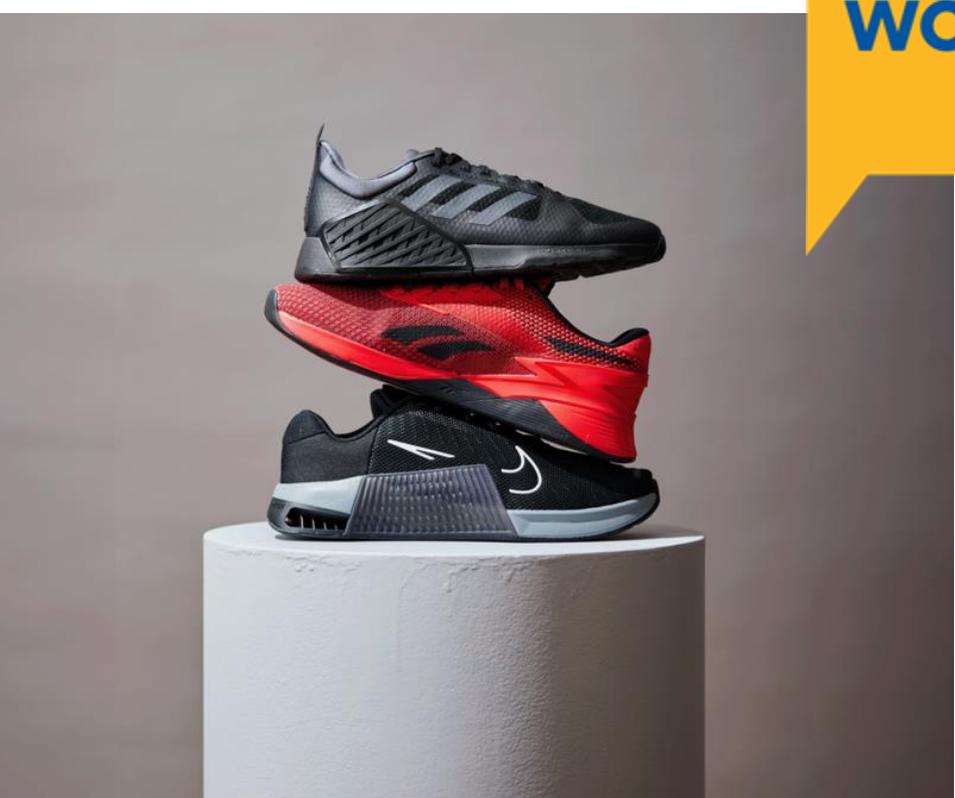




**RETAIL  
IS OUR  
WORLD.**



**B** BRISCOE  
GROUP LIMITED

# Half Year

26 week period ending 30 July 2023

**BRISCOES**  
HOMEWARE



**REBEL**  
SPORT



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# Highlights

Half Year ended 30 July 2023



## RECORD HALF YEAR SALES

- Group sales +0.35% to \$369.2m
- Homeware sales +0.28% to \$229.4m
- Sporting Goods sales +0.46% to \$139.8m



## SOLID ONLINE PERFORMANCE

- Online sales 18.33% of total Group sales
- Customer membership size and engagement at record level
- New front-end features
- Back-end system development



## GROSS PROFIT PERFORMANCE

- Gross Profit margin 43.73% - down from 45.64%
- Impacts of economic downturn evident
- Goal is to protect around half of the 633 basis points gained during the years ended January 2021 and January 2022



## TEAM

- Team engagement increase year on year
- The retail management team are well progressed through our leadership programme



## NPAT PERFORMANCE

- HY NPAT \$42.7m
- Strong result in tough trading conditions



## STRONG BALANCE SHEET

- Net cash at period end \$126.9m
- Increased inventories from additional store and increased product costs
- Continued investment in store network refurbishment programme
- Interim dividend increased to 12.5 cents per share to be paid 11 October 2023



