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Directors' Report

Briscoe Group continued its excellent performance in the latest half-year, increasing sales to a record level, advancing a range of initiatives which continue to build for future performance and to protect profitability in difficult market conditions.

Interim Report, half-year to July 2024

Briscoe Group continued its excellent performance in the latest half-year, increasing sales to a record level, advancing a range of initiatives which continue to build for future performance and to protect profitability in difficult market conditions.

Trading conditions in the first half were the most difficult the Group has faced since the global financial crisis of 2007. Retail spending as measured by Statistics NZ declined in each of the six months to July 2024, reflecting sharp cost-of-living and interest rate increases and continuing the trend established over the previous year.

In that context Briscoe Group's trading results represent another outstanding performance. They testify to its resilience to adverse trading conditions, in which key elements are the ability to maintain and grow sales volumes despite tough conditions and to deal with increasing cost and margin pressures. The store network, online platform and back-office functions all performed strongly.

Your Board is confident that the internal performance gains, capability enhancements and strategic options initiated by the Group's strategic development programme will provide significant opportunities to drive profitability going forward.

The Group has continued to invest in the development of the store network, the online platform and the back office and fulfilment infrastructure. The first three years of the Group's strategic development programme, now completed, produced a wide range (over 120 projects) of enhancements to systems and technology. Capital investment increased significantly. These were funded from internal cash resources given the strength of our balance sheet established by strong trading performance and prudent financial management over the long term.

As well as ongoing investment the Group has embarked on its largest project ever, the establishment of a new North Island distribution centre to provide a step-change in capacity and efficiency. Strong progress was made and the distribution centre is on track to be launched within its three-year timeframe.

Once again, our management and operational teams have performed at a high level and the Board is extremely thankful to all of them. We believe the quality and agility of the senior leadership team remains the keystone of our performance and the

dedicated support provided by teams in all parts of the business continues to be crucial. We continue to invest in their education, training, wellbeing, safety, engagement and performance.

We believe that the economic environment will remain difficult in the short to medium term, although we note that there have been early signs of improvement – a slight reduction in the rate of decline in retail sales and recent declines in inflation and interest rates, albeit from relatively high levels. These recent developments are welcome.

Our focus remains on matters that are under our control – costs, inventory, promotional content etc - enabling current performance while building the capability for future growth and profitability. This is the best way of ensuring that the Group retains the ability it has demonstrated over recent years to perform strongly in difficult market conditions.

Our Team

In such a tough trading environment the skilled and dedicated work of our team – individually and collectively – is a critical element of success.

In-store they are the vital link between our customers and our retail offering. In our online platform they provide the creativity and technical support essential to an intuitive and convenient shopping experience. Behind the retail frontline, their expertise and diligence enable both in-store and online shopping to be delivered efficiently, and in Support Office they provide leadership, insight and support to teammates throughout our network.

The Board recognises and values their exceptional work. We thank them for yet another period of outstanding performance.

We were pleased to be able to deliver a 5% wage rate increase for our in-store, hourly-paid team earlier this year, following 7% increases in each of 2022 and 2023, 20% compound growth across these 3 years.

We also take pride in our expanding range of programmes to support team members and assist their development – in health and safety; in work training for diverse needs including product knowledge, customer interaction, support functions and other core skills; in leadership development; and through tertiary education.

These are delivered through a variety of platforms including online training, learning modules developed in conjunction with external providers and others with tertiary institutions. The rewards for these programmes are manifest within the business and are reflected in improvement in our formal measures of health and safety, employee engagement and customer satisfaction.

Strong Trading Performance

Our performance reflected a range of measures taken to drive sales growth, control the cost base, manage an inevitable margin decline and thus optimise profitability.

The Group achieved a record level of revenue – an outstanding performance in the prevailing conditions, with growth in both the homeware and sporting goods segments. Promotional events for seasonal products (particularly sporting goods) were enhanced to increase sell-through and protect margins.

Underlying profitability remained strong, reduced slightly in comparison to the first half of the previous year but as already stated, outstanding in context of the current trading environment.

Solid Financial Results

Sales revenue was \$372.08 million, an increase of 0.77% on the first half of the previous year. Homeware sales increased by 0.28%, from \$229.39 million to \$230.03 million; and Sporting Goods sales rose by 1.58%, from \$139.85 million to \$142.05 million.

Net profit after tax (NPAT) was \$33.21 million including a one-off tax adjustment of \$7.37 million required under the New Zealand equivalent to International Accounting Standard 12 as a result of tax changes announced by the Government. This is a deferred tax liability adjustment – a non-cash accounting entry that has no impact on the Group's underlying profitability or dividend policy but does reduce the reported net profit.

Absent this adjustment NPAT for the first half was \$40.58 million – 95% of the previous first half reported profit of \$42.75 million.

