



## 1<sup>st</sup> Quarter Sales and Market Update

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The directors of Briscoe Group Limited (NZX/ASX code: BGP) announce that unaudited sales for the first trading quarter ended 26 April 2020 were \$97.0 million, being 35.6% lower than the \$150.6 million achieved for the same quarter of last year.

Prior to COVID-19 Alert Level 4, trading for the first quarter up to and including 24 March 2020 had seen Group sales grow by 4.2% over the equivalent days of last year. However, the adverse impact since Level 4 commenced on 25 March 2020 has been significant.

We were pleased to be able to offer a condensed range of essential items during Level 4 and saw online demand double during this period. With New Zealand now in Level 3 we expect this to continue to grow as a result of being able to offer the full range of products available at Briscoes Homeware, Living & Giving and Rebel Sport, albeit online only.

The health and wellbeing of our team and customers and how we can best support them through these challenging times remains the priority for the Board and senior management. As previously announced Rod Duke, Group Managing Director will not be taking a salary at all until at least the end of July 2020, along with the senior management team agreeing to a freeze on their salary increases for the same period. This week the Board and senior management have decided to strengthen this commitment by agreeing to a temporary reduction in fees and salaries of 20%, effective from May 2020.

Group Managing Director Rod Duke said, "Our focus continues to be doing all we can to keep our team and customers safe. I'm very proud of how everyone right across the business is adapting to these unprecedented times. Team members who have returned to work to support the online and fulfilment operations, and support team who continue to work tirelessly from home while balancing the increased demands of home life are just two examples of how our business is rising to the challenge.

"We continue to look at all aspects of the business in order to minimise the impact of COVID-19. Discussions are ongoing with our landlords and suppliers in relation to agreeing equitable solutions for both trade and non-trade expenditure. The Government wage subsidy of \$11.4 million has supported our ability to pay the team's normal remuneration throughout Level 4. As we enter Level 3, cost decisions such as the salary reduction initiated by senior management allow us, at this stage to continue with full pay for the rest of our team and with no redundancies incurred.

“Maintaining existing jobs and incomes continues to be a priority for the leadership team along with a return to previous levels of trade. There remains uncertainty around the length of time store closures will continue as well as the ongoing economic and social implications as a result of COVID-19. For these reasons it is difficult to accurately forecast the full financial impact on the Group at this time, however the effect on first half revenue will be significant which currently is expected to result in only a modest profit to be reported for the first half.

“Despite this uncertainty, our planning is well advanced in anticipation of bringing our entire retail trading network back into operation and with our lean operating model and strong balance sheet I remain convinced that we are well placed to respond positively to the challenges ahead.”

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