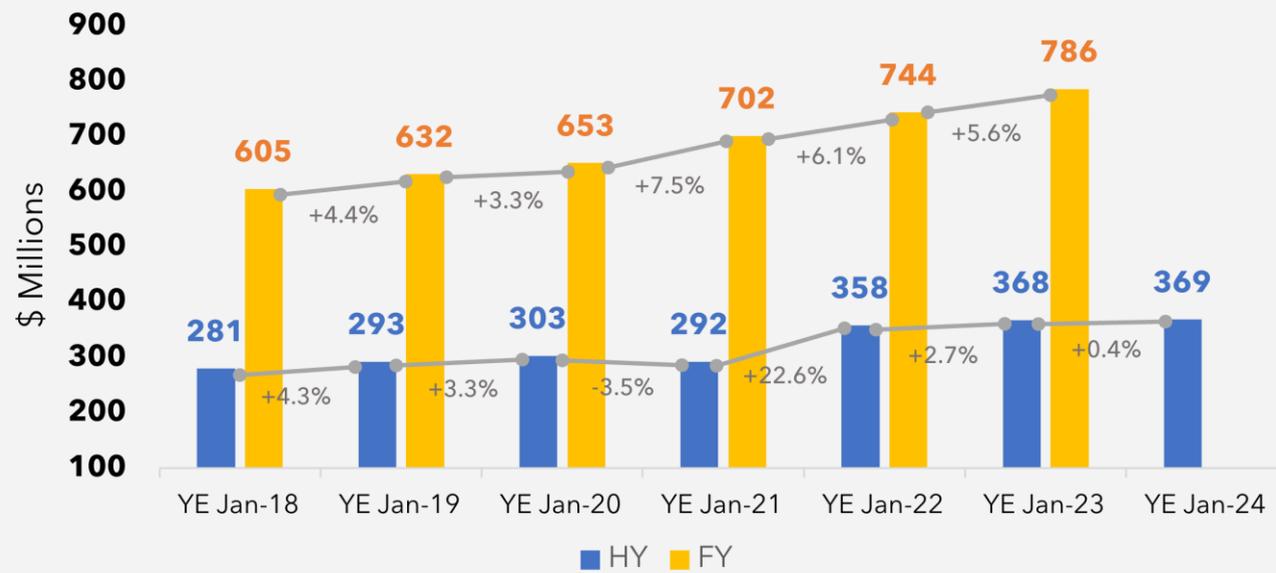
## STRATEGIC INITIATIVES ENHANCE BOTTOM-LINE

- Direct to customer channel growth ahead of expectations
- Record level of Customer Net Promotor Scores both instore and online
- Online order picking efficiencies now driving productivity

