



**RETAIL
IS OUR
WORLD.**

B BRISCOE
GROUP LIMITED

Full Year Addendum

52 WEEK PERIOD ENDED 28 JANUARY 2024





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Highlights

Very strong trading performance in a challenging economic climate. Sales growth in both Homewares and Sporting Goods. Margin in line with expectation delivering a market leading NPAT performance.



Record Sales

- Group sales +0.78% to \$792.0m.
- Homeware sales +0.54% to \$490.1m.
- Sporting Goods sales +1.17% to \$301.9m.

Solid Gross Profit Performance

- Gross Profit 42.40%.
- Gross Profit \$335.8m.
- Protection of 47% of margin gained across 2 Covid years.

Online Performance

- Online sales 18.72% of total Group sales.
- Personalisation program delivering increased customer lifetime value.
- Back-end fulfilment productivity and process improvements driving industry leading dispatch speed.

Strong NPAT

- NPAT \$84.2m.
- 95% of last year's record NPAT.
- 16.5 cents per share final dividend to be paid 27 March 2024.

Strong Balance Sheet

- Net cash at period end \$175.4m (Includes \$20m of creditors payments made by 31 January 2024).
- Inventory now returned to normal levels - \$12.9m below last year.
 - Increased stockturn.

Strategic Initiatives contributing to increased profitability

- Record level of customer satisfaction through Net Promoter Score (NPS) across both stores and online.
- Strategic plan 2020 to 2023 now completed delivering over 120 projects.
- Extended range now delivering significant incremental sales.
- Strategic planning for 2024 to 2026 well advanced.
- Supply chain transformation commenced.



Sales

Sales growth in both Homewares and Sporting Goods in a very challenging retail environment. Likely to be delivering market share gains in both segments.



- **Growth** slowed due to external factors.
- Continued **growth** across both segments in a **difficult market**.
- Core business, new stores, online and strategic initiatives **driving growth**.
- **47** Briscoes Homeware and **43** Rebel Sport stores.

PERCENTAGE GROWTH

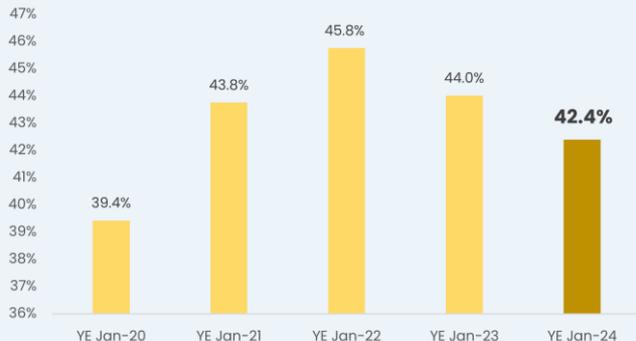


SALES GROWTH BY SEGMENT

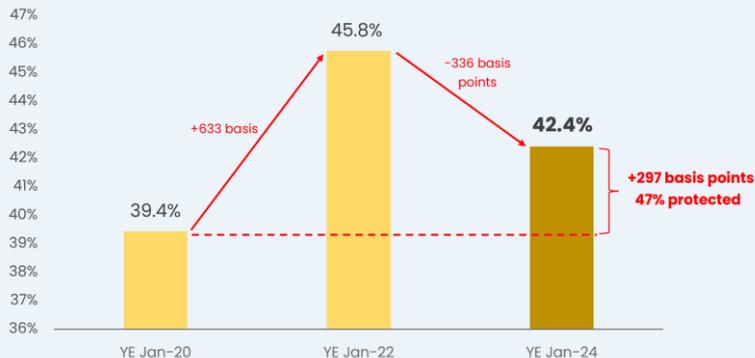


Gross Profit Margin %

Margin delivered, protected nearly half of the significant gains since pre-Covid.