Gross margin percentage declined by 76 basis points, from 43.73% to 42.97%. Total store and overhead costs were less than 0.5% higher than for the previous corresponding period – a fantastic achievement in a market strained by increased cost pressures from a variety of sources. Optimising gross profit while

maximising sales remains a constant focus for our team.

The result was affected by the decision by KMD Brands to not pay an interim dividend for the current year. Briscoe Group received \$1.44 million (pre-tax) from its investment in KMD Brands during the previous corresponding period.

Interest income increased by \$1.1 million during the first half, predominantly as a result of higher cash balances.

Inventory levels at 28 July 2024 were \$106.32 million, down from \$120.21 million at the same time last year. Our team was focused strongly on inventory – in particular, on seasonal inventories across both Briscoes Homeware and Rebel Sport. With pressure on sales likely to persist, we continue to work closely with our supply partners to optimise our inventory position.



Strong Financial Position

The Group's balance sheet remains strong, with cash balances of \$131.77 million compared to \$126.90 million held at the same time last year and with no term debt. Approximately \$23 million of creditor payments included in the trade payables balance were paid subsequent to balance date (by 31 July 2024).

Interim Dividend

The directors resolved to pay an interim dividend of 12.50 cents per share (cps), maintaining the same level as last year's interim dividend. Books closed to determine entitlements at 5pm on 25 September 2024 and payment will be made on 9 October 2024. The company's dividend policy is to pay out at least 60% of NPAT when calculated on a full year basis.

Capital Investment

As previously identified the Group increased its capital investment during the period, spending \$35.00 million compared with \$10.77 million in the previous corresponding period.

The increase was primarily for the Distribution Centre project (\$19.93 million), with the key components being the implementation of a new Warehouse Management System and deposits for the purchase of land and for building construction.

A further \$10.88 million was invested in the rollout of the electronic shelf labelling project across the store network. The remaining \$4.19 million was for the refurbishment of stores; expenditure in relation to Group-owned property; and enhancements to system software and hardware across the store network, support office and online platform.

Store Network

The store development programme continued during the half. On the back of the six refurbishments completed during the previous year, further refurbishments were completed at both Rebel Sport and Briscoes Homeware stores in Invercargill and progress made at a number of other stores. This work has delivered a dramatic difference to the in-store look and feel, reflecting the modern, energetic transformation achieved in other recent refurbishments.

Planning is advanced for a number of projects in the current half-year, including:



- Design work for refurbishment of the Briscoes Hornby store, including a new *Hotel at Home* in-store space.
- Design work for refurbishment of Rebel Sport Henderson.
- Completion of the concept and fit-out for a flagship Rebel Sport store.
- Commencement of a Briscoes Homeware new store concept design.

Our team continues to explore opportunities to innovate and improve as part of the store development programme. We have partnered recently with leading Australasian retail design company, *The General Store* to design a flagship store that will elevate, refresh and vitalise the customer experience to consolidate the Rebel Sport brand in New Zealand. We are thrilled with the work so far and the potential to be unlocked for the next generation of Rebel Sport stores.

Online Initiatives

The Group's online business continued to perform well, contributing 18.77% of Group sales in the first half, compared with 18.33% in the previous comparable period.

A number of initiatives were completed or progressed significantly across the online platforms, including:

- Continued growth of our Direct-to-Customer

product range.

- A premium same-day delivery service piloted in Christchurch and scheduled for launch in Wellington and Auckland.
- Advanced customer notifications – alerting customers more effectively in regard to their premium orders.
- Improvements in back-of-house processing – eg. allocation of order fulfilment to store from a mobile device; electronic shelf labelling enabling faster picking and a picklist auto-refresh, allowing multiple users to work more effectively from a single picklist.
- Six store back-of-house areas redesigned for greater efficiency.
- Front-of-house counters in four stores reconfigured to optimise Click & Collect and improve the customer experience.

Strategic Development Initiatives

As referenced earlier, by far the Group's largest project is the establishment of a North Island warehousing and distribution centre.

The new facility will deliver a major step-change in our warehousing and distribution capability, enhance our inventory management across the network, help to optimise the existing store footprint and deliver significant performance and efficiency gains. It will be a state-of-the-art facility on a scale to handle significantly higher volumes. It will also enhance the way we buy and distribute sporting goods.

A key milestone in this project was the implementation of a new advanced Warehouse Management System – *Manhattan*, at our existing distribution centre. This has enabled our team to upskill before transitioning to the new facility when it becomes operational in about two years.

Contracts for the purchase of land at Drury, south of Auckland, and for construction of the new centre were signed in June. We also selected our automation partner to help drive the significant improvement in warehousing capability sought from the project.

We expect the new centre to require expenditure of at least \$100 million. Continued progress on this project is a key priority for the current year.