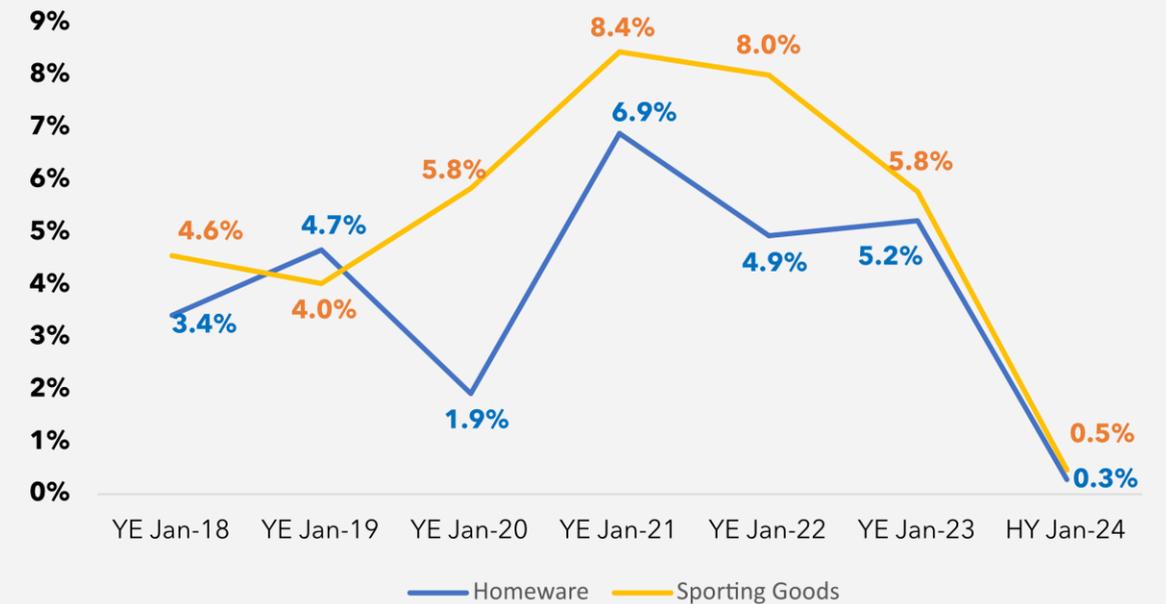
# Sales



## PERCENTAGE GROWTH



## SALES GROWTH BY SEGMENT

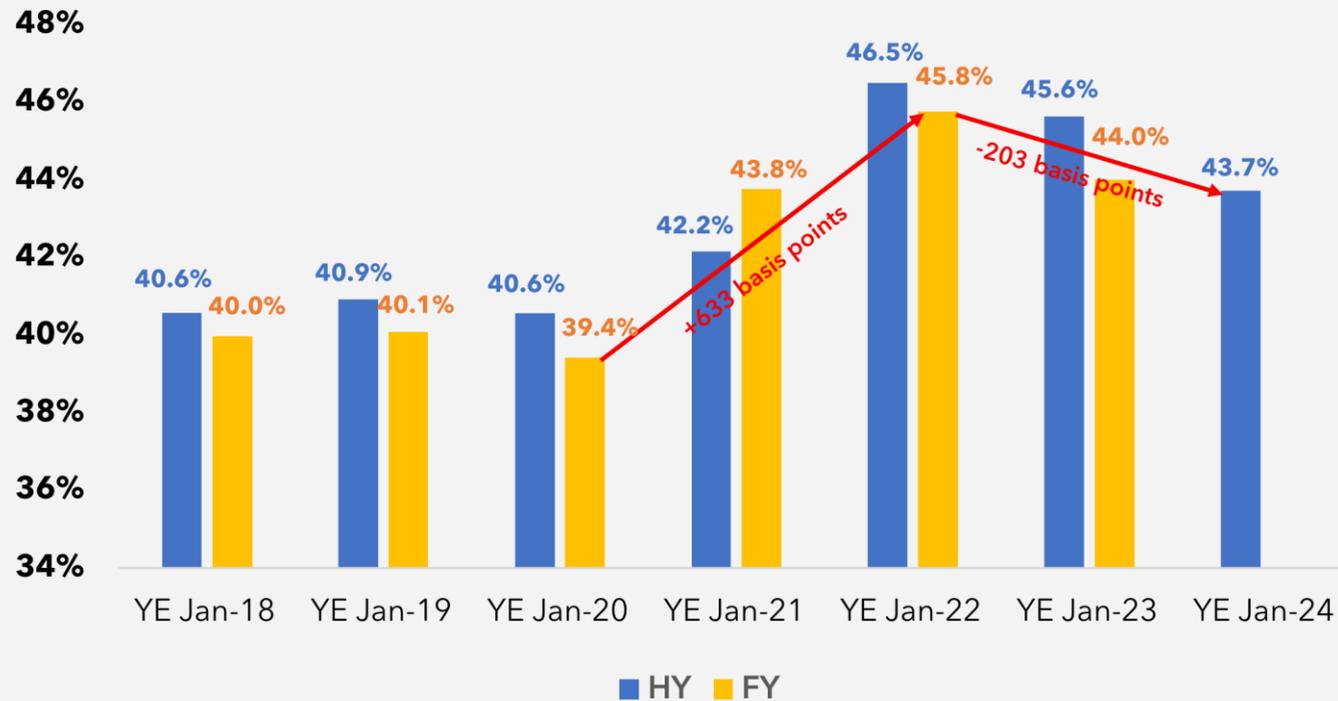


Continued **Sales growth** in a very **challenging** retail environment.



