



**RETAIL
IS OUR
WORLD.**



B
BRISCOE
GROUP LIMITED

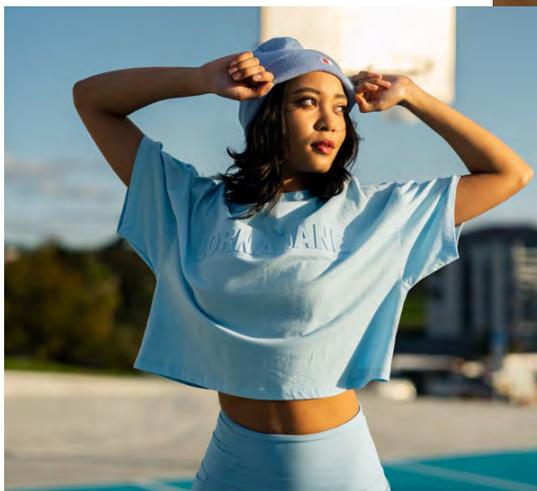
Interim Report

For the 26 week period ended 30 July 2023



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Directors' Report



The Group continued to perform well during the latest half-year, posting a very solid earnings performance, and making further progress on strategic development initiatives to drive future growth.

Your Board considers that the Group's senior management, with the support of operational teams in every part of the business, has adjusted well to this environment. It was a notable performance to achieve record sales during the half-year. At the same time a range of measures was taken to limit the impact of cost and margin pressures on profit.

Conditions became progressively less favourable throughout the half-year, with reduced consumer confidence and spending across the retail sector. At the same time there were additional cost pressures with general cost inflation and through wage growth. The overall impact is that retailers across the sector have struggled to maintain profitability.

The Board has a deep appreciation of the performance of the entire Briscoe Group team during what continues to be a challenging and sometimes stressful era in retail. We recognise that economic developments have imposed a range of pressures on our people. We thank them for their continued efforts and we will continue to invest in support of their wellbeing, safety, performance, engagement, education and training.

The Group continues to be guided by principles that have served it well over a long timeframe – to offer a compelling and enjoyable shopping experience, to provide customers with access to trusted international brands and product lines, and to provide options for customers to do business with us in the way that suits the individual best in any situation. Given the Group's proven capability to perform in both favourable and more difficult times, your Board continues to look ahead with confidence.

Our Impressive People

The Briscoe Group team continues to take on the challenges in our operating environment and thrive among them. The strength of their satisfaction and their commitment to producing superior results is demonstrated by increasing scores on our team engagement survey, reductions in labour turnover and the quality of the wider business outcomes.

We are particularly mindful that the economic pressures faced by customers are felt just as keenly by our team members and their households. Following an increase of 7.0% on wage rates in 2022 a further increase at the same level was provided to our frontline team from the end of April 2023.

We are also conscious that pay equity is an integral component of our people being and feeling valued. We are pleased that our analysis demonstrates less than 1% variation in pay when assessed solely based on gender. We remain committed to supporting the career progression of our female team members, through preparing them for the next steps in their careers and through ensuring that opportunities for more senior roles are both visible and attractive.

The Group continues to evolve its practices to balance the needs of the team with the other needs of the business. When the World Health Organisation determined in May 2023 that Covid-19 was no longer a global public health emergency we decided that we would revert, from June 2023, to the historical norm of using individual team members' sick leave balances when they are unwell and unable to attend work. This ended a period of more than three years in which the Group bore the cost of Covid-related illness to avoid imposition on team members.

Strong Trading Performance

The Group achieved an increase in revenue, with growth in both the Homeware and Sporting Goods segments – a strong performance in a difficult trading environment.

While net profit after tax (NPAT) was lower than that for the previous comparable period, it was still the third-highest half-year NPAT the Group has ever achieved and 51% higher than that posted in 2019, before the Covid era.

Solid Financial Results

The Group generated record sales revenue of \$369.24 million, an increase of 0.35% on the same period last year. Homeware sales increased by 0.28% from \$228.74 million to \$229.39 million, and Sporting Goods sales by 0.46% from \$139.21 million to \$139.85 million.

NPAT was \$42.75 million, compared to \$45.62 million achieved in last year's first half.

Gross margin percentage declined from 45.64% to 43.73%. Like all retailers, Briscoe Group continues to face margin pressure from a number of factors as the effects of the ongoing economic downturn are felt. As previously reported, gross margin is a major focus for the Group and we continue to see pressure as the effects of the economic downturn are felt. Our goal for the full year remains to be able to protect around half of the 633 basis points in gross profit margin gained during the years ended January 2021 and January 2022.

The Group received a dividend of \$1.44 million from its investment in KMD Brands Limited, matching the amount received for the same period last year.

Interest income increased by \$2.0 million, predominantly as a result of significantly increased interest rates.

Both the store network and the online platform performed well. It was encouraging to see a return to physical stores as the peak of the Covid era receded, producing a shift in the balance between our bricks and mortar sales and online sales, with the former showing slightly higher growth. The online business produced 18.33% of Group sales for the half.

The increase in retail crime continues to have a significant operational and economic impact. Over the past two years

the Group has suffered seven ram raid attacks and at least 12 other significant break-ins, causing substantial property damage and stock loss.

Inventory at 30 July was \$120.21 million, up from \$113.00 million at the equivalent time last year. This included inventory for the new Rebel Sport store opened in April and additional inventory purchased ahead of major sporting events taking place in 2023; however, most of the increase reflects significant supply chain cost increases, with the increase in actual volume held being less than 1%. We consider that the current level of inventory has the business in good shape to cater for the level of demand and trading patterns anticipated during the current year.

Strong Financial Position

The Group's balance sheet remains strong, with a cash balance of \$126.90 million at 30 July, compared to \$97.58 million held at the same time last year. Approximately \$18 million of creditor payments included in the trade payables balance were paid subsequently (on 31 July).

Increased Dividend

The directors resolved to pay an interim dividend of 12.5 cents per share (cps), compared to the previous interim dividend of 12.00 cps. Books closed to determine entitlements at 5pm on 20 September 2023 and payment will be made on 11 October 2023. The company's dividend policy is to pay out at least 60% of NPAT calculated on a full-year basis.

