



Chairman's Address to the Annual General Meeting of Shareholders 29 May 2020

Good morning everyone,

It is my absolute pleasure to present to you the Group's financial performance for the latest financial year. And in these times of change, to illustrate how Briscoe Group has once again navigated the competitive challenges that are increasingly relevant in our retail environment.

Last year, I talked to you about the success Briscoe Group had achieved in a difficult market. I am pleased to announce our continued sales growth for the year ending January 2020, with the Group delivering record sales revenue of \$653 million, an increase of 3.3% year-on-year. Net profit after tax, of \$65million was also a record before the impact of the new leases standard NZIRF16, which meant our reported NPAT was \$62.6million.

Our balance sheet remains strong, with cash and bank balance of \$67.4 million, and no term debt.

Dividends

However, we were, of course, disappointed to have to make the difficult decision to cancel the final dividend, which had been announced with our full year result on 16 March.

In light of the uncertainty surrounding the impact of COVID-19 and the rapid escalation to Alert Level 4 implemented by the New Zealand Government, when we met as a Board on 23 March we made the decision to cancel the final dividend in the best interests of the company and its shareholders.

There is no doubt in our minds given the rapid deterioration of the operating environment since then, that this was the right decision. We will, however, continue to assess our ability to pay a dividend as is practicable and prudent.

At this stage we do not envisage any further announcement in relation to dividends until we release the Group's half-year result in September, but shareholders can be assured that the Board is regularly monitoring this situation.

As a country, in fact globally, we are in uncharted waters and this is particularly evident in the service sector. Retail has always required agility and at Briscoes we take great pride in our agility. Our businesses ability to move quickly, and to draw on the experience and foresight of our team to predict when and how to respond, coupled with our strong financial position has put Briscoe Group in a strong position to navigate these unpredictable months.

As a Group, we are determined to stay at the forefront of the retail scene in New Zealand. We currently have several work streams underway to increase our profitability through internal process improvement, and a deepened customer understanding and experience.

Our strategy for the coming 3-4 years takes into account the ongoing change in the retail environment, and in particular customer priorities, but at the same time acknowledges the short term economic challenges we face. Andrew Scott, our COO will take you through our strategic plan in more depth, shortly.

I would add that this strategic work was not in response to the Covid-19 crisis, the team was well imbued in these initiatives but it has provided a fantastic opportunity for innovation, testing and the mobilising of our team to quickly adapt to extreme change.

Investment in Kathmandu

Now, I'd like to speak to you about our investment in Kathmandu. We certainly had a lot to consider in relation to our investment in Kathmandu, during the previous year and also going into this current year. In October of last year, 2019, Kathmandu acquired the Rip Curl business which saw them increase their level of debt, as well as raising additional capital through the issue of new shares.

As a Board we decided to participate in the capital raising at a level of 50% of our entitlement, which saw our investment in Kathmandu increase by \$13.6 million and our share of the company move to a stake of 16.3%.

As Rod said at the time, 'we were supportive of Kathmandu's initiatives to diversify and grow their business via the acquisition of Rip Curl and were pleased to be able to show support for the capital raising'. Last year's result included \$6.8 million in dividends from this investment.

In March of this year, we were again asked by Kathmandu to participate in another capital raising, this time as a result of their need to alleviate balance sheet pressures faced as a result of the impact of COVID-19. With the unprecedented level of uncertainty surrounding the impact of COVID-19, our priority at that time and now is to our shareholders and employees, to continue to ensure the strength of our own business both in the short-term and for the future.

For those reasons the Board decided not to participate in the March 2020 capital raising, even though it also had significant implications in respect of our shareholding stake. Our stake in the business is now 6.8%. We have, since 2015, invested a total of \$87.8 million into our Kathmandu investment and while its current share price results in a significant negative difference between market value and that cost, we are confident that Kathmandu can, in time, restore that value. We have always been prepared for our investment in Kathmandu to be a long term commitment.

NZ IFRS 16 – The new leasing accounting standard

I'd now like to touch on the new leasing accounting standard.