**Positive** sales growth across both **HomeWare** and **Sporting Goods**

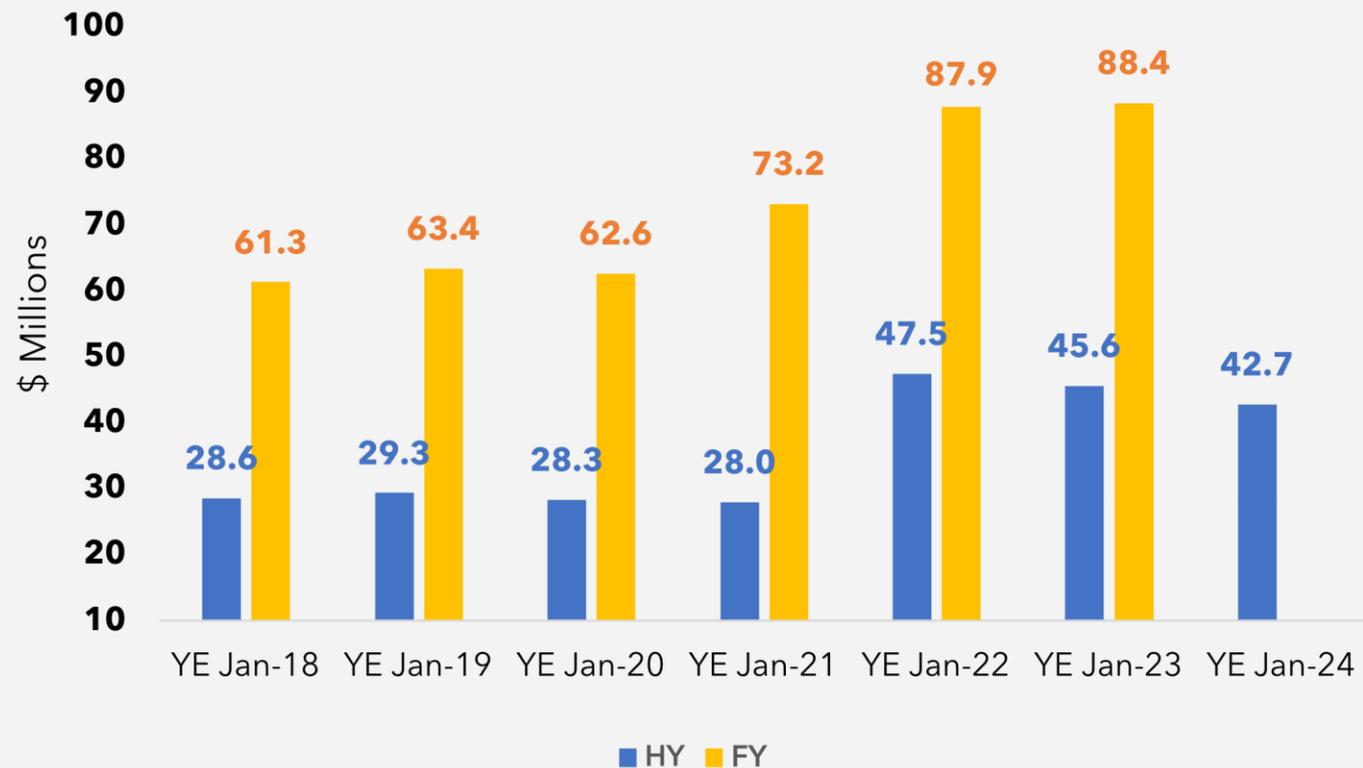
# Gross Profit Margin %



- Margin pressure from a number of factors as the impacts of the economic downturn are felt
- Goal for the full year remains to protect around half of the 633 basis points gained during the 2 years ended January 2021 and January 2022

