



**RETAIL  
IS OUR  
WORLD.**

**B** BRISCOE  
GROUP LIMITED

# Half Year Addendum

26 WEEK PERIOD ENDED 28 JULY 2024





# Contents

Highlights	3
Sales	4
Gross Profit Margin %	5
Net Profit After Tax	6
Balance Sheet	7
Customer Satisfaction	8
Online Experience	9
VIP Membership Club	10
Our Team	11
Sustainability	12
Supply Chain	13
Strategy	14
Looking Forward	15
Financial Summary	16
Brand Portfolio	17

**Grass Roots Grants Winners**

Western Heights High School Girls Volleyball



# Highlights

## Half Year Ended 28 July 2024

Another solid first half performance despite the challenges of tough economic conditions.



### Record Half Year Sales

- Group sales +0.77% to \$372.1m.
- Homeware sales +0.28% to \$230.0m.
- Sporting Goods sales +1.58% to \$142.1m.

### Gross Profit Performance

- Gross Profit 42.97% down from 43.73%.
- Impacts of economic downturn continue.

### Solid Online Performance

- Online sales 18.77% of total Group sales.
- Total Customer database now over 2m.
- Continued growth in Direct to Customer sales.

### NPAT Performance

- HY NPAT \$40.6m (before impact of tax adjustment).
- Strong result in tough trading conditions.
- Total store and overhead costs well controlled at only +0.3% increase over last year.

### Strong Balance Sheet

- Net cash at period end \$131.8m.
- Total inventories decreased by \$13.9m from July last year to \$106.3m.
- Increased Capex spend on strategic initiatives.
- Interim dividend unchanged at 12.5cps

### Strategic Initiatives contributing to increased profitability

- Record level of customer satisfaction through Net Promoter Score (NPS) across both stores and online.
- Strategic plan refreshed and now in place for 2024 to 2027.
- Key Supply chain transformation projects on plan and new Warehouse Management System (WMS) successfully launched.
- Land purchase now complete for new Auckland DC in Drury.
- Roll out of Electronic Shelf Labels now completed.



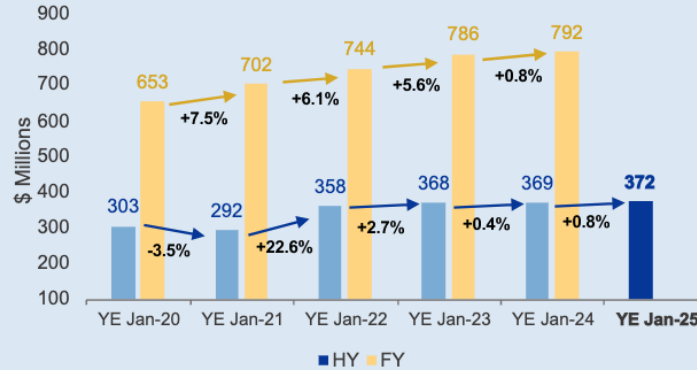
# Sales

Continued sales growth in a challenging retail environment.

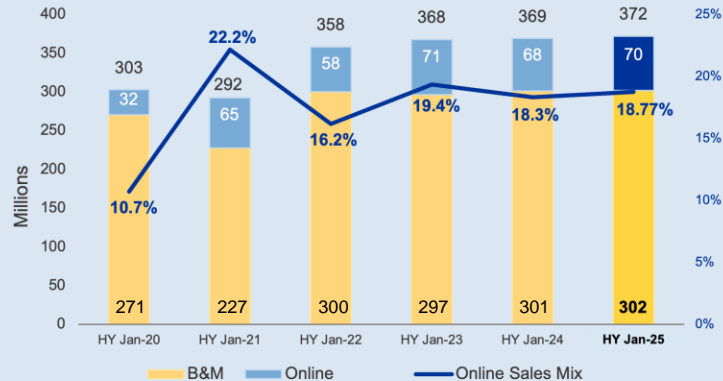


- Continued **growth** across **both** Homeware and Sporting Goods.
- **Growth** slowed due to external factors.
- **47** Briscoes Homeware and **43** Rebel Sport stores.
- Online mix still **strong** after Covid surge.