The implementation of electronic shelf price labelling across the store network was substantially complete



at the half-year and is now complete. This exciting initiative has replaced in-store price ticketing with centrally controlled electronic price labels, bringing an improvement in sales conversion resulting from increased price transparency, improved sustainability in the form of a reduction in the printing of sale tickets and a reduction in the effort required of teams when setting up sale events in-store.

The next three-year program of the strategic development programme, now under way, has been focused on projects to equip the Group for growth beyond its current capacity and comprises a combination of both existing and new initiatives.

Half-Year Review

The interim financial statements for the 26-week period ended 28 July 2024 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 32 and 33).

Corporate Governance

The Group has an explicit and ongoing commitment to the highest standards in governance and management, based on best practice principles set out in the NZX Corporate Governance Code. Those adopted by the Board include the Group's Constitution, a Board Charter and a Code of Conduct; policies for Human resources, Climate risk,

Continuous disclosure, Emissions reporting, External auditor independence, Privacy, Remuneration, Sustainability and Trading in company securities; and a 'Speak Up' policy describing how any inappropriate or unlawful conduct can be raised by employees without fear of negative consequences.

We continued to build on our sustainability programme during the half-year, with key projects including:

- Introduction of the supplier compliance program.
- The transition of our forklift fleet from LPG to electricity.
- The implementation of cardboard baling.
- A recycling programme for returned products and a review of packaging for online orders.

More detailed comment on the sustainability programme is included in a separate section of this report (see page 10).

Outlook

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 it in the way that suits their individual preferences.

Our focus remains on maintaining a high level of

near-term performance and to continue to build the platform for future performance and growth. As to the remainder of the current year, we will make further progress on the implementation of strategic initiatives and on priorities and preparation for our next strategy round.

As noted above, we have seen early signs of improvement in the economic indicators and we are hopeful that the recent announcement of a lower Official Cash Rate and the subsequent lowering of bank rates will mark the beginning of a more positive trend in consumer confidence and retail spending.

Nevertheless, we remain very cautious on the retail trading environment and we are under no illusions as to how it will affect the Group's performance in the remainder of the year. Measures to control costs and manage margins remain crucial in protecting the bottom line.

While we will not be able to replicate the last full year's net profit of \$84.2 million, we are confident about our ability to respond positively to the external pressures and continue to produce market-leading trading results.

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.

Sustainability



Our progress in taking

Steps to a Better Tomorrow.

As a business we continue to make progress across all four pillars of our Sustainability strategy.

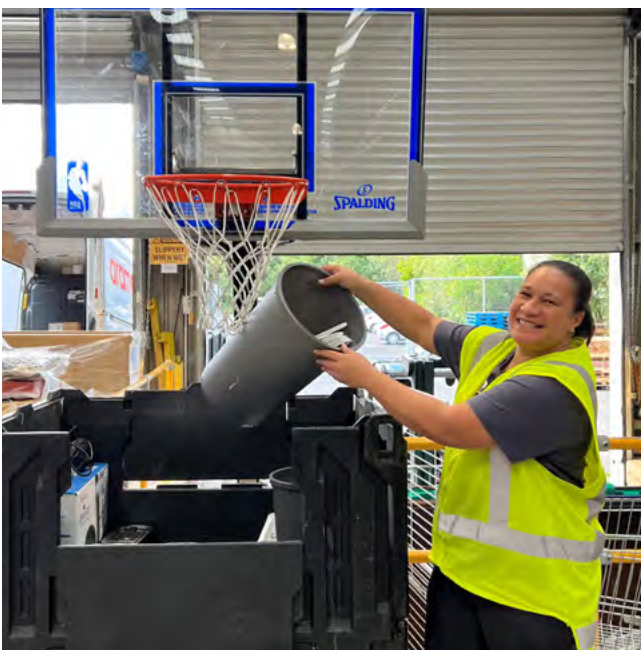
Governance

- We aim to bring our stakeholders along with us on our Sustainability journey. To enhance transparency and accessibility, we intend to launch a Sustainability section on the Briscoe Group website by the end of the year. As sustainability evolves rapidly, we are committed to keeping you informed about the exciting initiatives we are undertaking to take *Steps to a better tomorrow*.
- We are actively providing our team with the necessary information, resources, and training to enhance our sustainability efforts.
- Good progress has been made in preparation for our second-year disclosure under the CRD regime, including work towards quantifying the financial impacts of our climate-related risks, developing a climate transition plan, measuring our scope 3 emissions and setting a reduction target.

Environment

- Through our partnership with EcoCentral in Christchurch for the Product Returns Program, we have diverted over 70 tonnes of product returns from landfill. Additionally, through the program, EcoCentral has provided over 60 care packages to Christchurch families in need. Given the program's success, we are investigating how we can extend the program to the broader Canterbury region.