Continued Investment In Store Network

Despite the difficult trading conditions, the Group progressed a number of store establishment or development projects during the first half.

A new Rebel Sport store was opened in Ashburton in April, in conjunction with the relocation of the existing Briscoes Homeware store. Both stores have been received extremely well within the local catchment and we are very pleased with their trading performance.

Three full-store refurbishments were completed – at Briscoes Homeware Whangarei, Rebel Sport Taupo and Rebel Sport Manukau. Refurbishments at Briscoes Manukau and Rebel Sport Invercargill will be completed by the end of the year.

The upgrade programme makes a dramatic difference to the 'look and feel' of the stores, typically incorporating the latest ideas from our new store design concepts including LED lighting, enhanced fixtures, personalised counters, click-and-collect storage zones, dramatic in-store signage, updated backlit in-store graphics, exposed concrete floors and accent hard floor areas in key departments.

Online Initiatives

A number of initiatives were completed during the half-year, including:

- Implementation of a new product information system
- Introduction of enhanced online buying guides connected through QR codes for in-store customers
- Improving the customer's experience of the reviews platform
- Integration of the 'StarShipit' shipping platform to improve both courier and fulfilment productivity
- Development and introduction of a new order priority flag to assist our internal web teams.

We will continue to invest in a wide range of initiatives to improve both the customer-facing front end and the administration and fulfilment focused back end of the online platform.

Strategic Development Initiatives

The Group continued to invest in projects to build the strength of what is becoming a truly integrated trading platform. The opportunity to move seamlessly between in-store, online and click-and-collect shopping is now an embedded feature of our offering to customers and is clearly valued by them. Meanwhile the infrastructure built to support that capability has expanded the opportunities for new services and enhanced customer interactions, and for upgraded backroom functions. We are not at the end of this process, but we have come a long way and the advances made will be foundational for future growth.

Our strategy programme has been focused on three key areas – enhancing the customer experience, improving our supply chain and developing new revenue streams.

The introduction of new products online under the 'Direct-to-Customer' (Dropship) model – with orders being shipped direct from our suppliers to our customers – continued successfully. We expect sales from this model to exceed \$10 million during the current year and are excited about the momentum it is generating.

A number of new quality brands were secured during the first half. Varying product ranges from Dyson, Samsung and Ecoya will be available from Briscoes Homeware by the end of the year. The Huffer brand was launched into 11 Rebel Sport stores and the rollout is continuing during the second half.

Digital marketing screens were deployed across all Briscoes Homeware and Rebel Sport stores as part of our programme to leverage retail media across the store network and the online platform. This initiative provides existing and new supply partners with opportunities to showcase a range of

product communications direct to our customers. We see great opportunity in the online channel to enhance value across our customer database and in web traffic.

Our electronic shelf label (ESL) programme progressed to trial during the first half, with implementation in eight stores across the Briscoes Homeware and Rebel Sport networks. The programme is working towards replacement of in-store price ticketing with centrally controlled electronic labels, bringing efficiencies to pricing as well as cost savings in labour and ticketing production. The trial will continue throughout the second half of this year.

As we near the end of these strategic initiatives, we have begun the planning phase to extend our strategic plan for another three years.

Distribution Centre Project

Our project to establish a new distribution centre advanced significantly through completion of the design stage, the selection of a new warehouse management system provider, selection of an automation provider, and the short-listing of potential sites for a new build. The state-of-the-art facility will step-change our capability in distribution and related areas, enhancing inventory management across the entire BGP network and thus delivering significant performance and efficiency benefits.

Half-year Review

The interim financial statements for the 26-week period ended 30 July 2023 presented in this report are unaudited, but have been reviewed independently by PricewaterhouseCoopers, which has issued an unqualified independent review report to the company's shareholders (refer pages 28 and 29).

Corporate Governance

The Group has an explicit and ongoing commitment to the highest standards in governance and management, based on best practice structures and policies. We believe that

such standards are critical in meeting our responsibilities to shareholders, our people, customers, suppliers and other stakeholders.

It has always been a strong feature of our governance programme that the Board and Executive teams work effectively together and are aligned around the business objectives.

As noted previously, we are committed to understand and deliver on our obligations in regard to Environmental, Social and Governance practices, which the Company has embraced as part of its overall Sustainability programme. Significant progress has been made across a broad spectrum of initiatives established as part of this framework. More detailed information is in the Sustainability section of this report, beginning on page 10.

Outlook

The Group maintains a set of highly positive fundamentals including the strength and resilience of its business model, the strong fit of a 'big box' trading platform within the modern retail environment, the market profile in Homeware and Sporting Goods, and the ability to offer customers a wide range of trusted international brands at great value.

We remain cautious on the retail environment as we see ongoing uncertainty in relation to economic conditions, consumer sentiment, cost pressures, higher interest rates and political uncertainty given the upcoming election.

As previously reported, we expect it to be difficult to replicate the previous full year's record NPAT of \$88.4 million. Nevertheless, given the level of performance in the first half we are optimistic about producing a strong second-half result.

On behalf of the Board

Dame Rosanne Meo (Chair)

Rod Duke

Tony Batterton

Andy Coupe

Mark Callaghan



From left: Andy Coupe, Rod Duke, Mark Callaghan, Dame Rosanne Meo (Chair) and Tony Batterton.

Proud Partner of First Foundation

We've been a proud First Foundation Partner since 2013 and have been a principal sponsor for two years. We're very proud to support their mission of providing students access to higher education, and together we've supported over 30 bright young Kiwis whose circumstances made it harder to attend university.

**FIRST
FOUNDATION**

Pictured, Henry Foubister

Briscoe Group, with the generous support of the RA Duke Trust, has been a proud partner of First Foundation since 2013. Together, our focus has been on helping members of the Briscoe Group team or their immediate family members take their first successful steps towards tertiary study. The First Foundation programme supports gifted Kiwi students in successfully transitioning from school into higher education and from higher education into fulfilling careers. Our scholars are commonly 'first in family' to participate in tertiary education and the programme works to disrupt disadvantage and overcome barriers to taking the step towards higher education. The success of this partnership has enhanced the prospects of our scholars, empowering them to forge meaningful career paths supported by financial assistance, mentorship, and the opportunity to work for us alongside their studies.