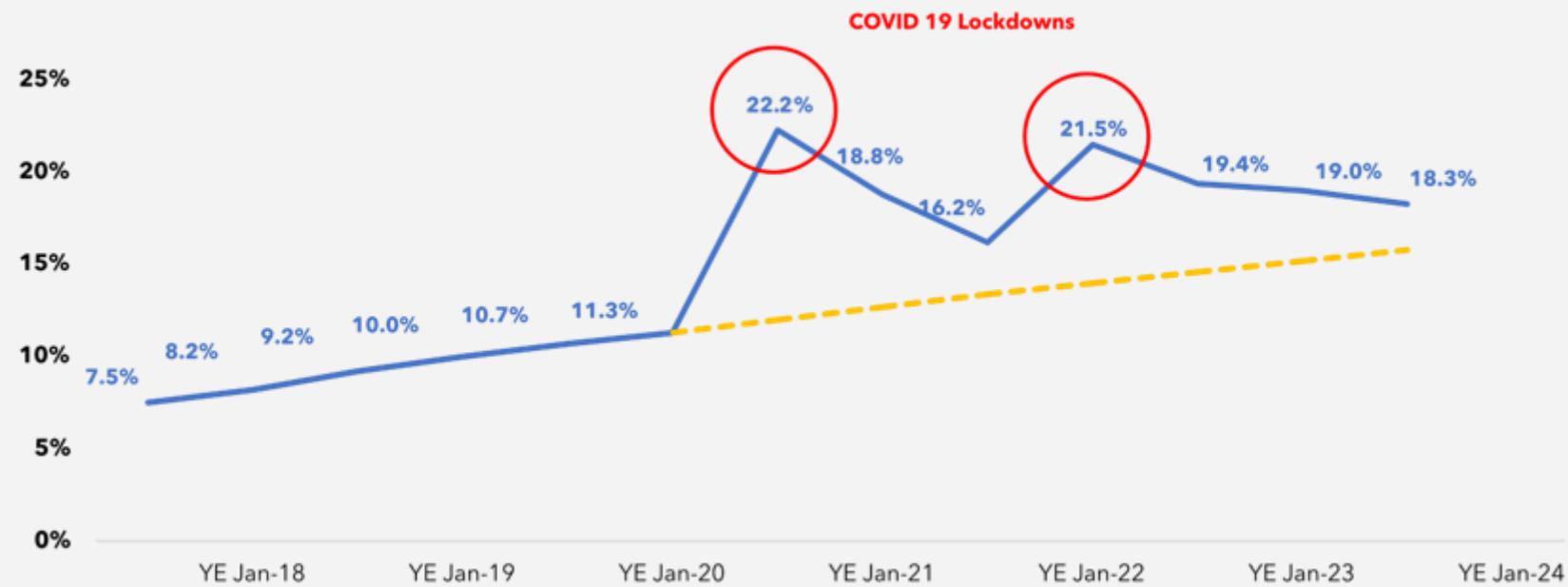


# Net Profit After Tax (NPAT)

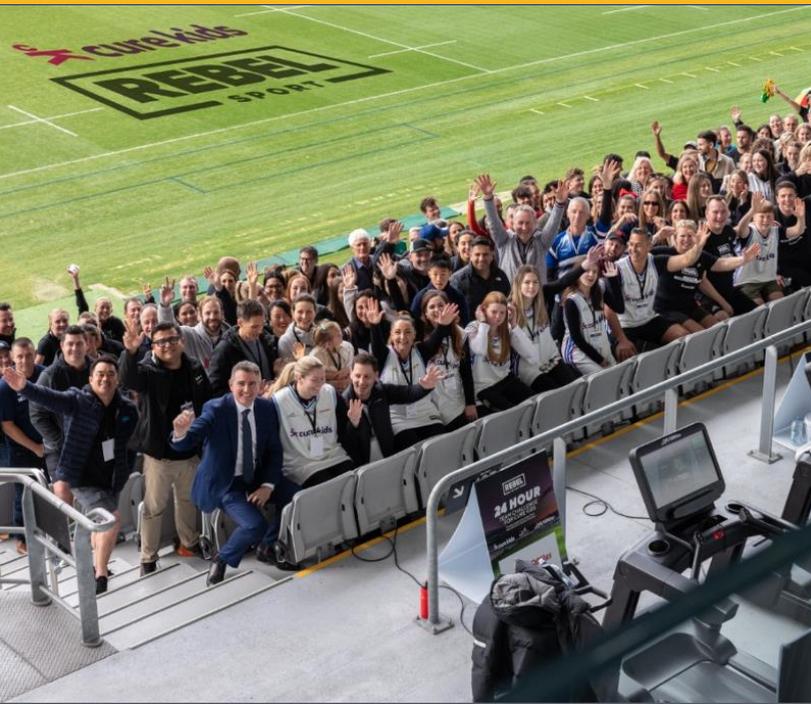


- Continued solid NPAT performance despite difficult trading environment
- Ongoing focus on robust cost control
- Although it will be difficult to replicate last year's record NPAT, this first half performance gives confidence for a solid second half result

# Online Share of Sales



- Strong online user experience
- Online sales mix stabilising
- Continued investment in online developments protecting lockdown increases



# Team

Our focus on investing in our people, systems and processes enabled us to increase team member capabilities, competence and confidence. Our team is well positioned as we head into the second half of the year.