- Following on from the success in Christchurch we have expanded our Product Returns Program to Auckland in partnership with All Heart NZ. The program covers 19 stores in the Auckland region and has been key to decreasing the amount of waste going to landfill.
- We are pleased to report steady progress with our Ethical Supplier program. To date, we have onboarded, audited, graded, and supported over 230 factories, significantly enhancing supply chain standards. This effort has resulted in a notable and rapid improvement in factory gradings. Additionally, we are in the process of integrating our local and non-trade suppliers into the program.
- We are engaging with our suppliers on their Climate Targets, helping us get an informed picture of where supplier engagement currently sits in relation to our scope 3 emissions and allowing us to set an informed scope 3 target.
- Following the launch of the Electric Forklift Phase Programme in February 2023, we have transitioned 76% of our LPG fleet to electric, achieving a total of 40 internal combustion engine forklifts replaced with electric units. We plan to complete the remaining 12 units by the end of 2025. Eliminating LPG from our forklift fleet is a key part of our emissions reduction plan and aids us in achieving our Scope 1 emissions targets.



Auckland Product Returns Program

“It makes me really happy to be contributing in small ways to the community while also ensuring that we have less going into our landfill. I feel really proud to work for a company with these initiatives.”

– Tese (Store Person)



Grassroots Grants Winners



Community

- We launched the Rebel Sport Grass Roots grant program, receiving over 650 applications during the first two Grassroots grant application rounds. This resulted in over \$130,000 in cash and sports gear being awarded to clubs and community groups, helping to remove the financial barriers associated with community sports in NZ. Another two funding rounds will be completed in the second half.
- This year, we have already raised over \$353,000 for Cure Kids and we are on track to surpass \$1,000,000 once again. We are immensely proud of the unwavering support and generosity from our customers and team. We are committed to maintaining this fundraising momentum to maximise our contribution to essential child health research.
- The Pass-it-forward program continues to provide balls to those that need them the most, with 6,058 balls through the program in the first half. We have increased the scope of our support through the Tania Dalton Foundation and are now sponsoring three young girls through a life-changing 3-year financial and mentoring scholarship. This support will provide the means for them to pursue their sporting dreams, becoming important role models to women in sport.



Our People

- We successfully piloted our first ever VR Manual Handling Training program, 'First Move'. Created by Alison Richmond from Provention NZ, the program works to lower workplace injuries related to manual handling by promoting healthy movement habits through immersive learning.
- We have rolled out Sonder, an employee wellbeing app, across the entire business. This app offers our employees free 24/7 access to medical, safety, and wellbeing support, ensuring that their wellbeing remains a priority.
- We continue to invest in our people, with another two cohorts of emerging leaders (29

team members) completing our Leadership Programme. We have two more cohorts set to complete the programme in the second half.



Supply Chain

REBEL
SPORT

BRISCOES
HOMEWARE

Supply Chain Transformation

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

Warehouse Management System

In July 2024 we successfully implemented a new Warehouse Management System (WMS) in our current Distribution Center (DC). Moving to this technology improves our current capability and will provide us with key learnings ahead of the move to our new DC in 2026. This system will orchestrate operations in our new North Island DC spanning Inbound, Stock Control, Outbound and Transportation to our customers or stores.

Land Purchase in Drury, Auckland

Following an extensive search in the greater Auckland and Waikato region we have purchased the land for our DC. We modelled inbound and outbound transport costs as well as property related costs and expected future values and found the Drury location to be optimal. We have signed a development agreement with Calder Stewart to build the DC.

High-Level Site Design

Our new North Island DC is designed to meet our growth requirements for the next ten years. Containing over 17,000 pallet positions of storage for our bulkier items and 40,000 totes for storage of smaller items, this substantial increase in storage capacity will allow us to substantially improve the flow of inventory to our stores. The site features a flowthrough design with inbound on the eastern side, and outbound on the western side and provides significant yard and canopy areas to ensure easy handling of goods into and out of the warehouse.

The site will include an automated shuttle storage and goods to person picking system to increase our productivity when handling apparel, footwear and other smaller items.

Impact on Team and Customers

This state of the art facility and equipment provides an attractive place for our team to work, and will aid in the recruitment and retention of the team required to operate it. We will reduce the stock level in our stores and hold more in the DC, with frequent replenishment of stores in line with sales demand. The reduction of stock in store will allow for an improved range of products and potential for new product categories in stores.

Expected Benefits

Once fully operational, the DC enabled improved stock flow to stores will unlock significant potential for sales and margin growth from improved on-shelf availability and reduced stock days of cover in-store. The new products and categories will deliver sales growth from the existing store footprint, and by streamlining our end to end transport flows we will reduce our emissions.

Timeline

The detailed design will be completed, and consents lodged by the end of 2024, enabling construction to start in early 2025. We expect to be able to commence installation of pallet racking and the automation by the end of 2025, allowing phase 1 of the DC to be operational during March 2026 and full operations including automation to be live by the end of 2026.