As previously reported last year, the Group adopted the new Leases accounting standard NZ IFRS 16. The new standard has changed the presentation of the balance sheet, and the statement of cash flows, as well as affecting the amounts shown in the income statement. As noted earlier, the Group's reported Net Profit After Tax includes a \$2.4 million impact from the introduction of this standard.

Performance Rights

As a Board and most recently in our Annual Report we have stressed the quality and commitment of our team. This quality and commitment is everything and it is why we continue to find the right people, and invest in their growth and performance which brings me to our Performance Rights.

Last year I advised of the first issue of performance rights under the updated Long-Term Incentive scheme. Following a review of the company's approach to remuneration, the Board decided to move away from the historical share option scheme, and introduced a scheme based around the issue performance rights to senior executives, subject to performance hurdles measured over a three year period. There were two tranches of performance rights issued during the 2019-20 financial year.

The Board is of the view that all shareholders benefit from the participation of key senior executives in long-term, appropriately-priced, equity-based remuneration that crystallises only on delivery of increased shareholder value. We believe we have a scheme that will enable this to be achieved.

It is the Board's intention to issue another tranche of performance rights during this current financial year, which would be especially worth consideration given the remarkable achievement of the team during the recent unprecedented events in relation to the COVID-19 pandemic.

Corporate Governance

I'd now like to speak to you about our commitment to corporate governance.

As a Group, we are committed to the highest standards of governance and management, we do this based on implementing best practice structures and policies. It has always been a strong feature of this company that the Board and Executive teams work effectively together and are aligned around the business objectives.

We have, in recent months, been in search of an additional independent, non-executive director. We also undertook a comprehensive, external assessment of our capabilities in the latter part of 2019, and used this as a component of both our governance strategic planning and in determining what we need in our next director.

That review identified the benefit we could derive from additional e-commerce and international experience, and we are progressing an appointment process. We have undertaken several interviews and are delighted with the calibre and interest shown in joining the Briscoes' Board. As a Board, we are unanimous in our commitment to find the right individual with appropriate and complementary skills.

Summary

As I've already mentioned, these are unprecedented times.

The 2020/21 year has already clearly demonstrated that it will be the most economically, socially and operationally challenging period that any of us have faced. However, we remain excited by the significant opportunities that lie ahead for our Group. In times like these, we are forced to adapt. The response of our team in recent weeks has clearly demonstrated the agility of which we have already referred.

Unpredictability and uncertainty abound, but we remain confident that we are well-placed to maintain our position as the leading homeware and sporting goods retailer in New Zealand.

And on that note, I would now like to invite Rod to speak with us about his review of performance.... Rod, the screen is yours.



Managing Director's Address to the Annual Meeting of Shareholders 29 May 2020

Thanks Rosanne. I too would like to welcome you all to the 2020 AGM. I must say that I didn't imagine that our 2020 AGM would turnout quite like this, but it does seem to be a very sensible and responsible way to go about it.

To be fair I also could not have imagined the New Zealand Government shutting down the country and our stores for seven weeks. No sales, no profit, no 30% off promotion, but I guess more importantly no staff with coronavirus and no redundancies at Briscoe Group.

I want to say a big thank you to my leadership team and in particular Geoff Scowcroft (CFO), Andrew Scott (COO), Fraser Collins (GM Merchandise), Nick Turner (GM Operations), Fi Stewart (GM Marketing) and Aston Moss (GM Human Resources). This pandemic impacted on our business in almost every possible way and at every step we tried to make the best decisions. Their experience and passion for the company got us through. I can tell you, I don't think I've ever felt so relieved when New Zealand went to Level 2 and we were able to open our shops up again. I know that the products we sell make a positive difference to people's lives and it feels good to see customers in our stores again.

I want to make the point that the unprecedented challenges presented by this global pandemic show just how unpredictable life can be. Our cautious approach to financial management with a focus on, sales and profit growth meant we were well placed to weather the storm.