PERCENTAGE GROWTH

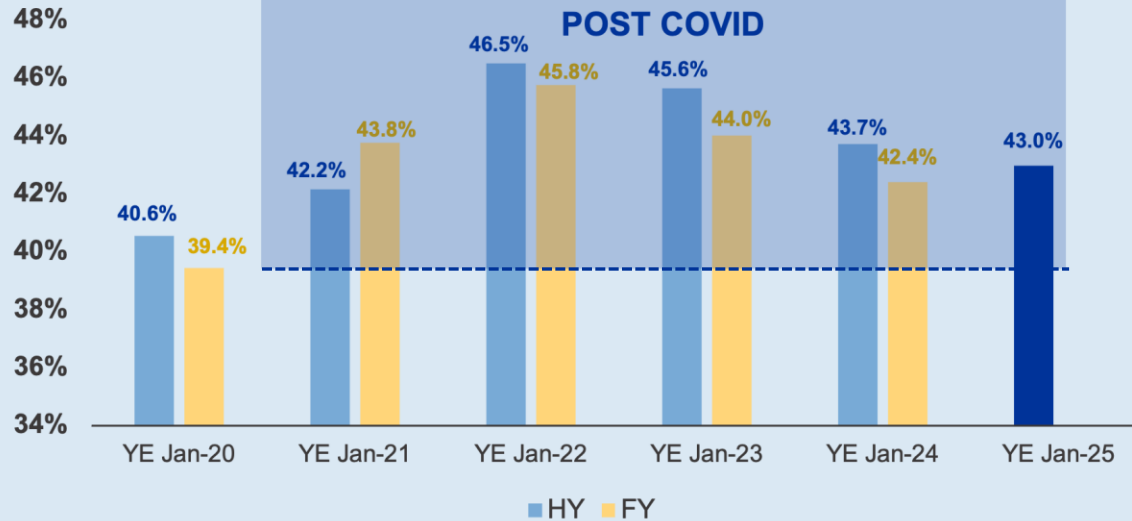


BRICKS & MORTAR VS ONLINE



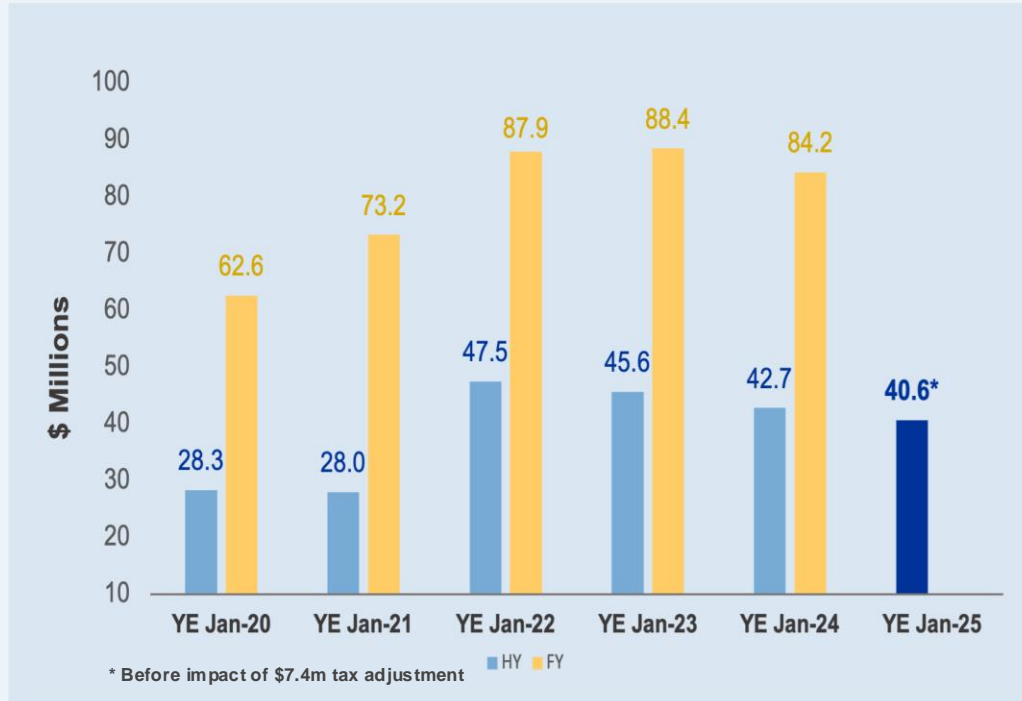