Financial Statements

**RETAIL
IS OUR
WORLD.**

Directors' Approval of Consolidated Financial Statements

For the 26 week period ended 28 July 2024

Authorisation for Issue

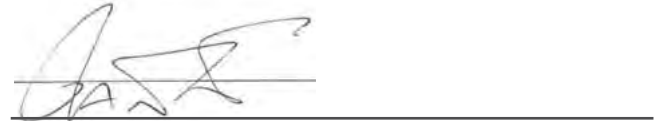
The Board of Directors authorised the issue of these Consolidated Interim Financial Statements on 10 September 2024.

Approval by Directors

The Directors are pleased to present the Consolidated Interim Financial Statements for Briscoe Group Limited for the 26 week period ended 28 July 2024. (Comparative period is for the 26 week period ended 30 July 2023).



Dame Rosanne Meo
CHAIRMAN



Rod Duke
GROUP MANAGING DIRECTOR

10 September 2024

For and on behalf of the Board of Directors

Consolidated Income Statement

For the 26 week period ended 28 July 2024 (unaudited)

	Notes	26 Week Period Ended 28 July 2024 Unaudited \$000	26 Week Period Ended 30 July 2023 Unaudited \$000
Sales revenue		372,078	369,237
Cost of goods sold		(212,213)	(207,773)
Gross profit		159,865	161,464
Other income		104	1,963
Store expenses		(60,444)	(60,329)
Administration expenses		(39,028)	(38,881)
Earnings before interest and tax		60,497	64,217
Finance income		3,811	2,674
Finance costs		(7,699)	(7,493)
Net finance income/(costs)		(3,888)	(4,819)
Profit before income tax		56,609	59,398
Income tax expense	6	(23,399)	(16,648)
Net profit attributable to shareholders	5	33,210	42,750
Earnings per share for profit attributable to shareholders:			
Basic earnings per share (cents)		14.91	19.19
Diluted earnings per share (cents)		14.88	19.17

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 28 July 2024 (unaudited)

	Notes	26 Week Period Ended 28 July 2024 Unaudited \$000	26 Week Period Ended 30 July 2023 Unaudited \$000
Net Profit attributable to shareholders		33,210	42,750
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss:			
Change in value of investment in equity securities	9	(13,683)	(6,721)
Items that may be subsequently reclassified to profit or loss:			
Fair value (gain)/loss recycled to income statement		(502)	181
Fair value gain taken to the cashflow hedge reserve		1,919	3,653
Deferred tax on fair value gain/(loss) taken to income statement		140	(51)
Deferred tax on fair value gain taken to cashflow hedge reserve		(537)	(1,023)
Total other comprehensive income		(12,663)	(3,961)
Total comprehensive income attributable to shareholders		20,547	38,789

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

Consolidated Balance Sheet

As at 28 July 2024 (unaudited)

	Notes	28 July 2024 Unaudited \$000	30 July 2023 Unaudited \$000	28 January 2024 Audited \$000
ASSETS				
Current assets				
Cash and cash equivalents		131,770	126,898	175,441
Trade and other receivables		5,251	3,761	7,738
Inventories		106,323	120,211	104,868
Derivative financial instruments		1,727	1,219	548
Total current assets		245,071	252,089	288,595
Non-current assets				
Property, plant and equipment	8	148,103	134,711	132,810
Non-current receivable	8	12,964	-	-
Intangible assets		2,527	2,059	2,078
Right-of-use assets		240,563	240,224	245,318
Deferred tax	6	9,579	16,044	17,309
Investment in equity securities	9	21,363	44,167	35,046
Total non-current assets		435,099	437,205	432,561
TOTAL ASSETS		680,170	689,294	721,156
LIABILITIES				
Current liabilities				
Trade and other payables		92,116	92,762	106,292
Lease liabilities		20,663	19,512	19,850
Taxation payable		1,150	1,375	8,316
Derivative financial instruments		6	81	259
Total current liabilities		113,935	113,730	134,717
Non-current liabilities				
Trade and other payables		1,335	859	1,241
Lease liabilities		265,045	263,000	269,330
Total non-current liabilities		266,380	263,859	270,571
TOTAL LIABILITIES		380,315	377,589	405,288
NET ASSETS		299,855	311,705	315,868
EQUITY				
Share capital	11	62,435	62,344	62,344
Cashflow hedge reserve		1,270	891	250
Equity-based remuneration reserve		621	402	701
Other reserves		(66,490)	(43,686)	(52,807)
Retained earnings		302,019	291,754	305,380
TOTAL EQUITY		299,855	311,705	315,868

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 28 July 2024 (unaudited)