All Briscoe Group First Foundation scholars receive:

- \$12,000 towards university costs over their first three years
- A dedicated mentor throughout their studies
- Access to First Foundation's Student Support Team and Leadership Programme
- Paid work experience with Briscoe Group.

The influence of our partnership with First Foundation extends throughout the lives of our scholars, creating a lasting impact that extends to their whānau, schools, communities, and workplaces. Our efforts contribute to the positive and inclusive transformation of Aotearoa New Zealand, fostering an environment where every individual has the opportunity to achieve, prosper, and lead - no matter their circumstances.



Elizabeth Fall receiving her First Foundation Scholarship.

Testimonies from our scholars

Henry Foubister
Solicitor, Mahony Horner Lawyers

"I graduated from the University of Canterbury in 2021 with a Bachelor of Laws and a Bachelor of Arts, majoring in Political Science and International Relations, and History.

After university, I moved up to Wellington and was offered a job in the Māori Legal Team at Mahony Horner Lawyers. The work we do mainly revolves around progressing claims of our Māori clients in the Waitangi Tribunal for breaches of Te Tiriti o Waitangi.

The Briscoe Group First Foundation Scholarship was a key to getting me through university. Of course, the financial aspect of the scholarship is extremely valuable, but I'd also mention the importance of consistent and flexible employment provided by Briscoes that enabled me to support myself while studying and was flexible come exam time."

Elizabeth Fall
Experienced Retail Sales Assistant, Rebel Sport Hastings

"I am studying for a Bachelor of Business Studies and looking to major in Management and Marketing at the Eastern Institute of Technology (EIT). So far, I've found the content really intriguing and applicable in my workplace.

My favourite thing about working at Briscoe Group is the variety of skills I'm learning, as well as the opportunity to meet new people. I have learned many useful skills that are transferable to everyday life and will be a great foundation for future roles. I can meet heaps of new people at work and learn from their different areas of expertise. There is always something new to learn in retail, a fast-paced industry that is constantly evolving.

The Briscoe Group First Foundation Scholarship has supported me in my studies through financial assistance, work experience and mentorship. This has allowed me to decide where and what to study, not based on money, but on what would work best for me. The financial assistance is something that I greatly appreciate. Working for Briscoe Group while studying business has allowed me to see and apply what I am learning in a hands-on way, while also having other opportunities, such as an internship.

Rachelle, my mentor, has been able to introduce me to people that I would not have otherwise had the opportunity to meet. Our conversations have allowed me to think deeper and explore ideas from a different perspective, which is always beneficial.

The scholarship is creating a firm foundation to build upon using the skills and knowledge I will gain from the degree, and with the hands-on skills I will have learnt through work experience with Briscoe Group."

Sustainability

Our Steps to a Better Tomorrow



Cardboard Baler
installed at our
Botany store

During the first half we have made consistent progress across all the sustainability pillars of our “Steps to a Better Tomorrow” program.

Key progress made on initiatives includes:

- We have enhanced our sustainability governance framework and Sustainability is now a standing agenda item at the monthly board meetings, complemented by sustainability focused supplementary board meetings
- We have performed an in-depth policy gap analysis and identified a work stream of new policies focused on sustainability, some of which we have already put in place
- Working closely with Thinkstep-anz we have completed a comprehensive Group Carbon Inventory review and are now in the process of

conducting due diligence to establish our inaugural climate targets

- We are collaborating with Verisio, to maintain our commitment to training and assessing suppliers in alignment with our code of conduct. So far, we have directly interacted with around 200 of our key suppliers
- We’ve conducted thorough site visits and audits related to waste management, aiming to define targets and gain the assurance needed to initiate new pilot programs
- We converted three stores to electric forklifts and installed cardboard balers in 4 stores. The efficient use of balers helps us to improve our waste diversion

- In collaboration with Downlights NZ we released the Curo range of candles and diffusers handcrafted by the team at Downlights NZ into our Briscoes stores. Downlights is a NZ-owned luxury artisan candle & fragranced products company that creates accessible employment and skill growth opportunities for young New Zealanders with Down Syndrome & cognitive disabilities. A certified social enterprise, Downlights donates \$1 NZD from every Downlights candle sold via the Downlights Charitable Trust
- Another strong start to the fundraising year for Cure Kids with \$415k raised in the first half of the year to 30 July 2023
- In August we held our biggest ever Rebel Sport 24 Hour Team Challenge seeing 18 teams come together to take on an incredible physical challenge, in support of Kiwi kids who face challenges every day, and raising a record \$160k.

In the second half of the year we will be focusing on:

- Roll out of electric forklifts to a further four stores
- Setting our inaugural climate and waste targets with credible roadmaps
- Embedding a pilot program in partnership with “Eco Central” across nine stores in the Christchurch region. This initiative aims to assess strategies for circular economy thinking and reducing our landfill waste
- Our ongoing collaboration with suppliers as we communicate our recently established policies. We are actively exploring avenues for proactive collaboration to address crucial concerns such as human rights, climate change and waste
- Looking for ways to engage our suppliers on our journey to reduce greenhouse gas emissions
- Building on the \$415k raised for Cure Kids during the first half to target another record year of over \$1,000,000 in donations
- Refreshing our team wellbeing program which is due to be launched by the end of the year.



Rebel Sport 24 Hour Challenge Participants celebrating together at the end of the challenge.

Climate Related Disclosures

As part of its risk management framework the Group continues to monitor its exposure to risk, including climate related risk and related regulatory reporting requirements. We are well underway with our preparation towards our first Climate statement to be issued for the full year ending January 2024 in line with the Aotearoa New Zealand Climate Standards.