# Gross Profit Margin %

Despite continued pressure, margin remains above pre-Covid levels.



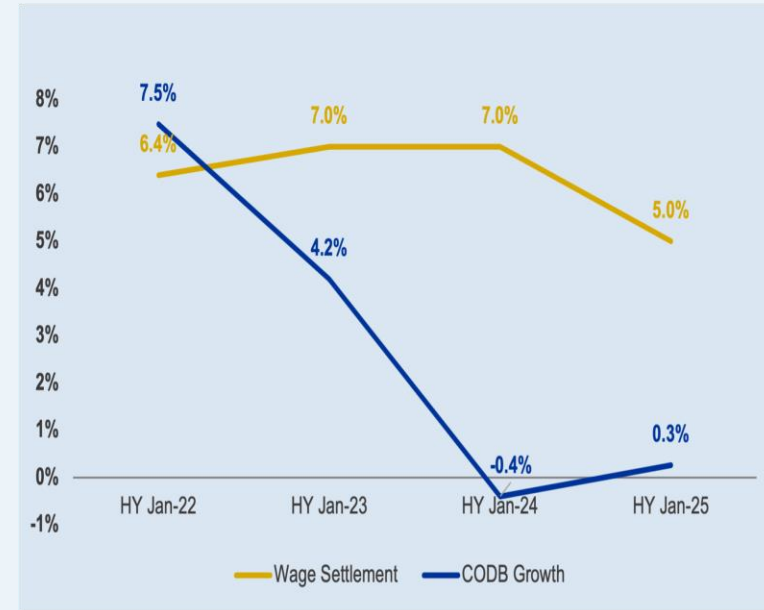
# NET PROFIT AFTER TAX (NPAT)