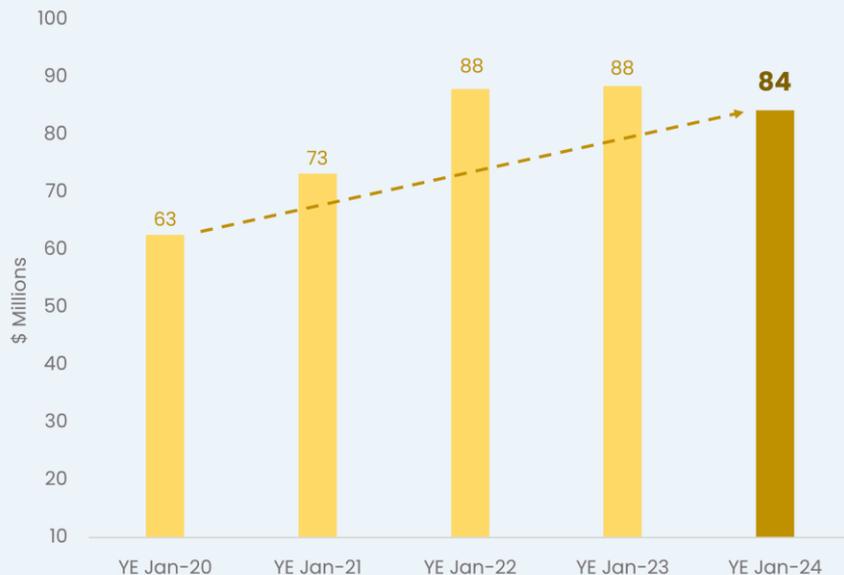
MARGIN GROWTH PROTECTION



- ▣ Continued strong margin performance across both Homewares and Sporting Goods.
- ▣ Protected 47% of the gross margin step-change through the following initiatives:
 - ▣ Targeted clearance of seasonal inventory.
 - ▣ Significant improvement to allocation algorithms.
 - ▣ Enhanced South Island inventory flow.
 - ▣ Improvement in seasonal product availability.
 - ▣ Improvements to promotional programme.



Net Profit After Tax (NPAT)



Strong NPAT driven by:

- Targeted promotional activity.
- Record growth in VIP club members and increasing lifetime value.
- Relentless focus on large cost centres to deliver significant efficiencies.
- Supply chain initiatives delivering incremental profitability.
- Direct To Customer product range extension now significant. Over 90 suppliers live and growing.
- Ongoing focus on robust cost control.



Strong Balance Sheet

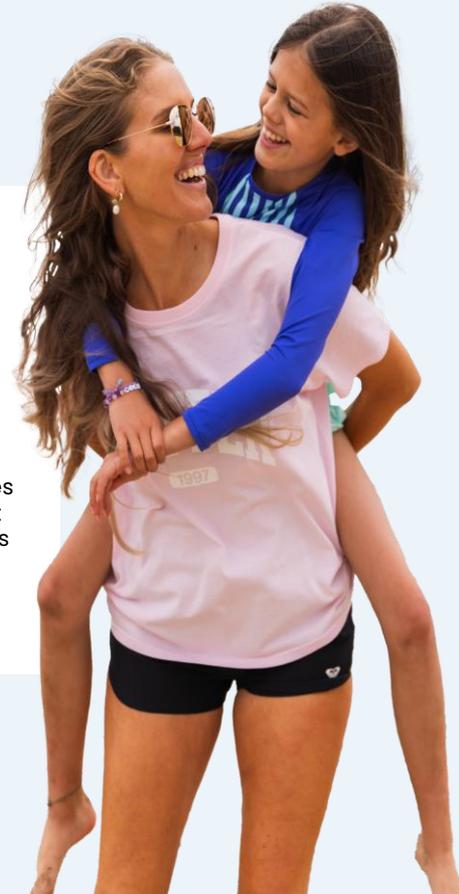
INVENTORY AND STOCKTURN



NET CASH POSITION



- Inventory returning to efficient levels now that global supply chains have stabilised.
- Four new stores added since year ended January 2020 totalling approximately \$5 million in inventory holding.
- Excellent cash position provides the ability to continue to invest in growth opportunities such as the project to establish a new distribution centre in South Auckland.