	Notes	26 Week Period Ended 28 July 2024 Unaudited \$000	26 Week Period Ended 30 July 2023 Unaudited \$000
OPERATING ACTIVITIES			
Cash was provided from			
Receipts from customers		372,946	370,498
Rent received		80	32
Dividends received		-	1,440
Interest received		4,056	2,914
Insurance recovery		24	16
		377,106	374,900
Cash was applied to			
Payments to suppliers		(242,445)	(242,355)
Payments to employees		(54,570)	(48,079)
Interest paid		(7,699)	(7,494)
Net GST paid		(11,114)	(16,813)
Income tax paid		(23,233)	(27,183)
		(339,061)	(341,924)
Net cash inflows from operating activities		38,045	32,976
INVESTING ACTIVITIES			
Cash was provided from			
Proceeds from sale of property, plant and equipment		34	10
		34	10
Cash was applied to			
Purchase of property, plant and equipment		(33,851)	(10,000)
Purchase of intangible assets		(1,146)	(772)
		(34,997)	(10,772)
Net cash outflows from investing activities		(34,963)	(10,762)
FINANCING ACTIVITIES			
Cash was provided from			
Net proceeds from borrowings	10	-	-
		-	-
Cash was applied to			
Dividends paid	12	(36,760)	(35,643)
Lease liability payments		(9,978)	(9,769)
		(46,738)	(45,412)
Net cash outflows from financing activities		(46,738)	(45,412)
Net decrease in cash and cash equivalents		(43,656)	(23,198)
Cash and cash equivalents at beginning of period		175,441	149,874
Foreign cash balance cash flow hedge adjustment		(15)	222
Cash and cash equivalents at end of period		131,770	126,898

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 28 July 2024 (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 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	9	-	-	-	(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	12	-	-	-	-	(35,643)	(35,643)
Performance rights charged to income statement		-	-	142	-	-	142
Performance rights vested	11	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
Net profit attributable to shareholders for the period		-	-	-	-	41,471	41,471
Other comprehensive income:							
Change in value of investment in equity securities	9	-	-	-	(9,121)	-	(9,121)
Net fair value gain taken through cashflow hedge reserve		-	(641)	-	-	-	(641)
Total comprehensive income for the period		-	(641)	-	(9,121)	41,471	31,709
Transactions with owners:							
Dividends paid		-	-	-	-	(27,845)	(27,845)
Performance rights charged to income statement		-	-	249	-	-	249
Performance rights vested		-	-	-	-	-	-
Performance rights forfeited		-	-	-	-	-	-
Deferred tax on equity-based remuneration		-	-	50	-	-	50
Balance at 28 January 2024		62,344	250	701	(52,807)	305,380	315,868
Net profit attributable to shareholders for the period		-	-	-	-	33,210	33,210
Other comprehensive income:							
Change in value of investment in equity securities	9	-	-	-	(13,683)	-	(13,683)
Net fair value gain taken through cashflow hedge reserve		-	1,020	-	-	-	1,020
Total comprehensive income for the period		-	1,020	-	(13,683)	33,210	20,547
Transactions with owners:							
Dividends paid	12	-	-	-	-	(36,760)	(36,760)
Performance rights charged to income statement		-	-	201	-	-	201
Performance rights vested	11	91	-	(280)	-	189	-
Deferred tax on equity-based remuneration		-	-	(1)	-	-	(1)
Balance at 28 July 2024		62,435	1,270	621	(66,490)	302,019	299,855

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 28 July 2024 (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 28 January 2024 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 29 January 2024 to 28 July 2024. The comparative period is in respect of the 26-week period from 30 January 2023 to 30 July 2023. The year-end balance date will be 26 January 2025 and full financial statements will cover the 52-week period from 29 January 2024 to 26 January 2025. 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 28 January 2024 have been applied to these interim financial statements.

3. Accounting Policies

The interim financial statements of the Group for the 26-week period ended 28 July 2024 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 28 January 2024.

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 28 July 2024 (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 (2023: 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 28 July 2024

	Homeware \$000	Sporting Goods \$000	Eliminations/ Unallocated \$000	Total Group \$000
INCOME STATEMENT				
Total sales revenue	230,027	142,051	-	372,078
Gross profit	98,071	61,794	-	159,865
Earnings before interest and tax	33,996	24,995	1,506	60,497
Finance income	753	2,540	518	3,811
Finance costs	(5,082)	(2,616)	(1)	(7,699)
Net finance income/(costs)	(4,329)	(76)	517	(3,888)
Income tax expense	(15,813)	(6,978)	(608)	(23,399)
Net profit after tax	13,854	17,941	1,415	33,210
BALANCE SHEET ITEMS:				
Assets	391,510	274,084	14,576 ¹	680,170
Liabilities	272,605	135,949	(28,239)	380,315
OTHER SEGMENTAL ITEMS:				
Acquisitions of property, plant and equipment, intangibles and investments	17,798	4,244	-	22,033
Depreciation and amortisation expense	11,215	6,314	-	17,529
	\$000			
1. Investment in equity securities	24,147			
Intercompany eliminations	(32,135)			
Other balances	22,564			
	14,576			