Continued solid NPAT performance despite difficult trading environment

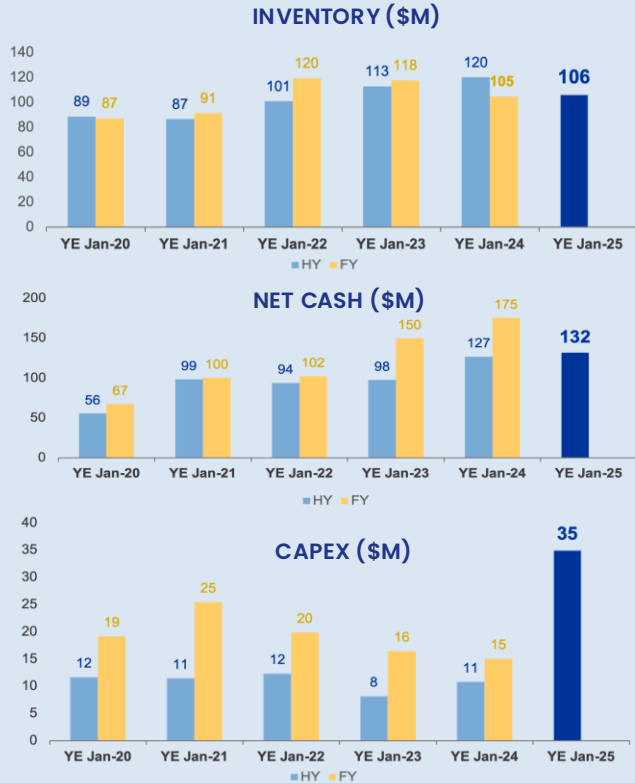


# COST OF DOING BUSINESS

Ongoing focus on robust cost control



# Balance Sheet



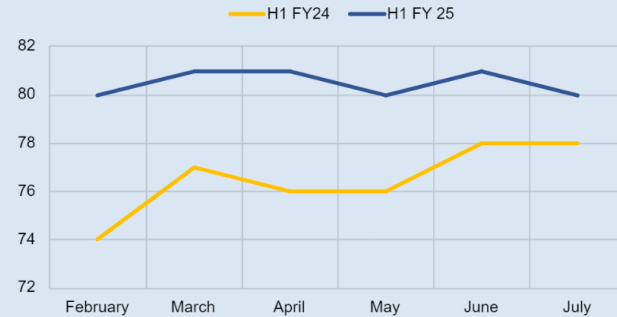
- Strong focus on inventory with pressure on sales.
- Healthy cash position as strategic initiatives gain momentum.
- Despite challenging economic environment strategic initiatives continue to progress in line with expectations.



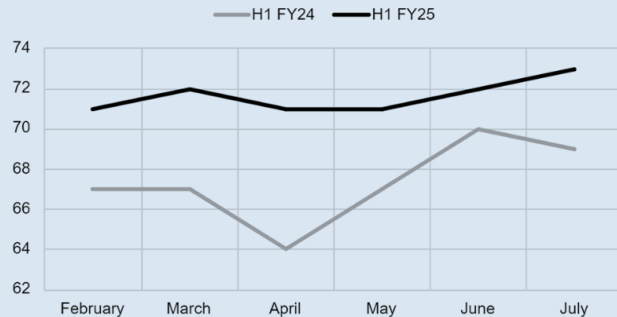
# Customer Satisfaction – Net Promoter Score (NPS)

- Record levels of **satisfaction** achieved consistently for the past three years in our NPS scores – Briscoes Homeware now running above 80 consistently and Rebel Sport over 72.
- Market leading service levels delivered in conjunction with tight cost control.
- Online NPS for Briscoes Homeware is 70 and Rebel Sport 67.

### BRISCOES HOMEWARE NPS



### REBEL SPORT NPS





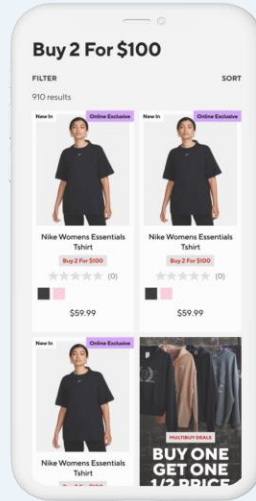
# Online Customer Experience Improvements

This year we continued to invest in our online and store fulfilment technology, to bring our customers the best online experience.

**We've dispatched 1,700,000 units!**

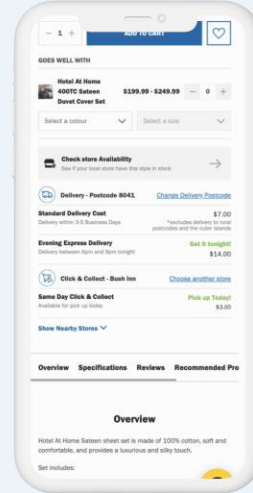


Average delivery speed improved by 13% now under 3 days & 0.7day average dispatch



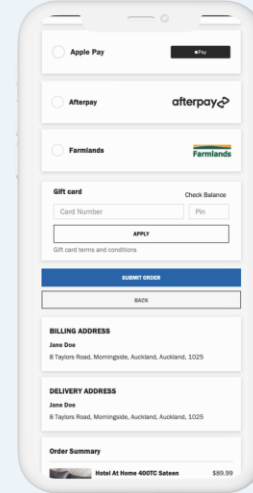
### NEW PROMOTIONAL MECHANIC

Introduced the Multi Buy promotional mechanic to enable 2 for \$X.