In collaboration with other major Aotearoa New Zealand-based retailers and KPMG we have now developed Integrated Climate Change Scenarios for New Zealand’s Retail Sector. KPMG has released a public version of this report titled “The futures of retail” available on their website. The climate scenarios shared in the report confront a new reality and can be used by all retailers, as well as other sectors, to inform them on how to prepare their businesses for the impacts of climate change, and to collaboratively meet the challenges and opportunities that lie ahead.

We are in the process of interrogating these scenarios through the lens of our unique business model, strategy, and value chain to assess our business specific climate related risks and opportunities and their anticipated impacts.



The Downlights NZ team with a candle from the Curo Range.



**RETAIL
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Directors' Approval of Consolidated Financial Statements

For the 26 week period ended 30 July 2023

Authorisation for Issue

The Board of Directors authorised the issue of these Consolidated Interim Financial Statements on 12 September 2023.

Approval by Directors

The Directors are pleased to present the Consolidated Interim Financial Statements for Briscoe Group Limited for the 26 week period ended 30 July 2023. (Comparative period is for the 26 week period ended 31 July 2022).



Dame Rosanne Meo
CHAIRMAN



Rod Duke
GROUP MANAGING DIRECTOR

12 September 2023

For and on behalf of the Board of Directors

Consolidated Income Statement

For the 26 week period ended 30 July 2023 (unaudited)

	Notes	26 Week Period Ended 30 July 2023 Unaudited \$000	26 Week Period Ended 31 July 2022 Unaudited \$000
Sales revenue		369,237	367,946
Cost of goods sold		(207,773)	(200,009)
Gross profit		161,464	167,937
Other income		1,963	1,680
Store expenses		(60,329)	(59,508)
Administration expenses		(38,881)	(40,093)
Earnings before interest and tax		64,217	70,016
Finance income		2,674	718
Finance costs		(7,493)	(7,308)
Net finance income/(costs)		(4,819)	(6,590)
Profit before income tax		59,398	63,426
Income tax expense		(16,648)	(17,806)
Net profit attributable to shareholders	5	42,750	45,620
Earnings per share for profit attributable to shareholders:			
Basic earnings per share (cents)		19.19	20.49
Diluted earnings per share (cents)		19.17	20.47

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the 26 week period ended 30 July 2023 (unaudited)

	Notes	26 Week Period Ended 30 July 2023 Unaudited \$000	26 Week Period Ended 31 July 2022 Unaudited \$000
Net Profit attributable to shareholders		42,750	45,620
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss:			
Change in value of investment in equity securities	8	(6,721)	(12,482)
Items that may be subsequently reclassified to profit or loss:			
Fair value loss/(gain) recycled to income statement		181	(3,873)
Fair value gain taken to the cashflow hedge reserve		3,653	3,490
Deferred tax on fair value (loss)/gain taken to income statement		(51)	1,084
Deferred tax on fair value gain taken to cashflow hedge reserve		(1,023)	(977)
Total other comprehensive income		(3,961)	(12,758)
Total comprehensive income attributable to shareholders		38,789	32,862

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 30 July 2023 (unaudited)

	Notes	30 July 2023 Unaudited \$'000	31 July 2022 Unaudited \$'000	29 January 2023 Audited \$'000
ASSETS				
Current assets				
Cash and cash equivalents		126,898	97,581	149,874
Trade and other receivables		3,761	5,193	6,184
Inventories		120,211	112,999	117,792
Derivative financial instruments		1,219	2,732	40
Total current assets		252,089	218,505	273,890
Non-current assets				
Property, plant and equipment		134,711	128,023	130,292
Intangible assets		2,059	2,235	1,994
Right-of-use assets		240,224	246,127	243,701
Deferred tax		16,044	14,302	16,622
Investment in equity securities	8	44,167	52,328	50,888
Total non-current assets		437,205	443,015	443,497
TOTAL ASSETS		689,294	661,520	717,387
LIABILITIES				
Current liabilities				
Trade and other payables		92,762	71,685	109,181
Lease liabilities		19,512	19,599	19,791
Taxation payable		1,375	5,320	11,308
Derivative financial instruments		81	99	2,513
Total current liabilities		113,730	96,703	142,793
Non-current liabilities				
Trade and other payables		859	938	892
Lease liabilities		263,000	266,191	265,178
Total non-current liabilities		263,859	267,129	266,070
TOTAL LIABILITIES		377,589	363,832	408,863
NET ASSETS		311,705	297,688	308,524
EQUITY				
Share capital	10	62,344	62,136	62,136
Cashflow hedge reserve		891	2,108	(1,869)
Equity-based remuneration reserve		402	445	575
Other reserves		(43,686)	(35,525)	(36,965)
Retained earnings		291,754	268,524	284,647
TOTAL EQUITY		311,705	297,688	308,524

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the 26 week period ended 30 July 2023 (unaudited)

Notes	26 Week Period Ended 30 July 2023 Unaudited \$000	26 Week Period Ended 31 July 2022 Unaudited \$000
OPERATING ACTIVITIES		
Cash was provided from		
Receipts from customers	370,498	368,005
Rent received	32	11
Dividends received	1,440	1,440
Interest received	2,914	495
Insurance recovery	16	3
	374,900	369,954
Cash was applied to		
Payments to suppliers	(242,355)	(217,729)
Payments to employees	(48,079)	(50,391)
Interest paid	(7,494)	(7,293)
Net GST paid	(16,813)	(16,647)
Income tax paid	(27,183)	(30,846)
	(341,924)	(322,906)
	Net cash inflows from operating activities	47,048
INVESTING ACTIVITIES		
Cash was provided from		
Proceeds from sale of property, plant and equipment	10	20
	10	20
Cash was applied to		
Purchase of property, plant and equipment	(10,000)	(7,652)
Purchase of intangible assets	(772)	(524)
	(10,772)	(8,176)
	Net cash outflows from investing activities	(8,156)
FINANCING ACTIVITIES		
Cash was provided from		
Net proceeds from borrowings	9	-
	-	-
Cash was applied to		
Dividends paid	11	(34,510)
Lease liability payments	(9,769)	(9,403)
	(45,412)	(43,913)
	Net cash outflows from financing activities	(43,913)
	Net decrease in cash and cash equivalents	(5,021)
Cash and cash equivalents at beginning of period	149,874	102,481
Foreign cash balance cash flow hedge adjustment	222	121
	Cash and cash equivalents at end of period	97,581

