



Impact on Briscoe Group from removal of tax depreciation on commercial buildings

As a result of the change in tax legislation that was enacted on 28 March 2024, the tax depreciation rate on commercial buildings with an estimated useful life of 50 years or more will be reduced to 0%. This reduction in the tax depreciation rate has significantly reduced the tax base of the Group's buildings as future tax deductions will no longer be available for Briscoe Group from 29 January 2024.

The changes will impact the accounting value of deferred tax and also the reported earnings for the financial year ending 26 January 2025.

It is important to note that this deferred tax liability adjustment is a one-off, non-cash accounting entry in the current interim reporting period which has no impact on Briscoe Group's underlying trading profitability¹ or dividend policy.

Under the requirements of New Zealand Equivalent to International Accounting Standard 12, *Income Taxes*, Briscoe Group will decrease the Group's deferred tax asset and reduce the reported net profit after tax for the financial year ending 26 January 2025 by \$7.4 million. This entry will be included in the half year result for the period ended 28 July 2024.

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Contact for enquiries:

Geoff Scowcroft
Chief Financial Officer
Tel: +64 9 815 3737

1. Underlying trading profitability is equal to net profit after tax, excluding the impact of the one-off deferred tax expense.