Record First-Half Sales While Advancing Major Strategic Investments

First Half Highlights (26-week period – 26 January 2026 to 26 July 2026):

- Record Group sales of $374.2 million, +0.79%
- Third consecutive quarter of positive sales growth
- Sporting goods sales +2.56%
- Online sales +2.07%, representing 19.60% of Group sales
- Gross profit percentage of 40.85%, a decline of 58 basis points
- Total inventory of $104.8 million, $1.2 million below last year
- New North Island distribution centre open and operational
- New Club Rebel rewards system launched May 2026
- NPAT of $27.6 million
- Interim dividend of 10.0 cents per share

The directors of Briscoe Group Limited (NZX/ASX code: BGP) announce a net profit after tax of $27.6 million for the half-year ended 26 July 2026, compared with $29.3 million for the corresponding period last year. The half-year results are unaudited.

Dame Rosanne Meo, Briscoe Group Chair, said, "This is an encouraging first-half result in an environment where households remain cautious. The positive sales growth and the reduced decline in gross profit percentage show the business is responding well while we continue to invest in a substantial programme of change with several important projects moving into operation."

The directors have resolved to pay an interim dividend of 10.0 cents per share. Books will close to determine entitlements at 5pm on 25 September 2026, with payment to be made on 8 October 2026. The company's dividend policy is to pay out at least 60% of NPAT when calculated on a full-year basis.

Dame Rosanne Meo said, "The Board continues to take a measured approach to capital allocation. The interim dividend recognises the Group's ongoing profitability and financial strength, while retaining the flexibility required to complete the current investment programme and assess future growth opportunities."

Rod Duke, Group Managing Director, said, "Delivering record first-half sales, alongside a third consecutive quarter of sales growth is particularly encouraging given the continued caution in household discretionary spending. The result reflects strong execution by our teams, the enduring appeal of both retail brands and the benefit of operating across two complementary segments."

Group sales for the first half reached a record $374.2 million, compared with $371.3 million for the corresponding period last year. Sporting goods sales increased by $3.6 million to $145.1 million, while homewares sales decreased by $0.7 million to $229.1 million.

Sporting goods benefited from heightened customer interest generated by major sporting events and successes during the period, including the FIFA World Cup, Auckland FC's A-League triumph, the Warriors' strong NRL campaign and the All Blacks' successful home programme in the Nations Championship. Homewares trading was more subdued. Demand for heating products was affected by a milder start to winter, while luggage sales were softer as international uncertainty influenced travel activity.

Online sales continued to grow, increasing 2.07%, or $1.5 million, to $73.4 million. Online sales represented 19.60% of Group sales, compared with 19.36% last half-year.

Rod Duke said, "Customers continue to move readily between our online and store channels, and both businesses delivered online growth during the half.

"The Adobe platform introduced last year gives us a stronger base to improve personalisation, search, customer communication and the connection between our digital and physical channels."

Homewares online sales were $48.1 million, an increase of 1.11%, while sporting goods online sales increased 3.96% to $25.3 million.

During the half, the Group launched the next generation of the Club Rebel loyalty programme. The new rewards structure is designed to provide customers with clearer benefits, encourage more frequent engagement and enable increasingly relevant and personalised communication. The initial customer response has been very encouraging.

Gross profit for the period was $152.9 million, compared with $153.8 million last year. Gross profit percentage was 40.85%, 58 basis points below the 41.43% achieved in the prior corresponding period.

Rod Duke said, "One of the more encouraging developments during the half was the continued moderation in the rate of gross margin decline. Retail conditions remain highly promotional, but the work undertaken across sourcing, inventory management, product mix and promotional execution is gaining traction. That progress is particularly encouraging given the weaker New Zealand dollar and continuing uncertainty across global supply chains. Our focus remains on improving gross profit while maintaining sales momentum and strong customer value."

Expense discipline remained important as the Group absorbed the initial operating costs of the new distribution centre and continued the SAP S/4HANA upgrade. Store expenses increased marginally by 0.94% despite higher power, depreciation and occupancy-related costs. Administration expenses increased 3.39%, as expected, reflecting expenditure required to advance the Group's major strategic programmes.

The first-half result included $1.9 million of additional operating costs associated with the new distribution centre and $0.9 million of one-off expenditure relating to the SAP S/4HANA upgrade. A net lease accounting benefit of $2.0 million before tax from the early surrender of the former distribution centre lease partly offset these costs.