# Instore Highlights



## 3 STORES COMPREHENSIVELY REFURBISHED

- Briscoes Homeware Whangārei – full renovation with polished concrete floors, LED lighting, new concept fixtures and counters
- Rebel Sport Taupō – refit completed which included polished flooring, modernised layout, and fixture upgrades
- Rebel Sport Manukau – full redevelopment of the site including new storefront, upgrade to LED lighting, polished concrete floors, new counters, changing rooms and basketball zone



## 1 STORE RELOCATION

- Briscoes Homeware Ashburton has been relocated to a brand-new premises. Bigger, brighter, and better with more space for customers and improved visual merchandising



## 1 BRAND NEW STORE – REBEL ASHBURTON

- Rebel Sport Ashburton is our newest store in the Group. It has been fitted out to our latest concept including latest fixtures, spacious changing rooms, personalised counters, and energetic lighting



## MAINTAINED HIGH SERVICE LEVELS 1H

- Briscoes Homeware achieved Net Promoter Score (NPS) of 77 which is +0.9% ahead of last year
- Rebel Sport achieved NPS of 67 which is +0.3% ahead of last year



## IMPROVED FULFILMENT OPERATIONS

- Integrated shipping with our order management system, reducing complexity and speeding up the dispatch process
- 6 key fulfilment initiatives have been delivered in the first half and a further 7 initiatives under development to land in the second half



## FIRST HALF EFFICIENCIES

- >10% improvement in online picking speed
- >5% improvement in delivery in full on time to customer
- Reduced labour expense of over 9% through process improvements

# Online Experience

## Relentless Focus

### CONTINUOUS RELEASE STRATEGY FOR ONLINE IMPROVEMENTS:

- Embedded a best-in-class Product Information System (PIM)
- Optimised the experience of our reviews platform which has generated a total of 82,000 reviews across our Briscoes Homeware and Rebel Sport sites
- New post-purchase order updates, including text to pick up, to provide a more connected experience for customers
- Connecting customers instore with online buying guides through QR codes for instore customers
- Implemented "Fit Analytics" – a fit finder to help customers find their right size for apparel on the Rebel Sport website
- New product collections functionality, helping customers to easily shop the whole range from the product page for key categories such as Manchester

### VIP CLUBS:

- Total Group customer database now sitting at 1,724,000
- We have an average instore sign-up rate of 6.5% for customers who have been shopping in our stores
- Currently 17% of our customers get an e-receipt instore. These transactions are now in our CRM enabling personalised communications
- We have completed the research for potential loyalty schemes



# Supply Chain



## WE CONTINUE TO DRIVE IMPROVEMENT FROM OUR CURRENT INFRASTRUCTURE

- Optimised imported inventory flow into North and South Islands, reducing inter-island transportation
- Simplified our peak trading overflow storage solutions increasing our capacity and minimising management complexity to support our peak season
- Improved inventory allocation logic to better match stock levels in our stores to customer sales
- Renegotiated import ocean freight agreements realising savings in the landed cost of directly imported goods

## BUILDING OUR FUTURE SUPPLY CHAIN

- The selection process for a new Warehouse Management System (WMS) is now complete
- Implementation of WMS expected 2024
- The new North Island Distribution Centre and automation design is complete
- Our future Distribution Centre will support picking of smaller quantities more frequently for our stores and to supply direct to customers
- Our search for the ideal location for our new Distribution Centre is well underway.
- By the end of 2023 we expect to have committed to a site enabling construction to commence in 2024

# Sustainability

Our steps to a better tomorrow

## WE HAVE MADE PROGRESS ACROSS ALL OUR SUSTAINABILITY PILLARS

- We have successfully completed a comprehensive Group Carbon Inventory review and are now in the process of conducting due diligence to establish our inaugural climate targets
- We have enhanced our governance framework and sustainability policies
- Sustainability is now a standing agenda item at every board meeting
- Site visits and audits programmes related to store waste management are in place, aiming to define targets and gain the assurance needed to initiate new pilot programmes
- \$415k raised for Cure Kids during the first half and on track for another record year
- Converted 3 stores to electric forklifts and a further 4 are planned for the second half



- Good progress made in preparing for our first CRD disclosure as part of this year's annual reporting
- An active participant in the New Zealand Retail Climate Scenario sector Group with other major retailers facilitated by KPMG

# Strategic Programme

2020-2023 approaching completion



## 2023

- Net Promoter Score (NPS) programme both online and instore delivering record levels
- Instore electronic labelling live in 8 stores
- Record growth in VIP Club membership
- Loyalty scheme research complete