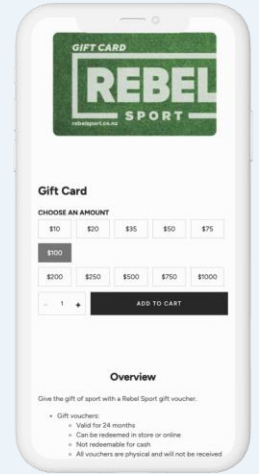
### EXPRESS DELIVERY OPTIONS

Introduced Express Delivery with a trial in the Christchurch region with roll out to Auckland and Wellington in Q3.



### APPLE PAY PAYMENT OPTION

Apple Pay added as a payment option at checkout.



### GIFT CARD IMPROVEMENTS

Updated gift and e-gift card user interface and added ability to purchase any value card.

**SIGNIFICANT GROWTH IN CLICK & COLLECT**

→ **16%**  
YOY ↑

**CLICK & COLLECT SHARE UP 10%**

↑ **LABOUR SPEND DOWN 6%**

↓ **760K TOTAL ONLINE ORDERS**

# VIP Membership Clubs

We have a large, growing and loyal customer membership programme with over 2 million club members.



## HI FY25 vs HI FY24

**Total database:** 0.96m +20.2%

**Member frequency:** +8.0%

**Member annual spend:** +14.9%

## HI FY25 vs HI FY24

**Total database:** 1.05m +20.4%

**Member frequency:** +25.9%

**Member annual spend:** +23.8%



We're thrilled to welcome you as a Briscoes Club member. To celebrate your arrival, here's **\$15 off your order of \$100** (or more) to take your home to the next level.

# Our Team

A broad range of **investments in our people, systems and processes** are contributing to member capabilities, competence and confidence. Our team is well placed to drive the business forward.

## TEAM ENGAGEMENT

**+0.2**

With consistent participation across the business, it was pleasing to see increases across three key measures including Team Engagement (+0.2), Wellbeing (+0.1) and Diversity, Equity & Inclusion (+0.1). Each of these contributes to our team translating their engagement into the superior shopping experience we intend for our customers.

## CAPABILITY & CAPACITY

**2.8%**

Despite tightness in the labour market, we continued to see an increase in team member retention (+2.8% year on year) across the business. Our Leadership & Management Programme continues to build momentum and just under two thirds of our retail managers have participated in the leadership series to date.

## INNOVATION IN HEALTH & SAFETY

**60%**

Manual handling injuries account for approximately 60% of injuries resulting in an ACC claim. We are piloting XR Technology to deliver virtual training to our team on the basis that training of this type is preferred by our team, enables muscle memory development more likely to be transferred to the workplace. These skills are relevant in daily lives, not just at work.

## RECRUITMENT

**25%**

With an increasingly competitive & complex talent market we commenced a pilot with Empathix to integrate artificial intelligence to aid in identifying the most suitable candidates for roles. Early results suggest a 25% reduction in time to hire. This technology complements the work of hiring managers – reducing recruitment time and improving hiring decisions.

## REMUNERATION

**5%**

Following increases of 7% in both 2022 and 2023 we increased wage rates for our frontline team members by up to 6% this year. Targeted increases to roles reflective of career retailing complements our work to ensure that team members new to the workforce are engaged, productive and ‘work ready’.

## WELLBEING

**20%**

Continued efforts to decrease injury frequency and severity rates saw a 20% improvement in our ACC Experience Rating. Complementing our focus on physical wellbeing has been the introduction of Sonder a digital care platform providing access to medical advice, safety support and mental health care.



# Sustainability

## Our Steps To A Better Tomorrow

### Governance

Sustainability strategy now embedded internally, streamlining efforts and reporting.

Continued improvement of Sustainability related internal training, resources and communications.

Good progress made in preparing for our second CRD disclosure including scope 3 emissions, climate transition planning and financial impacts.