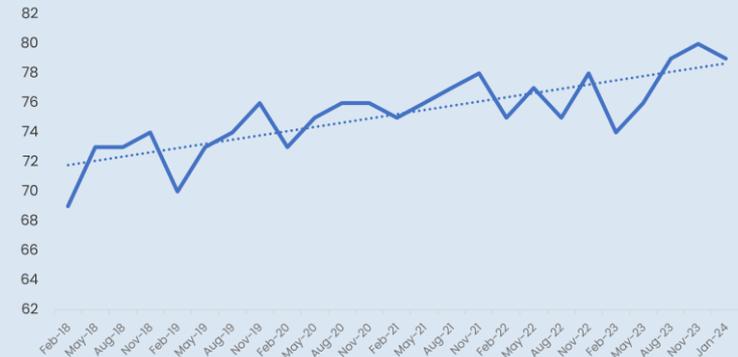


Customer Satisfaction – Net Promoter Score (NPS)

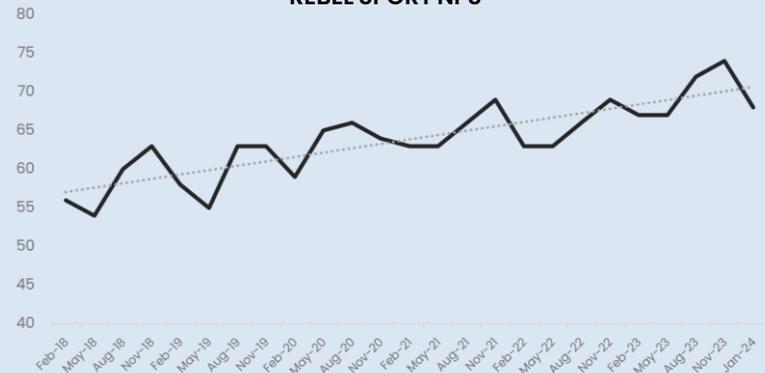


- Record levels of **satisfaction** achieved consistently for the past three years in our NPS scores – Briscoes Homeware at 78 and Rebel Sport at 70.
- Market leading service levels delivered in conjunction with tight cost control.
- Online NPS average for Briscoes Homeware is 70 and Rebel Sport 67.

BRISCOES HOMEWARE NPS

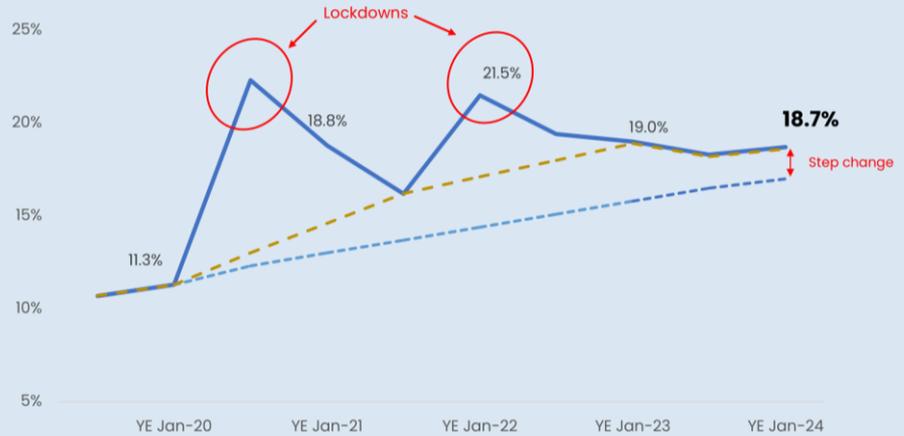
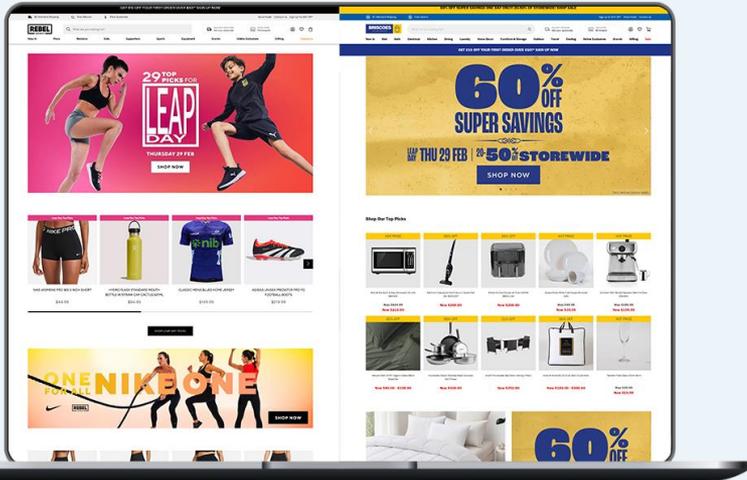