Net finance costs increased by $1.9 million to $7.8 million, compared with $5.9 million last year, reflecting lower interest income from reduced cash balances and interest rates as well as higher lease interest.

Inventory at the close of the period was $104.8 million, $1.2 million below the $106.0 million held at the same time last year. Rod Duke said, "The lower inventory position reflects careful management of seasonal stock, ageing and availability across both trading segments."

The Group's balance sheet remains strong, with cash and cash equivalents of $74.4 million at the close of the period, compared with $119.8 million at the same time last year. Approximately $26 million of creditor payments included within the trade payables balance were subsequently paid by 31 July 2026.

The distribution centre is now operational, with throughput exceeding the levels achieved at the previous facility. During the period, the Group invested $31.9 million in capital expenditure, of which $28.1 million related to the distribution centre project, with the balance invested across store development initiatives, technology platforms and other operational improvements.

Rod Duke said, "The successful opening of our new North Island distribution centre marks the beginning of the next phase of our strategic programme. It is the Group's largest-ever operational investment and provides the capacity and flexibility to support future growth. Our immediate priority is to complete the commissioning and then progressively optimise the automation systems. As this work advances, we expect the benefits to become increasingly visible through better inventory flow, increased replenishment capability, improved productivity and customer service, and more efficient use of store space."

The Group also completed two major store development projects during the half at Briscoes Homeware Henderson and Rebel Sport Westgate. Both stores were converted to the latest-generation retail format, incorporating enhanced layouts, modern fixture suites, improved customer-service areas and energy-efficient design features.

The two projects complete the final major refurbishments across the Group's West Auckland network and provide a more consistent store experience across the region.

At Briscoes Homeware Panmure, the Group secured a long-term sublease with Chemist Warehouse for surplus space within the existing store footprint

Rod Duke said, "Panmure demonstrates how our supply chain investment is creating new options across the store network. Lower in-store storage requirements allow us to optimise existing space and unlock additional value from our property assets. As more space becomes available within stores, we are seeing growing opportunities to improve asset utilisation, increase profitability per square metre and strengthen property returns, including through partnerships with complementary retailers such as Chemist Warehouse, while preserving flexibility for future growth."

The Group expects to continue building momentum in the second half through store development, network optimisation and strategic property initiatives. Beyond traditional refurbishments and relocations, the Group can pursue a wider mix of opportunities, including partnerships, selective subleasing, accommodating both brands within one location and new-format developments. Each initiative is assessed against a clear objective: to lift sales and profitability per square metre and improve returns across the property portfolio.

Three significant store projects are planned for the second half.

Rebel Sport Colombo Street will be refurbished and reopen as a Christchurch central-city destination combining the next-generation store concept with selected flagship features. A new Rebel Sport store has just recently opened at Tower Junction as part of the Group's strategic transition from Westfield Riccarton.

In Upper Hutt, the existing premises will be substantially reconfigured to provide a refurbished and more efficient Briscoes Homeware store and introduce Rebel Sport to the catchment for the first time. The project shows how an existing footprint can accommodate both brands, lifting space productivity and broadening the customer offer.

Rod Duke said, "The Christchurch and Upper Hutt developments highlight the increasing flexibility of our store network. Whether creating destination stores, relocating into stronger sites, introducing both brands into a single location or optimising existing space, we now have a much broader range of opportunities to improve the customer experience, increase productivity and grow returns from our property portfolio."

Looking ahead, Rod Duke said, "The pace of the consumer recovery remains difficult to predict and discretionary spending is likely to remain sensitive to household cost pressures and promotional activity. However, the business enters the second half with positive sales momentum, an improving gross margin trend and several significant strategic initiatives now moving from investment into execution.

"With the new distribution centre operating, Club Rebel relaunched, the SAP S/4HANA programme progressing and our property optimisation strategy advancing, we are beginning to see multiple opportunities emerge to improve productivity, strengthen customer engagement and increase profitability per square metre.

"While the economic environment remains challenging, we believe Briscoe Group is increasingly well positioned to benefit from any improvement in consumer conditions. Our focus remains on sustaining sales momentum, rebuilding gross profit percentage and converting these investments into measurable operational and financial gains that strengthen the Group's long-term earnings capacity.

"I also want to thank all our team across the Group. They have managed a significant amount of change while continuing to look after our customers and deliver the day-to-day performance of the business. Their commitment and adaptability have been a major part of the progress we have made during the half."

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Contact for enquiries:
Rod Duke
Group Managing Director

Tel: +64 9 815 3737