

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.