REBEL SPORT NPS



Online Share Of Sales

Online mix remains level with last year. Whilst there has been a shift back to stores globally, the growth of Direct To Customer (DTC) has offset this.



- Total Group online sales of \$148 million.
- DTC revenue growth in excess of 100%.
- 59 million sessions on our websites.
- Total share of business for online at 18.7%.

Online Customer Experience improvements

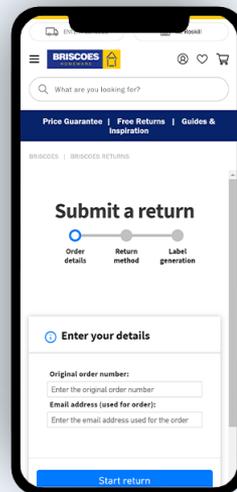
This year we continued to invest in our online and store fulfilment technology, to bring our customers the best online experience.

We fulfilled **1,700,000** online orders this year



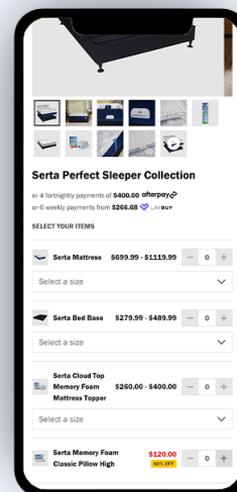
OMNICHANNEL MEMBERS AREA + VOUCHERS

Continuing to link online and instore experience.



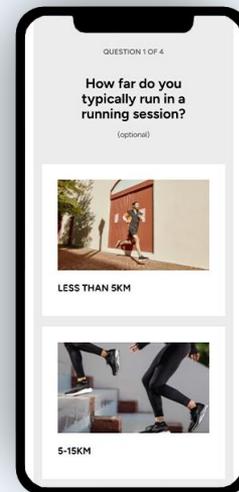
FAST & TRANSPARENT DELIVERY EXPERIENCE

Introduced a range of optimisations with the return's portal and new order fulfilment software.



FRICITIONLESS USER EXPERIENCE (UX)

Monthly releases of UX improvements to help make shopping easier for our customers.



FOCUS ON PRODUCT DATA FINDERS

Introduced new product finder quizzes + continual optimisation of our new Product Information System.

SIGNIFICANT GROWTH IN CLICK COLLECT



20% ↑
YOY

AVERAGE SPEED TO DISPATCH UNDER 1 DAY

STRONG COST CONTROL IN FULFILMENT

15% ↓
YOY

VIP Membership Club

We have a large, growing and loyal customer membership programme with over 1.8 million club members.



910,000 members
(up 16.3% YOY)



Frequency 25% higher
than non-members



Average spend 15%
more than non-members



987,000 members
(up 18.3% YOY)



Frequency 30% higher
than non-members



Average spend 40%
more than non-members



We're thrilled to welcome you as a Briscoes Club member. To celebrate your arrival, here's **\$10 off your order** of \$50 (or more) to take your home to the next level.

Our 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 new year.