### Environment

Eco-Central Product Returns Diversion Program now active in all Christchurch stores. A similar program has kicked off in Auckland with All Heart NZ, helping reduce waste to landfill.

Ethical Supplier Program now embedded; progress made on improving factory gradings.

This half we have converted a further 11 LPG forklifts to electric, bringing the total converted to date to 40 (76% of our fleet).

### Community

Launched Rebel Sport Grass Roots grant program, awarding over \$130,000 in cash and sports gear to local clubs in the first half.

\$353,000 raised for Cure Kids during first half and on track to raise \$1 million + for the year.

6,058 balls through the Pass it Forward program in the first half. (91% more than H1 last year).

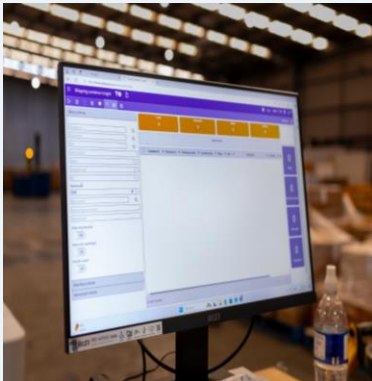


Western Heights High School Girls Volleyball



# Supply Chain Transformation

We have implemented a new Warehouse Management System, purchased the land and approved the design for our new North Island DC.



## Warehouse Management System

- Successful implementation of new Warehouse Management System (WMS) in the current Distribution Center (DC).
- This will improve our capability and provides key learnings to orchestrate operations in our new North Island DC.

## Land Purchase in Drury, Auckland

- Purchase of the land for the New DC in Drury, following extensive feasibility modelling and land search in the greater Auckland and Waikato region.
- Signed a development agreement with Calder Stewart to build the DC.

## High-Level Site Design

- The new North Island DC is designed to meet our growth requirements for the next ten years.
- It will provide over 17,000 pallet positions of storage, plus 40,000 totes for storage of smaller items.
- The site will include automation to increase productivity.

## Impact on Team and Customers

- State of the art facility and equipment.
- Reduced stock level in stores by holding more in DC and replenishing stores in line with demand.
- Improved range of products and potential for new product categories in stores.

## Expected Benefits - when fully operational

- Significant potential for sales and margin growth from improved on-shelf availability and reduced stock days of cover in-store.
- Sales growth from new products and categories in existing stores.
- Reduced emissions from DC site design and streamlined end-to-end transport flows.

## Timeline

- Detailed design complete and consents to be lodged by the end of 2024.
- Construction starts early in 2025.
- Early access by end of 2025.
- Phase 1 of the DC operational March 2026.
- Full operations including Automation live by the end of 2026.



# 2024 – 2027 Briscoe Group Strategy

## GOAL

*Deliver the Best Retail Experience in New Zealand*

## STRATEGY

### LONG TERM GROWTH ACCELERATION

Explore new business opportunities to drive significant growth.

Direct To Customer sales acceleration.

Commercial opportunity.

### RETAIL EXPERIENCE EVOLUTION

Flagship store concepts.

Electronic Shelf Label roll out – all stores.

Rebel Sport & Briscoes Homeware product range optimisation.

Cross-sell and up-sell focus.  
Loyalty.

### SUPPLY CHAIN TRANSFORMATION

New Auckland Distribution Centre.

Improved allocation and replenishment of inventory.

Rebel Sport inventory optimisation.

Optimisation of store space.

### BUILDING BLOCKS

Tech Architecture.

People capability and capacity.

Automation and the use of AI to simplify processes.

Increase positive impact through sustainability.