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the 26 week period ended 30 July 2023 (unaudited)

	Notes	Share Capital Unaudited \$000	Cashflow Hedge Reserve Unaudited \$000	Equity-Based Remuneration Reserve Unaudited \$000	Other Reserves Unaudited \$000	Retained Earnings Unaudited \$000	Total Equity Unaudited \$000
Balance at 30 January 2022		61,992	2,384	566	(23,043)	257,414	299,313
Net profit attributable to shareholders for the period		-	-	-	-	45,620	45,620
Other comprehensive income:							
Change in value of investment in equity securities	8	-	-	-	(12,482)	-	(12,482)
Net fair value gain taken through cashflow hedge reserve		-	(276)	-	-	-	(276)
Total comprehensive income for the period		-	(276)	-	(12,482)	45,620	32,862
Transactions with owners:							
Dividends paid	11	-	-	-	-	(34,510)	(34,510)
Performance rights charged to income statement		-	-	107	-	-	107
Performance rights vested	10	144	-	(144)	-	-	-
Deferred tax on equity-based remuneration		-	-	(84)	-	-	(84)
Balance at 31 July 2022		62,136	2,108	445	(35,525)	268,524	297,688
Net profit attributable to shareholders for the period		-	-	-	-	42,817	42,817
Other comprehensive income:							
Change in value of investment in equity securities	8	-	-	-	(1,440)	-	(1,440)
Net fair value gain taken through cashflow hedge reserve		-	(3,977)	-	-	-	(3,977)
Total comprehensive income for the period		-	(3,977)	-	(1,440)	42,817	37,400
Transactions with owners:							
Dividends paid		-	-	-	-	(26,718)	(26,718)
Performance rights charged to income statement		-	-	169	-	-	169
Performance rights vested		-	-	-	-	-	-
Performance rights forfeited		-	-	(24)	-	24	-
Deferred tax on equity-based remuneration		-	-	(15)	-	-	(15)
Balance at 29 January 2023		62,136	(1,869)	575	(36,965)	284,647	308,524
Net profit attributable to shareholders for the period		-	-	-	-	42,750	42,750
Other comprehensive income:							
Change in value of investment in equity securities	8	-	-	-	(6,721)	-	(6,721)
Net fair value gain taken through cashflow hedge reserve		-	2,760	-	-	-	2,760
Total comprehensive income for the period		-	2,760	-	(6,721)	42,750	38,789
Transactions with owners:							
Dividends paid	11	-	-	-	-	(35,643)	(35,643)
Performance rights charged to income statement		-	-	142	-	-	142
Performance rights vested	10	208	-	(208)	-	-	-
Deferred tax on equity-based remuneration		-	-	(107)	-	-	(107)
Balance at 30 July 2023		62,344	891	402	(43,686)	291,754	311,705

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the 26 week period ended 30 July 2023 (unaudited)

1. Reporting Entity

Briscoe Group Limited (the Company) and its subsidiaries (together the Group) is a retailer of homeware and sporting goods. The Company is a limited liability company incorporated and domiciled in New Zealand and is listed on the New Zealand Stock Exchange (NZX). Briscoe Group Limited is registered under the Companies Act 1993 and is an FMC Reporting Entity under Part 7 of the Financial Markets Conduct Act 2013. The address of its registered office is 1 Taylors Road, Morningside, Auckland 1025, New Zealand. The Company is registered in Australia as a foreign company under the name Briscoe Group Australasia Limited and is listed on the Australian Securities Exchange as a foreign exempt entity. (NZX / ASX code: BGP).

2. Basis of Preparation of Financial Statements

These unaudited consolidated condensed interim financial statements ('interim financial statements') have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and comply with the requirements of International Accounting Standard (IAS) 34 Interim Financial Reporting and with New Zealand Equivalent to International Accounting Standard (NZ IAS) 34 Interim Financial Reporting and the NZX Main Board Listing Rules. The Group is designated as a for-profit entity for financial reporting purposes.

The interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these interim financial statements should be read in conjunction with the audited consolidated financial statements for the period ended 29 January 2023 and any public announcements made by Briscoe Group Limited during the interim reporting period and up to the date of these interim financial statements.

These interim financial statements are presented in New Zealand dollars, which is the Company's functional currency and the Group's presentation currency.

The interim financial statements are in respect of the 26-week period from 30 January 2023 to 30 July 2023. The comparative period is in respect of the 26-week period from 31 January 2022 to 31 July 2022. The year-end balance date will be 28 January 2024 and full financial statements will cover the 52-week period from 30 January 2023 to 28 January 2024. The Group operates on a weekly trading and reporting cycle resulting in 52-weeks for most years with a 53-week year occurring once every 5-6 years.

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the interim financial statements. The estimates and underlying assumptions are based on historical experience and adjusted for current market conditions and other factors, including expectations of future events that are considered to be reasonable under the circumstances. If outcomes within the next financial period are significantly different from assumptions, this could result in adjustments to carrying amounts of the asset or liability affected. The same judgements, estimates and assumptions included in the notes to the financial statements for the full year period ended 29 January 2023 have been applied to these interim financial statements.

3. Accounting Policies

The interim financial statements of the Group for the 26-week period ended 30 July 2023 have been prepared using the same accounting policies and methods of computations as, and should be read in conjunction with, the financial statements and related notes included in the Group's Annual Report for the full year period ended 29 January 2023.

4. Seasonality

The Group's revenue and profitability follow a seasonal pattern with higher sales and net profits typically achieved in the second half of the financial year as a result of additional sales generated during the Christmas trading period.

Notes to the Financial Statements

For the 26 week period ended 30 July 2023 (unaudited)

5. Segment Information

The Group is organised into two reportable operating segments, namely homeware and sporting goods, reflecting the different retail sectors within which the Group operates. The Company is considered not to be a reportable operating segment. Eliminations and unallocated amounts as shown below are primarily attributable to the Company. There were no inter-segment sales in the period (2022: Nil).

