



Briscoe Group Posts Record Sales

Briscoe Group Limited (NZX/ASX code: BGP)

Highlights for the full year ended 28 January 2024:

- Total record sales \$792.0 million
- Both Homeware and Sporting Goods segments delivered positive growth, +0.54% and +1.17% respectively
- Gross profit margin 42.40%, protecting 47% of the 633 gross profit margin points gained across the two years impacted by Covid (years ended January 2021 and January 2022)
- Online sales as mix of total Group sales 18.72%, (LY 18.97%)
- Net profit after tax (NPAT) \$84.2 million, 95% of last year's record NPAT
- Final Dividend 16.5 cps
- Total Dividend for the year 29.0 cps, +3.57%

The directors of Briscoe Group Limited announce a net profit after tax (NPAT) of \$84.2 million for the year ending 28 January 2024, representing 95% of the record \$88.4 million reported for the previous year.

Board Chair, Dame Rosanne Meo announced that the directors have resolved to pay a final dividend of 16.5 cents per share (cps). The dividend is fully imputed and, when added to the interim dividend of 12.5cps, brings the total dividend for the year to 29.0 cps, an increase of 3.57% on the prior year. The final dividend will be paid on 27 March 2024. The share register will close to determine entitlements to the dividend at 5pm on 20 March 2024. The Company's dividend policy is to pay out at least 60% of NPAT when calculated on a full-year basis. "We are delighted to be able to reward our shareholders with a record total dividend of 29.0 cents per share, achieved with an increased interim dividend earlier this year now also with this final dividend announcement.

"The team's ability to consistently produce quality results is notable and indeed extraordinary, given the continued uncertainty and deterioration of the retail market during the twelve months to January 2024."

Rod Duke, Group Managing Director, said: "We're delighted to have produced another year of record sales against a macro retail environment which has seen many retailers struggling to hold their ground. It's significant that the Group was able to grow sales across both the first and second halves as well as across each of the trading segments, homeware and sporting goods.

"The combination of a strong core business and the execution of strategic initiatives by an extremely talented team has again proved to be a great formula for success - delivering a bottom line equal to 95% of last year's record NPAT."

The earnings were generated on sales revenue of \$792.0 million, an increase of 0.78% on the \$785.9 million generated for the previous year.

As expected, gross margin percentage declined for the period from 44.02% to 42.40%. Rod Duke said, "Like all retailers we faced margin pressure from a number of factors as the impacts of the ongoing economic downturn were felt. However, the Group has differentiated itself by protecting a significant

portion of the margin percentage increase achieved during the Covid pandemic. I'm extremely proud to report that this result will represent the protection of 47% of the 633 gross margin basis points gained during that period. The Group's full year gross profit margin immediately prior to Covid (Year ended January 2021) was 39.43% compared to this year's margin of 42.40% - a significant achievement which we have worked hard to deliver."

The Group's online business continues to perform well and represented 18.72% of Group sales as at 28 January 2024. Rod Duke said, "We continue to invest in both the front and back-end platforms with a number of initiatives designed to connect the online and physical store experiences including; introduction of an omni-members voucher programme and also management of complete customer experience through "My Account". Complementing this our focus on frictionless customer experience continued with the introduction of features such as; self-service returns and tools to help customers find the right product based on individual needs. Additional payment and delivery options are also being worked on which should enable these features to be expanded during 2024."

This year's result includes \$2.1 million (after tax) of dividends from the Group's investment in KMD Brands Limited, matching the amount received for the same period last year.

The Group will benefit from \$3.4 million of improved net interest position compared to the previous year because of improved cash balances and higher interest rates.

Inventories totaled \$104.9 million at year-end, including a new Rebel Sport store opened by the Group in April 2023, \$12.9 million below the \$117.8 million reported for last year. Rod Duke said, "Inventory improvements have been critical in enabling us to deliver sales growth and meet our gross profit goals. As local and international supply chains have returned to more normal, reliable and cost-effective levels of service compared to the disruption of recent years, the team has been able to tighten the levels of inventory held by the Group. This has seen a rationalisation of inventory across most categories and we continue to invest considerable energy into refining, how, when and what we purchase, to continually improve our inventory measures.

The Group's balance sheet remains strong, with cash and bank balances of \$175.4 million as at 28 January 2024 and no term debt. Approximately \$20 million of creditor payments included in the trade payables balance were subsequently paid on or before 31 January 2024.

During the year \$15.1 million of capital investment was made by the Group of which \$4.3 million represents expenditure on the fit-out of new and refurbished stores. \$5.6 million was spent to purchase the existing Briscoes Homeware site in Timaru and the balance of the capital investment was for online platform improvements, enhancements to system software and hardware and the continuation of security initiatives including ungraded alarm and camera systems, stronger roller shutters and concrete bollards.

Despite the difficult trading conditions, the Group progressed a number of store development projects during the year. As reported at half year, we were delighted to open a brand-new Rebel Sport store in Ashburton during April in conjunction with the relocation of the existing Briscoes Homeware store. In addition, three full-store refurbishments were completed during the first six-month period at; Briscoes Homeware Whangarei, Rebel Sport Taupo and Rebel Sport Manukau.

During the second half of this financial year refurbishments were also completed at Briscoes Homeware Manukau and Wairau Park in Auckland, as well as Rebel Sport Invercargill. All store upgrades result in a dramatic difference to the look and feel of the stores and include the latest ideas from the new-store design concepts including LED lighting, redesigned fixtures, personalized counters, click & collect storage zones and dramatic new in-store signage.

A number of other projects also continue to grow and benefit the Group's profitability. Examples of these include; the ongoing introduction of expanded ranges of new products online which are shipped direct

from suppliers to customers and electronic shelf labeling to be introduced in both Briscoes Homeware and Rebel Sport stores after completion of successful trials.

Rod Duke said, “Significant progress has also been made during the year in relation to establishing a new distribution centre in South Auckland. We are well into the implementation at our existing distribution centre, of a new Warehouse Management System (WMS). This will enable the current team to upskill themselves before transitioning to the new facility when it eventually becomes operational. In addition, we have selected our automation partner in relation to the significant improvement in warehousing capability intended for the new facility. In February we also signed a Letter of Intent for the purchase of land and the building of a new warehousing facility at Drury, South Auckland. We expect the project to require expenditure, inclusive of land and building construction, of at least \$100 million across the next 3 financial years. This state-of-the-art facility will step-change our capability in warehousing and distribution, enhance inventory management across the entire group network including optimisation of the existing store footprint, to deliver significant performance and efficiency gains.

“Looking forward, we remain cautious as to the retail environment with ongoing uncertainty in relation to economic conditions, customer sentiment and cost pressures. We do not underestimate just how challenging trading could be but are very confident in relation to the Group’s ability to continue to perform and deliver superior results.”

Group Chair Dame Rosanne Meo said, “On behalf of the Board I would like to acknowledge the outstanding work done by the entire Briscoe Group team. We are thankful to our over 2,000 team members from the distribution centre, across stores and to support office for their level of commitment, teamwork and enthusiasm to produce the best shopping experience possible. This is at the core of the impressive results which the company continues to deliver.”

Wednesday 13 March 2024

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Briscoe Group Limited is a company incorporated in New Zealand and registered in Australia as a foreign company under the name Briscoe Group Australasia Limited (ARBN 619 060 552). It is listed on the NZX Main Board and also the Australian Securities Exchange as a foreign exempt entity. (NZX/ASX code: BGP).