
Non-Beneficially Held	As at 19 March 2021 Number of shares
RA Duke as Trustee of the RA Duke Trust	171,566,383
RPO'L Meo	100,000
AD Batterton	20,000

For further details refer to Substantial Product Holders information (page 96).

B. Share dealings

During the 53 week period ended 31 January 2021 the following directors acquired shares in the Company:

Date of transaction	Number of shares acquired	Consideration
R A Duke as trustee of the R A Duke Trust:		
20 March 2020	216,077	\$681,077
6 May 2020	200,000	\$620,000
21 October 2020	229,650	\$916,786

There were no other changes to Directors' interests in Briscoe Group Limited during the period.

C. Directors' Insurance

As provided by the Group's Constitution and in accordance with Section 162 of the Companies Act 1993 the Group has arranged Directors' and Officers' Liability Insurance which ensures Directors will incur no monetary loss as a result of actions undertaken by them as Directors provided they act within the law.

D. Interests in contracts

During the 53-week period ended 31 January 2021 the following Directors have declared pursuant to Section 140 (1) of the Companies Act 1993 that they be regarded as having an interest in the following transactions:

- The RA Duke Trust, of which RA Duke is a trustee, as owner of the Rebel Sport premises at Panmure, Auckland, received rental payments of \$613,663 (2020: \$645,000), under an agreement to lease premises to The Sports Authority Limited (trading as Rebel Sport. Refer to Note 6.1.1 of the financial statements).
- Kein Geld (NZ) Limited, an entity associated with RA Duke, received rental payments of \$520,000 (2020: \$564,598), under an agreement to lease premises to Briscoes (NZ) Limited. (Refer to Note 6.1.1 of the financial statements).
- The RA Duke Trust paid PWC \$24,950 for tax services performed in relation to shareholder continuity as a result of changes made to the RA Duke Trust Deed.

E. Directors' and Officers' use of Company Information

During the period the Board received no notices pursuant to Section 145 of the Companies Act 1993 relating to use of Company information.

Shareholders Information

Holding Range at 19 March 2021

	No. Investors	Total Holdings	%
1 – 1000	1,100	701,663	0.32
1,001 – 5,000	1,694	4,940,983	2.20
5,001 – 10,000	620	4,878,927	2.19
10,001 – 100,000	486	11,580,577	5.20
100,001 and over	36	200,490,150	90.09
Total	3,936	222,556,300	100%

Substantial Product Holders

The following information is given pursuant to section 293 of the Financial Markets Conduct Act 2013. As at 31 January 2021, details of the Substantial Product Holders in the company and their relevant interests in the company's shares are as follows:

Substantial Product Holder	Holding as at 31 January 2021 ¹
RA Duke ²	171,566,383

1. This information reflects the company's records and disclosures made under section 280(1)(b) of the Financial Markets Conduct Act 2013.

2. RA Duke has a relevant interest as a trustee of the RA Duke Trust which was disclosed in the SSH notice dated 13 October 2016, in respect of 170,081,138 ordinary shares. As at 31 January 2021 this interest was in respect of 171,566,383 ordinary shares.

The total number of ordinary shares on issue (being all of the voting shares of the company) as at 31 January 2021 was 222,466,000.

Top 20 Shareholders

As at 19 March 2021

Rank	Holder's Name*	Total	%
1	JB Were (NZ) Nominees Limited **	173,512,707	77.96
2=	Gerald Harvey	5,250,000	2.36
2=	Harvey Norman Properties (NZ) Ltd	5,250,000	2.36
4	FNZ Custodians Limited	2,889,316	1.30
5	Forsyth Barr Custodians Limited	1,243,621	0.56
6	Alaister John Wall, Beverley Ann Wall and Benedict Douglas Tauber as Trustees of Tunusa Trust established for the benefit of the family of AJ and BA Wall	1,230,000	0.55
7	Stuart Hamilton Johnstone and Lorraine Rose Johnstone	1,000,000	0.45
8	HSBC Nominees (New Zealand) Limited	955,038	0.43
9	Accident Compensation Corporation	734,913	0.33
10	Manhattan Trustee Limited	683,000	0.31
11	Custodial Services Limited	568,283	0.26
12	Peter William Burilin	540,839	0.24
13	Shu Wen Chiang	534,861	0.24
14	New Zealand Permanent Trustees Ltd	408,821	0.18
15	New Zealand Depository Nominee	390,062	0.18
16	Citibank Nominees (NZ) Ltd	364,337	0.16
17	Carla Ingrid Brockman	336,300	0.15
18	Gemscott Limited	335,000	0.15
19	Shih Ting Huang	306,719	0.14
20	Geoffrey Peter Scowcroft	273,299	0.12

* A number of the registered holders listed below hold shares as nominees for, or on behalf of, other parties.

** Includes 171,566,383 shares in relation to holdings associated with R A Duke.

Directory

Directors

Dame Rosanne PO'L Meo (Chairman)

Rodney A. Duke

Anthony (Tony) D. Batterton

Richard A. (Andy) Coupe

Hugh J. M. (Mark) Callaghan

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Bankers

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Websites

www.briscoegroup.co.nz

www.briscoes.co.nz

www.rebelsport.co.nz

www.livingandgiving.co.nz

Notes