Information in relation to the operations of each reportable operating segment is included below. Segment profit represents the profit earned by each segment and is extracted from the income statements associated with the two trading subsidiary companies, Briscoes (New Zealand) Limited and The Sports Authority Limited (trading as Rebel Sport). Earnings before interest and tax (EBIT) is a non-GAAP measure and used to assess the performance of the operating segments. This measure should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZ IFRS. This non-GAAP financial measure may not be comparable to similarly titled amounts reported by other companies.

For the period ended 30 July 2023

	Homeware \$000	Sporting goods \$000	Eliminations/ Unallocated \$000	Total Group \$000
INCOME STATEMENT				
Total sales revenue	229,391	139,846	-	369,237
Gross profit	100,900	60,564	-	161,464
Earnings before interest and tax	37,948	23,304	2,965	64,217
Finance income	570	1,870	234	2,674
Finance costs	(5,023)	(2,469)	(1)	(7,493)
Net finance income/(costs)	(4,453)	(599)	233	(4,819)
Income tax expense	(9,503)	(6,358)	(787)	(16,648)
Net profit after tax	23,992	16,347	2,411	42,750
BALANCE SHEET ITEMS:				
Assets	386,519	259,936	42,839 ¹	689,294
Liabilities	259,265	136,507	(18,183)	377,589
OTHER SEGMENTAL ITEMS:				
Acquisitions of property, plant and equipment, intangibles and investments	8,722	2,050	-	10,772
Depreciation and amortisation expense	11,276	6,215	-	17,491
	<i>\$000</i>			
1. Investment in equity securities	46,950			
Intercompany eliminations	(22,330)			
Other balances	18,219			
	42,839			

Notes to the Financial Statements

For the 26 week period ended 30 July 2023 (unaudited)

For the period ended 31 July 2022

	Homeware \$000	Sporting goods \$000	Eliminations/ Unallocated \$000	Total Group \$000
INCOME STATEMENT				
Total sales revenue	228,739	139,207	-	367,946
Gross profit	103,818	64,119	-	167,937
Earnings before interest and tax	38,685	28,565	2,766	70,016
Finance income	180	500	38	718
Finance cost	(4,846)	(2,414)	(48)	(7,308)
Net finance income/(costs)	(4,666)	(1,914)	(10)	(6,590)
Income tax expense	(9,674)	(7,463)	(669)	(17,806)
Net profit after tax	24,345	19,188	2,087	45,620
BALANCE SHEET ITEMS:				
Assets	374,322	235,522	51,676 ¹	661,520
Liabilities	248,418	128,141	(12,727)	363,832
OTHER SEGMENTAL ITEMS:				
Acquisitions of property, plant and equipment, intangibles and investments	4,870	3,306	-	8,176
Depreciation and amortisation expense	11,016	5,869	-	16,885
	<u>\$000</u>			
1. Investment in equity securities	55,111			
Intercompany eliminations	(19,249)			
Other balances	15,814			
	<u>51,676</u>			

Notes to the Financial Statements

For the 26 week period ended 30 July 2023 (unaudited)

6. Expenses

Profit before income tax includes the following specific expenses:

	26 Week Period Ended 30 July 2023	26 Week Period Ended 31 July 2022
	\$000	\$000
Depreciation of property, plant and equipment	5,521	5,171
Amortisation of software costs	707	851
Depreciation of right-of-use assets	11,263	10,863
Interest on leases	7,492	7,261
Operating lease rental expense	38	144
Wages, salaries and other short-term benefits	46,418	45,146
Equity-based remuneration	142	107

7. Property, Plant and Equipment

Acquisitions and disposals

During the 26-week period ended 30 July 2023, the Group acquired property, plant and equipment with a total cost of \$9,999,800 (2022: \$7,652,352). Property, plant and equipment with a net book value of \$60,212 (2022: \$355,461) were disposed of during the 26-week period ended 30 July 2023.

8. Investment in Equity Securities

During 2015 and 2019 Briscoe Group Limited acquired 48,007,465 shares in KMD Brands Limited (previously Kathmandu Holdings Limited) for a total cost of \$87,853,048. This holding represented a 6.75% ownership in KMD Brands Limited as at 30 July 2023. (2022: 6.77%).

These shares are equity investments, quoted in the active market, which the Group has elected to designate as a financial asset at fair value through other comprehensive income (FVOCI). An adjustment was made at period end to reflect the fair value of these shares as at 30 July 2023¹.

	\$000
At 30 January 2022	64,810
Additions	-
Change in fair value credited to other reserves	(12,482)
At 31 July 2022	52,328
Additions	-
Change in fair value credited to other reserves	(1,440)
At 29 January 2023	50,888
Additions	-
Change in fair value credited to other reserves	(6,721)
At 30 July 2023	44,167

1. Fair value determined to be \$0.92 (\$2022: \$1.09) per share as per NZX closing price of KMD Brands Limited (previously Kathmandu Holdings Limited) as at 28 July 2023 (2022: 29 July 2022), Level 1 in fair value hierarchy.

Notes to the Financial Statements

For the 26 week period ended 30 July 2023 (unaudited)

9. Interest Bearing Liabilities

There were no interest bearing liabilities as at 30 July 2023 (2022: Nil).

10. Share Capital

	Authorised Shares No. of Shares	Share capital \$000
At 30 January 2022	222,556,300	61,992
Issue of ordinary shares during the period:		
Vesting of performance rights	89,286	144 ¹
At 31 July 2022	222,645,586	62,136
Issue of ordinary shares during the period:		
Vesting of performance rights	-	-
At 29 January 2023	222,645,586	62,136
Issue of ordinary shares during the period:		
Vesting of performance rights	120,192	208¹
At 30 July 2023	222,765,778	62,344

1. When performance rights vest, the amount in the equity-based remuneration reserve relating to those performance rights vested is transferred to share capital. The amount transferred for the 120,192 shares issued during the 26 week period ended 30 July 2023 was \$207,634 (\$143,969 for the 89,286 shares issued during the 26 week period ended 31 July 2022).