Notes to the Financial Statements

For the 26 week period ended 28 July 2024 (unaudited)

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 cost	(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
	<u>\$000</u>			
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 28 July 2024 (unaudited)

6. Income Tax Expense

As a result of the change in tax legislation that was enacted on 28 March 2024, the tax depreciation rate on commercial buildings with an estimated useful life of 50 years or more was reduced to 0%. This reduction in the tax depreciation rate significantly reduced the tax base of the Group's buildings and from 29 January 2024, future tax deductions are no longer available to the Group. This has resulted in a non-cash, one-off adjustment to deferred tax of \$7,373,537 which has been recognised in the tax expense of the current period.

7. Expenses

Profit before income tax includes the following specific expenses:

	26 Week Period Ended 28 July 2024	26 Week Period Ended 30 July 2023
	\$000	\$000
Depreciation of property, plant and equipment	5,571	5,521
Amortisation of software costs	697	707
Depreciation of right-of-use assets	11,261	11,263
Interest on leases	7,698	7,492
Operating lease rental expense	18	38
Wages, salaries and other short-term benefits	48,313	46,418
Equity-based remuneration	201	142

8. Property, Plant and Equipment

Acquisitions and disposals

During the 26-week period ended 28 July 2024, the Group acquired property, plant and equipment with a total cost of \$20,886,506 (2023: \$9,999,800). Property, plant and equipment with a net book value of \$23,134 (2023: \$60,212) were disposed of during the 26-week period ended 28 July 2024.

On 17 June 2024 a Sale and Purchase Agreement to acquire a piece of land in Drury, Auckland for \$25,928,800 and a Sale Development Agreement to construct a new Distribution Centre on this site for \$48,237,833, were signed.

On 25 June 2024 an initial payment of \$4,823,783 was made in relation to the construction development. On 15 July 2024 an initial payment of \$12,964,400 was made in relation to the land, which was recorded as a non-current receivable at balance date. Both payments were funded from the Group's cash reserves.

On 8 August 2024 settlement on the land was completed with a final payment of \$12,964,400. This was funded from the Group's cash reserves.

Notes to the Financial Statements

For the 26 week period ended 28 July 2024 (unaudited)

9. 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 28 July 2024. (2023: 6.75%).

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 28 July 2024¹.

	\$000
At 29 January 2023	50,888
Additions	-
Change in fair value credited to other reserves	(6,721)
At 30 July 2023	44,167
Additions	-
Change in fair value credited to other reserves	(9,121)
At 28 January 2024	35,046
Additions	-
Change in fair value credited to other reserves	(13,683)
At 28 July 2024	21,363

1. Fair value determined to be \$0.445 (\$2023: \$0.92) per share as per NZX closing price of KMD Brands Limited (previously Kathmandu Holdings Limited) as at 26 July 2024 (2023: 28 July 2023), Level 1 in fair value hierarchy.

Notes to the Financial Statements

For the 26 week period ended 28 July 2024 (unaudited)

10. Interest Bearing Liabilities

There were no interest bearing liabilities as at 28 July 2024 (2023: Nil).

11. Share Capital

	Authorised Shares No. of Shares	Share Capital \$000
At 29 January 2023	222,645,586	62,136
Issue of ordinary shares during the period:		
Vesting of performance rights	120,192	208 ¹
At 30 July 2023	222,765,778	62,344
Issue of ordinary shares during the period:		
Vesting of performance rights	-	-
At 28 January 2024	222,765,778	62,344
Issue of ordinary shares during the period:		
Vesting of performance rights	24,234	91¹
At 28 July 2024	222,790,012	62,435

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 24,234 shares issued during the 26 week period ended 28 July 2024 was \$90,992 (\$207,634 for the 120,192 shares issued during the 26 week period ended 30 July 2023).

12. Dividends

	Period ended 28 July 2024 Cents per share	Period ended 30 July 2023 Cents per share	Period ended 28 July 2024 \$000	Period ended 30 July 2023 \$000
Final dividend for the period ended 28 January 2024	16.50	-	36,760	-
Final dividend for the period ended 29 January 2023	-	16.00	-	35,643
	16.50	16.00	36,760	35,643

All dividends paid were fully imputed. Supplementary dividends of \$247,029 (2023: \$238,534) were provided to shareholders not tax resident in New Zealand, for which the Group received a Foreign Investor Tax Credit entitlement.

On 10 September 2024 the Directors resolved to provide for an interim dividend to be paid in respect of the period ended 26 January 2025. The dividend will be paid at the rate of 12.50 cents per share for all shares on issue as at 25 September 2024, with full imputation credits attached.