TEAM ENGAGEMENT

84%

We've successfully conducted two more rounds of team member surveys on Peakon, achieving an 84% aggregated participation rate. Understanding team member engagement and identifying their priorities, allows us to implement targeted initiatives, helping make Briscoe Group a great place to work.

RECRUITMENT & RESOURCING

>19,000

Despite a shortage of talent in the marketplace, our refreshed recruitment system and processes resulted in improved candidate and manager experiences while enabling us to effectively deal with over 19,000 job applications.

FIRST FOUNDATION SCHOLARSHIPS

34

Briscoe Group, in partnership with the RA Duke Trust, has been a First Foundation Partner since 2013 and a principal sponsor for two years. We're proud to support their mission of providing students access to higher education and together, we've supported 34 bright young Kiwis on their education journey.

LEARNING & DEVELOPMENT

68%

With 68% of our Retail Management team having completed or underway in our Management and Leadership program, we have widened participation to leaders from our Distribution Centre and Support functions.

FUTURE SKILLS PROGRAMME

2

During the year, we introduced a Skills for Life programme at our Distribution Centre, in partnership with Aspire2. We delivered two cohorts aimed at enhancing the capabilities of our team for both professional and personal development.

WELLBEING

7.8

Our team scored their satisfaction as 7.8 on our last Peakon employee engagement survey in relation to wellbeing. We launched the Wellbeing at Briscoe Group initiative which includes partnering with external organisations to run a series of wellbeing workshops and panel discussions.



Sustainability

Our Steps To A Better Tomorrow

- Set our first climate targets in line with science for our scope 1 and 2 emissions and will release our first Climate Related Disclosure Report as part of our annual report.
- Record breaking year for our fundraising for Cure Kids at \$1.15m and surpassing \$11m in donations since we formed the partnership.
- We've completed our Sustainability Strategy, offering clear guidance and governance on our objectives.
- Working closely with global industry experts to implement ethical supplier policies and conduct robust audits across our international supply chain.



Set our scope 1 and 2 emissions targets of 50% reduction by 2030 and net zero by 2050. Working towards setting a scope 3 target during 2024.

Successful Pilot program with Eco Central in Christchurch region resulted in diverting product from landfill.

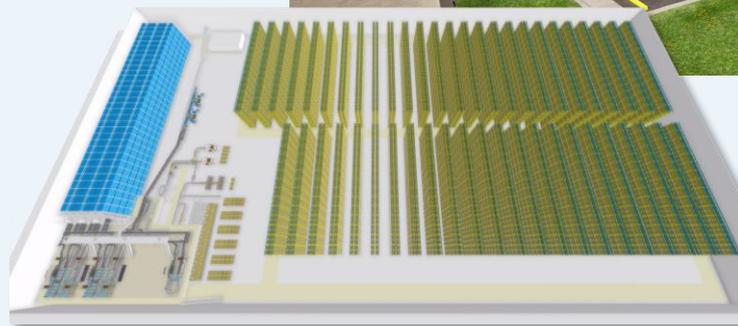
Through support from third party Verisio we have **conducted ethical audits of over 30% of all trade suppliers**. The remaining 70% are expected to be completed by the end of 2024.

Provided mental health training for our team. Our Employee Assistance Program is used for both work and non-work-related support.

Increased our **positive impact** on our local communities, including enhanced support of the **Pass It Forward** programme and a collaboration with **Downlights** organisation.

Supply Chain Transformation

- Significant progress has been made in establishing a new distribution centre in South Auckland. We expect the project to require expenditure, inclusive of land purchase and building construction, of at least \$100 million across the next 3 financial years.
- We have selected the warehouse management system to drive our future supply chain. Implementation in our current operation is underway and will be completed by July 2024.
- The warehouse automation system and vendor have been selected. This automated storage and retrieval system will provide space efficient storage and the goods to person pick stations will enable cost-effective handling of less-than-carton quantities. This is a key enabler to improving stock flow to our stores and supporting fulfilment of orders to our online customers.
- We have chosen the site for our new North Island Distribution Centre (DC), and construction will begin this year. The DC is sized to meet our needs for 20 years and provides a step change in storage capacity, another critical enabler to improved stock flow.