11. Dividends

	Period ended 30 July 2023	Period ended 31 July 2022	Period ended 30 July 2023	Period ended 31 July 2022
	Cents per share	Cents per share	\$000	\$000
Final dividend for the period ended 29 January 2023	16.00	-	35,643	-
Final dividend for the period ended 30 January 2022	-	15.50	-	34,510
	16.00	15.50	35,643	34,510

All dividends paid were fully imputed. Supplementary dividends of \$238,534 (2022: \$234,354) were provided to shareholders not tax resident in New Zealand, for which the Group received a Foreign Investor Tax Credit entitlement.

On 12 September 2023 the Directors resolved to provide for an interim dividend to be paid in respect of the period ended 28 January 2024. The dividend will be paid at the rate of 12.50 cents per share for all shares on issue as at 20 September 2023, with full imputation credits attached.

Notes to the Financial Statements

For the 26 week period ended 30 July 2023 (unaudited)

12. Fair Value Measurements of Financial Instruments

The Group's activities expose it to a variety of financial risks, market risk (including currency and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance. The Group uses certain derivative financial instruments to hedge certain risk exposures.

The consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements. They should be read in conjunction with the Group's annual financial statements for the period ending 29 January 2023. There have been no changes in the risk management policies since year end.

Based on NZ IFRS 13 Fair Value Measurement, the fair value of each financial instrument is categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

Level 1: Quoted prices (unadjusted in active market for identical assets and liabilities);

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for the asset or liability, that are not based on observable market data (that is unobservable inputs).

The financial instruments held by the Group that are measured at fair value are; over-the-counter derivatives (foreign exchange contracts) and an investment in equity securities. The derivatives have been determined to be within level 2 (for the purposes of NZ IFRS 13) of the fair value hierarchy as all significant inputs required to ascertain the fair values are observable. The investment in equity securities is determined to be within level 1 as quoted prices are available from an active equities market for identical securities. There were no transfers between levels 1 and 2 during the period. There were no changes in valuation techniques during the period.

The following methods and assumptions were used to estimate the fair values for each class of financial instrument.

Trade debtors, trade creditors, related party payables and bank balances

The carrying value of these items is equivalent to their fair value.

Derivative financial instruments

Derivative financial instruments comprise of forward foreign exchange contracts which have been fair valued using market forward foreign exchange rates at period end.

Investment in equity securities

The investment in equity securities has been fair valued using equity prices quoted on market at period end.

The following table presents the Group's assets and liabilities that are measured at fair value at 30 July 2023:

	As at 30 July 2023 \$000	As at 31 July 2022 \$000	As at 29 January 2023 \$000
ASSETS			
Derivative financial instruments	1,219	2,732	40
Investment in equity securities	44,167	52,328	50,888
TOTAL ASSETS	45,386	55,060	50,928
LIABILITIES			
Derivative financial instruments	81	99	2,513
TOTAL LIABILITIES	81	99	2,513

Notes to the Financial Statements

For the 26 week period ended 30 July 2023 (unaudited)

13. Related Party Transactions

During the 26-week period the Company advanced and repaid loans to its subsidiaries by way of internal transfers between current accounts. In presenting the financial statements of the Group, the effect of transactions and balances between fellow subsidiaries and those with the Parent Company have been eliminated.

Material transactions between the Company and its subsidiaries were:

	26 Week Period Ended 30 July 2023 \$000	26 Week Period Ended 31 July 2022 \$000
Management fees charged by the Company to:		
Briscoes (NZ) Limited	10,224	9,027
The Sports Authority Limited (trading as Rebel Sport)	6,272	5,563
Total management fees charged	16,496	14,590
Dividends received by the Company from:		
Briscoes (NZ) Limited	17,812	17,248
The Sports Authority Limited (trading as Rebel Sport)	17,812	17,248
Total dividends received	35,624	34,496

In addition, the Group undertook transactions during the 26-week period with the following related parties as detailed below:

- The RA Duke Trust, of which RA Duke is a trustee, as owner of the Rebel Sport premises at Panmure, Auckland, received rental payments of \$356,647 (2022: \$337,442) from the Group, under an agreement to lease premises to The Sports Authority Limited (trading as Rebel Sport). During the half-year ended 30 July 2023 the final right of renewal was exercised under the lease agreement. The remaining non-cancellable term of this lease is 2.7 years (2022: 0.7 years) with a payment commitment of \$1,953,333 (2022: \$449,923)
- Kein Geld (NZ) Limited, an entity associated with RA Duke, received rental payments of \$300,317 (2022: \$283,637) as owner of the Briscoes Homeware premises at Wairau Park, Auckland, under an agreement to lease premises to Briscoes (NZ) Limited. The remaining non-cancellable term of this lease is 9.1 years (2022: 10.1 years) with a payment commitment of \$5,934,247 (2022: \$6,546,259)
- During the period, Kein Geld Westgate Limited, an entity associated with RA Duke formed an unincorporated joint venture known as Westgate Lifestyle Centre Joint Venture. This joint venture purchased the Westgate Lifestyle Shopping Centre at Westgate, Auckland, which included the Briscoes Homeware and Rebel Sport premises. As a result, from 1 May 2023 rental payments of \$141,286 (2022: Not applicable) were received under the pre-existing agreement to lease premises to Briscoes (NZ) Limited. The remaining non-cancellable term of this lease is 1.8 years (2022: Not applicable) with a payment commitment of \$989,003 (2022: Not applicable). The joint venture also received rental payments of \$75,313 (2022: Not applicable) under the pre-existing agreement to lease premises to The Sports Authority Limited. The remaining non-cancellable term of this lease is 1.8 years (2022: Not applicable) with a payment commitment of \$527,192 (2022: Not applicable)
- RA Duke Trust (including RA Duke Limited) received dividends of \$27,450,621 (2022: \$26,592,789)
- P Duke, spouse of RA Duke, received payments of \$32,500 (2022: \$32,500) in relation to her employment as an overseas buying specialist with Briscoe Group Limited and rental payments of \$484,256 (2022: \$472,726) as owner of the Briscoes Homeware premises at Panmure, Auckland under an agreement to lease premises to Briscoes (NZ) Limited. The remaining non-cancellable term of this lease is 7.8 years (2022: 8.8 years) with a payment commitment of \$7,796,519 (2022: \$8,765,030).