Notes to the Financial Statements

For the 26 week period ended 28 July 2024 (unaudited)

13. 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 28 January 2024. 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 28 July 2024:

	As at 28 July 2024 \$000	As at 30 July 2023 \$000	As at 28 January 2024 \$000
ASSETS			
Derivative financial instruments	1,727	1,219	548
Investment in equity securities	21,363	44,167	35,046
TOTAL ASSETS	23,090	45,386	35,594
LIABILITIES			
Derivative financial instruments	6	81	259
TOTAL LIABILITIES	6	81	259

Notes to the Financial Statements

For the 26 week period ended 28 July 2024 (unaudited)

14. Related Party Transactions

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

- The R A Duke Trust, of which RA Duke is a trustee, as owner of the Rebel Sport premises at Panmure, Auckland, received rental payments of \$366,250 (2023: \$356,647) from the Group, under an agreement to lease premises to The Sports Authority Limited (trading as Rebel Sport). During the period the final right of renewal was exercised under the lease agreement. The remaining non-cancellable term of this lease is 1.7 years (2023: 2.7 years) with a payment commitment of \$1,220,833 (2023: \$1,953,333).
- Kein Geld (NZ) Limited, an entity associated with RA Duke, received rental payments of \$300,317 (2023: \$300,317) 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 8.1 years (2023: 9.1 years) with a payment commitment of \$5,283,560 (2023: \$5,934,247).
- Kein Geld Westgate Limited, an entity associated with RA Duke, forms part of an unincorporated joint venture known as Westgate Lifestyle Centre Joint Venture. This joint venture owns Westgate Lifestyle Shopping Centre at Westgate, Auckland which includes the Briscoes Homeware and Rebel Sport premises. Rental payments of \$282,572 (2023: \$141,286) were received under an agreement to lease premises to Briscoes (NZ) Limited. The remaining non-cancellable term of this lease is 0.8 years (2023: 1.8 years) with a payment commitment of \$423,858 (2023: \$989,003). The joint venture also received rental payments of \$150,626 (2023: \$75,313) under an agreement to lease premises to The Sports Authority Limited (trading as Rebel Sport). The remaining non-cancellable term of this lease is 0.8 years (2023: 1.8 years) with a payment commitment of \$225,939 (2023: \$527,192).
- RA Duke Trust (including RA Duke Limited) received dividends of \$28,308,453 (2023: \$27,450,621).
- P Duke, spouse of RA Duke, received payments of \$32,500 (2023: \$32,500) in relation to her employment as an overseas buying specialist with Briscoe Group Limited and rental payments of \$484,256 (2023: \$484,256) 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 6.8 years (2023: 7.8 years) with a payment commitment of \$6,828,007 (2023: \$7,796,519).

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

	26 Week Period Ended 28 July 2024 Directors' Fees	26 Week Period Ended 28 July 2024 Dividends	26 Week Period Ended 30 July 2023 Directors' Fees	26 Week Period Ended 30 July 2023 Dividends
	\$000	\$000	\$000	\$000
Executive Director				
RA Duke	-	-	-	-
Non-Executive Directors				
RPO'L Meo	80	-	77	-
AD Batterton	44	-	41	-
RAB Coupe	45	2	43	2
HJM Callaghan	42	-	39	-
	211	2	200	2

Notes to the Financial Statements

For the 26 week period ended 28 July 2024 (unaudited)

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

	26 Week Period Ended 28 July 2024 \$000	26 Week Period Ended 30 July 2023 \$000
Executive Director		
RA Duke	28,308	27,451
Non-Executive Directors		
RPO'L Meo	16	16
AD Batterton	5	3
RAB Coupe	-	-
HJM Callaghan	-	-
	28,329	27,470

15. 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 1986 and the Contracts and Commercial Law Act 2017. 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 ongoing and the damages sought are currently unquantified.

16. Events After Balance Date

On 8 August 2024 settlement on the land in Drury for the site of a new Distribution Centre was completed with a final payment of \$12,964,400 (refer Note 8). This was funded from the Group's cash reserves.

On 10 September 2024 the Directors resolved to provide for an interim dividend to be paid in respect of the 52-week period ending 26 January 2025. The dividend will be paid at a rate of 12.50 cents per share on issue as at 25 September 2024, with full imputation credits attached (refer Note 12).

17. Accounting Standards

The accounting policies applied are consistent with those of the annual financial statements for the period ended 28 January 2024, as described in those annual financial statements.

There were no new standards applied during the period ended 28 July 2024.



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 28 July 2024, 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, comprising material accounting policy information 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 28 July 2024, 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 consolidated 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 John (Jolly) Morgan.

For and on behalf of:

A handwritten signature in black ink, which appears to read 'PricewaterhouseCoopers', written in a cursive style.

Chartered Accountants
10 September 2024

Auckland

Directory

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Dame Rosanne PO'L Meo (Chairman)

Rodney A. Duke

Anthony (Tony) D. Batterton

Richard A. (Andy) Coupe

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Notes