## FUTURE STATE

**The best retail experience in NZ.**

**World class supply chain to empower NZ's best store network & team.**

**Curated ranges with the best sports and homewares offer in NZ.**

**Operating sustainably for growth.**

# Looking Forward – Strongly Positioned to Successfully Navigate Challenging Economic Times

- Completed the refresh of our Strategic plan for 2024 to 2027.
- Confident in our ability to successfully navigate difficult economic conditions as are increasing our investment in growth drivers.
- Key business health metrics are in great shape, record levels of VIP club members, customer and team satisfaction achieved.
- Solid trading performance in both Homewares and Sporting Goods, despite challenging conditions.
- World class team of over 2300 people.
- Major investment in supply chain transformation on track with phase 1 of the systems now successfully live.
- Group inventory quality continues to improve with relentless focus on optimising promotional and clearance events.
- Strong balance sheet provides financial protection alongside the ability to fund strategic investment.
- Current business model is well suited to succeed in the tougher economic climate, led by experienced leadership team.



# Financial Summary

	HY Jul 19	HY Jul 20	HY Jul 21	HY Jul 22	HY Jul 23	HY Jul 24	FY Jan 20 <sup>1</sup>	FY Jan 21	FY Jan 22	FY Jan 23	FY Jan 24
Homeware Revenue - \$000	191,503	184,347	222,628	228,739	229,391	230,027	410,908	439,234	460,887	487,501	490,116
Sporting Goods Revenue - \$000	111,481	108,060	135,793	139,207	139,846	142,051	242,109	262,563	283,563	298,353	301,837
Group Total Revenue - \$000	302,984	292,407	358,421	367,946	369,237	372,078	653,017	701,797	744,450	785,854	791,953
Online Mix of Sales - %	10.7%	22.2%	16.2%	19.4%	18.3%	18.8%	11.3%	18.8%	21.5%	19.0%	18.7%
Group Gross Margin - \$000	122,882	123,275	166,663	167,937	161,464	159,865	257,502	307,116	340,642	345,922	335,762
Group Gross Margin - %	40.6%	42.2%	46.5%	45.6%	43.7%	43.0%	39.4%	43.8%	45.8%	44.0%	42.4%
Group EBIT - \$000	45,659	45,948	73,040	70,016	64,217	60,497	97,223	115,886	136,468	135,494	126,296
Group EBIT - % to Sales	15.1%	15.7%	20.4%	19.0%	17.4%	16.3%	14.9%	16.5%	18.3%	17.2%	15.9%
Group NPAT - \$000	28,347	27,979	47,461	45,620	42,750	40,584 <sup>8</sup>	62,583	73,199	87,909	88,437	84,221
Group NPAT - % to Sales	9.4%	9.6%	13.2%	12.4%	11.6%	10.9%	9.6%	10.4%	11.8%	11.3%	10.6%
Free Cash Flow - \$M (Operating Cash Flow less Capex)	8.2	37.4	33.2	38.9	22.2	3.0	60.3	81.1	76.6	128.0	108.3
Dividends Per Share - cps	8.5	9.0	11.5	12.0	12.5	12.5	8.5 <sup>2</sup>	28.5 <sup>3</sup>	27.0	28.0	29.0
Earnings Per Share - cps	12.8	12.6	21.3	20.5	19.2	18.2 <sup>8</sup>	28.2	32.9	39.5	39.7	37.8
Net Cash Position - \$M	55.5	98.6	93.9	97.6	126.9 <sup>5</sup>	131.8 <sup>7</sup>	67.4	100.4	102.5	149.9 <sup>4</sup>	175.4 <sup>6</sup>
Inventory Turnover - X p.a. (COGS divided by average inventory)							4.7	4.4	3.8	3.7	4.1

1. NZ IFRS 16 Leases first year of adoption.

2. Final dividend of 12.5cps cancelled as a result of Covid-19 pandemic.

3. Includes special dividend of 6cps.

4. Includes \$26 million of creditor payments made on 31 January 2023.

5. Includes \$18 million of creditor payments made on 31 July 2023.

6. Includes \$20 million of creditor payments made by 31 January 2024.

7. Includes \$23 million of creditor payments made by 31 July 2024.

8. Excludes \$7.4M one-off non-cash tax expense adjustment.

# Over 100 new brands added to the Group in past 12 months