## H2 & BEYOND

- Omni channel coupons launch in both Briscoes Homeware and Rebel Sport
- Go-live with express online fulfilment & premium delivery options

FUTURE  
SUPPLY  
CHAIN

- Optimised North and South Island inbound shipping split
- Design for new enhanced Distribution Centre (DC) facility in North Island now complete
- New allocation process live for Briscoes Homeware
- Starshipit system launched

- Implement warehouse system upgrade in existing DC site
- Select DC automation vendor
- Select location for new North Island DC
- Significant financial commitment for multi-year transition to increased DC capacity

NEW  
REVENUES

- Over 65 suppliers live with Direct-to-customer
- New premium global brands secured including Dyson, Samsung and Ecoya

- Explore other strategic alliances for further product category opportunities

# Looking Forward

## Navigating a Challenging Retail Market

- Continued solid trading performance in both Homewares and Sporting Goods
- Excellent engagement across both team and customers
- Store refurbishment programme on track
- New supply chain design project well advanced
- Electronic Shelf Label pilot live in 8 stores and providing great learnings
- Strong balance sheet provides financial protection and ability to fund strategic investments such as the new Distribution Centre project to step-change our supply chain and logistics capability
- Well established strategic relationships with suppliers
- New revenues from Direct-to-Customer channel now significant
- Strategic plan is nearing completion and delivering ahead of expectations
- Business has a proven record of resilience in times of economic uncertainty (GFC, COVID-19)



# Financial Summary

	HY Jul 18	HY Jul 19 <sup>1</sup>	HY Jul 20	HY Jul 21	HY Jul 22	HY Jul 23	FY Jan 19	FY Jan 20 <sup>1</sup>	FY Jan 21	FY Jan 22	FY Jan 23
Homeware Revenue - \$000	186,701	191,503	184,347	222,628	228,739	229,391	403,159	410,908	439,234	460,887	487,501
Sporting Goods Revenue - \$000	106,499	111,481	108,060	135,793	139,207	139,846	228,760	242,109	262,563	283,563	298,353
Group Total Revenue - \$000	293,200	302,984	292,407	358,421	367,946	369,237	631,919	653,017	701,797	744,450	785,854
Online Mix of Sales - %	9.2%	10.7%	22.2%	16.2%	19.4%	18.3%	10.0%	11.3%	18.8%	21.5%	19.0%
Group Gross Margin - \$000	120,004	122,882	123,275	166,663	167,937	161,464	253,355	257,502	307,116	340,642	345,922
Group Gross Margin - %	40.9%	40.6%	42.2%	46.5%	45.6%	43.7%	40.1%	39.4%	43.8%	45.8%	44.0%
Group EBIT - \$000	40,615	45,659	45,948	73,040	70,016	64,217	85,995	97,223	115,886	136,468	135,494
Group EBIT - % to Sales	13.9%	15.1%	15.7%	20.4%	19.0%	17.4%	13.6%	14.9%	16.5%	18.3%	17.2%
Group NPAT - \$000	29,342	28,347	27,979	47,461	45,620	42,750	63,393	62,583	73,199	87,909	88,437
Group NPAT - % to Sales	10.0%	9.4%	9.6%	13.2%	12.4%	11.6%	10.0%	9.6%	10.4%	11.8%	11.3%
Free Cash Flow -\$000 (Operating Cash Flow less Capex)	(1.9)	8.2	37.4	33.2	38.9	22.2 <sup>5</sup>	49.0	60.3	81.1	76.6	128.0 <sup>4</sup>
Dividends Per Share - cps	8.0	8.5	9.0	11.5	12.0	12.5	20.0	8.5 <sup>2</sup>	28.5 <sup>3</sup>	27.0	28.0
Earnings Per Share - cps	13.3	12.8	12.6	21.3	20.5	19.2	28.7	28.2	32.9	39.5	39.7
Net Debt /Cash Position - \$000	46.2	55.5	98.6	93.9	97.6	126.9 <sup>5</sup>	80.8	67.4	100.4	102.5	149.9 <sup>4</sup>
Inventory Turnover - X p.a. (COGS divided by average inventory)							4.9	4.7	4.4	3.8	3.7

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

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

# Global Brand Portfolio