Notes to the Financial Statements

For the 26 week period ended 30 July 2023 (unaudited)

Directors received directors' fees and dividends in relation to their personally-held shares as detailed below:

	26 Week Period Ended 30 July 2023 Directors' Fees \$000	26 Week Period Ended 30 July 2023 Dividends \$000	26 Week Period Ended 31 July 2022 Directors' Fees \$000	26 Week Period Ended 31 July 2022 Dividends \$000
Executive Director				
RA Duke	-	-	-	-
Non-Executive Directors				
RPO'L Meo	77	-	77	-
AD Batterton	41	-	41	-
RAB Coupe	43	2	43	2
HJM Callaghan	39	-	39	-
	200	2	200	2

Directors received dividends in relation to their non-beneficially held shares as detailed below:

	26 Week Period Ended 30 July 2023 \$000	26 Week Period Ended 31 July 2022 \$000
Executive Director		
RA Duke	27,451	26,593
Non-Executive Directors		
RPO'L Meo	16	16
AD Batterton	3	3
RAB Coupe	-	-
HJM Callaghan	-	-
	27,470	26,612

14. Contingent Liabilities

A proceeding for unspecified damages by a former supplier against Briscoes (New Zealand) Limited and Briscoe Group was served on 10 February 2023. It relates to representations allegedly made by the Group concerning their trading relationship, which the supplier claims contravened the Fair Trading Act and the Contracts and Commercial Law Act. The Group firmly denies the allegations and is actively defending the claim. It is not practical to estimate the potential effect or the timing of the claim as the proceeding is at an early stage and the damages sought are currently unquantified. (2022: Nil).

Notes to the Financial Statements

For the 26 week period ended 30 July 2023 (unaudited)

15. Climate Related Risks

As part of its risk management framework the Group continues to monitor its exposure to risk, including climate related risk and related regulatory reporting requirements. Briscoe Group will commence reporting on exposure to climate related risk in line with the Aotearoa New Zealand Climate Standards for the financial year ended 28 January 2024. Assessment of the financial impacts of climate related risks and opportunities has not yet been completed but as at the date of these financial statements the Group has not identified any material impacts to disclose. Emissions measurement systems are now in place and will be reported on for the financial year ended 28 January 2024.

16. Events After Balance Date

On 3 August 2023 206,445 performance rights were issued to key senior executives under the Briscoe Group Senior Executive Incentive Plan. The plan was established in 2019 and this is the 6th tranche of performance rights to have been issued under the plan. The performance rights are subject to two growth hurdles in relation to absolute Total Shareholder Return and Earnings Per Share, both of which are measured over a three-year period.

On 12 September 2023 the Directors resolved to provide for an interim dividend to be paid in respect of the 52-week period ending 28 January 2024. The dividend will be paid at a rate of 12.50 cents per share on issue as at 20 September 2023, with full imputation credits attached.

17. Accounting Standards

The accounting policies applied are consistent with those of the annual financial statements for the period ended 29 January 2023, as described in those annual financial statements.

There were no new standards applied during the period ended 30 July 2023.



Independent auditor's review report

To the shareholders of Briscoe Group Limited

Report on the consolidated interim financial statements

Our conclusion

We have reviewed the consolidated interim financial statements ("interim financial statements") of Briscoe Group Limited (the Company) and its controlled entities (the Group), which comprise the consolidated balance sheet as at 30 July 2023, and the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 26 week period ended on that date, and notes to the financial statements, which include significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 July 2023, and its financial performance and cash flows for the 26 week period then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Responsibilities of Directors for the interim financial statements

The Directors of the Group are responsible on behalf of the Group for the preparation and fair presentation of these interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34.

A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

**Who we report to**

This report is made solely to the Company's Shareholders, as a body. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Indumin Senaratne (Indy Sena).

For and on behalf of:

A handwritten signature in black ink, appearing to read 'Indumin Senaratne', written in a cursive style.

Chartered Accountants
12 September 2023

Auckland

Directory

Directors

Dame Rosanne PO'L Meo (Chairman)

Rodney A. Duke

Anthony (Tony) D. Batterton

Richard A. (Andy) Coupe

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Bankers

Bank of New Zealand

Auditors

PwC

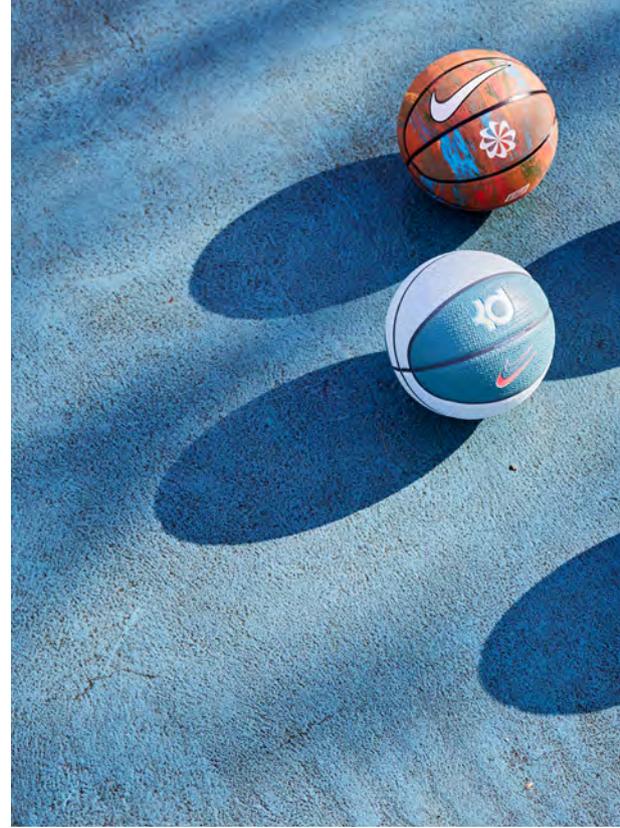
Share Registrar

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