Some of the benefits our Supply Chain transformation will deliver.

Improved on shelf availability

Optimised allocation of stock to stores by implementing a model that uses additional data points to provide better results.

Reduced days of cover in-store

Reducing excess stock in-store allows us to bring new products and ranges into our stores improving choice for our customers.

Key suppliers shipping via our DCs

Key local supplier volume can be consolidated with our imported goods and shipped to our stores in quantities matched to sales.

Sustainable supply chain

Reducing inter-island transport moves, transport legs from individual suppliers to our stores and local transport and handling upstream in our supply chain.

2020 – 2023 Strategic Initiatives delivered incremental profit



CUSTOMER CYCLE

Attract–Retain–Grow



FUTURE SUPPLY CHAIN



NEW REVENUES

2023 Key improvements

- Customer data platform implementation.
- Successful pilot of digital price and promotion – now commencing roll out to all stores.
- Record Net Promoter Score (NPS) achieved in both Briscoes Homeware and Rebel Sport.
- Contact centre chatbot implemented and delivering excellent automated service levels.
- Warehouse management system implementation on track and due to be implemented in existing Auckland DC by July 2024.
- New Auckland DC site selected, and commercial agreement reached with development partner.
- Automation tender complete and partner selected.
- South Island third party logistics partner delivering excellent service levels.
- 7 stores completed refurbishments.
- Direct To Customer sales now significant and over 90 suppliers now live, including International suppliers.
- New Rebel flagship design underway for Rebel Panmure.

Well placed to increase market share in a challenging market

- Proven ability to navigate tough trading conditions and deliver ahead of the wider market.
- World class team of over 2300 people.
- All areas of the business are in great shape with record levels of customer and team satisfaction achieved.
- Record number of customers on our VIP club database.
- Continued investment in key internal resources, such as digital, planning and supply chain.
- Excellent trading performance in both Homewares and Sporting Goods.
- Strategic initiatives now embedded in the business.
- Strategic planning for 2024 to 2026 well advanced.
- Strong balance sheet provides financial protection and ability to fund strategic investment such as supply chain infrastructure.
- Current business model is well suited to succeed in the tougher economic climate.



Financial Summary

	FY Jan 20	FY Jan 21	FY Jan 22	FY Jan 23	FY Jan 24
Homeware Revenue - \$000	410,908	439,234	460,887	487,501	490,116
Sporting Goods Revenue - \$000	242,109	262,563	283,563	298,353	301,837
Group Total Revenue - \$000	653,017	701,797	744,450	785,854	791,953
Online Mix of Sales - %	11.3%	18.8%	21.5%	19.0%	18.7%
Group Gross Margin - \$000	257,502	307,116	340,642	345,922	335,762
Group Gross Margin - %	39.4%	43.8%	45.8%	44.0%	42.4%
Group EBIT - \$000	97,223 ¹	115,886	136,468	135,494	126,296
Group EBIT - % to Sales	14.9%	16.5%	18.3%	17.2%	15.9%
Group NPAT - \$000	62,583	73,199	87,909	88,437	84,221
Group NPAT - % to Sales	9.6%	10.4%	11.8%	11.3%	10.6%
Free Cash Flow - \$M (Operating Cash Flow less Capex)	60.3	81.1	76.6	128.0	108.3
Dividends Per Share - cps	8.5 ²	28.5 ³	27.0	28.0	29.0
Earnings Per Share - cps	28.2	32.9	39.5	39.7	37.8
Net Cash Position - \$M	67.4	100.4	102.5	149.9 ⁴	175.4⁵
Inventory Turnover - X p.a. (COGS divided by average inventory)	4.7	4.4	3.8	3.7	4.1

1. Includes impact of adoption of NZ IFRS Leases.

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

3. Includes special dividends of 6cps paid December 2020.

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

5. Includes \$20 million of creditors payments made by 31 January 2024.