Financial Results

I'm proud of the fact that we have again been able to deliver record sales. Our sales grew by 3.3%, and we added 3 new stores.

Net profit after tax continues to grow despite significant wage and other cost pressures. We delivered yet another record profit, \$65m (excluding the impact of NZ IFRS 16), up from \$63.4 in the prior year.

We're delighted with the performance of our online shopping business which has delivered strong growth year on year. We've been so encouraged by the growth of online that we've added extra fulfilment stores and have launched click and collect. Our on-line channel now represents over 11% of sales.

Margins were under pressure, especially in the second half of the year, largely due to the late start to winter which triggered the necessary clearance of all winter related product.

One strength of this business is its ability to generate cash. We ended the year with \$67.4m cash, reflecting our strong profitability and efficient cash management.

In the year ended January 2020, we invested \$19.2m in capital investment with \$10.1m going toward development of Group owned property and the balance fitting out new and relocated stores. We have consistently funded investment in our customer-facing proposition and continue to work on constant improvement of the in-store experience, in both our Briscoes Homeware and Rebel Sport stores.

People often ask me about our continuing strong performance. They want to know how it is that Briscoe Group consistently delivers such good financial results, time and again. My answer is always the same. There are four key drivers of our ongoing success:

1. Investing in our people, their growth and development, rewarding their performance.
2. Improving productivity; with a particular focus on inventory
3. Optimizing our sales channels; that is our store network and online platform
4. Looking at our business from the customer's point of view - what do they need from us and how can we constantly improve their experience?

Stores

As I noted above, we have continued to develop our stores while at the same time taking our retail brands into new catchments.

- The Briscoes Homeware and Rebel Sport stores in New Plymouth were both fully refurbished following critical earthquake strengthening work.
- We completed and moved into a new Support Office at 1 Taylors Rd, Morningside in Auckland.
- The Briscoes Homeware store at 36 Taylors Rd, Morningside was temporarily relocated to retail space on the ground floor of the new Support Office complex.
- Site works have begun on the old Taylors Rd site.
- In September last year, we were all excited to open a brand-new Rebel Sport in the new Westfield Newmarket retail development. We included in this fit-out a number of new more contemporary design elements and will be including these in upcoming Rebel Sport fit-outs. If you get a chance and haven't done so already, please go take a look. I'm sure you'll agree our Newmarket store is a big step up and a clear design signal for future Rebel Sport stores.
- Last October, we opened new Briscoes Homeware and Rebel Sport stores, including online fulfilment, in Mt Roskill, further strengthening our footprint in Auckland.
- The Briscoes Homeware store in Riccarton was relocated to a new site on Riccarton Rd
- We also completed a refurbishment of the Briscoes Homeware store in Tauranga, along with the creation of an enlarged back-of-house facility.
- We now have 47 Briscoes Homeware and 40 Rebel Sport stores including 24 fulfilment hubs, nationwide.

I want to talk with you now about the future. Despite the pandemic and subsequent lockdown which saw our stores closed for around 7 weeks, I believe we've come out of it with a great deal of confidence in the future of retailing, and in particular the future of our two major retail brands. I have good reason for feeling so optimistic. Here are four of them...

1. Our brands are popular with shoppers, have broad appeal and sell goods that New Zealanders need every day.
2. Our growth in online shopping as a share of total sales is pleasing. We're determined our share of online will grow exponentially over time as a result of considerable investment in both our web platforms and our fulfilment capabilities. Our focus is to constantly improve our ability to get goods to customers as quickly and as efficiently as possible and while there is much more work needed, we are very committed to

increasing our capacity and capability, in the knowledge that improvements in this space will flow through to the bottom line. And finally, a word about Click and Collect. We now have this service available in 51 stores with our intent being, to offer this in every store by the end of this calendar year.

3. We have a strong, capable and experienced leadership team who have together approached the task of planning our future with structure and deliberation. Andrew Scott, our new COO will take you through our plan in some depth in a few moments. Let me say, that the digital world brought to retailing both added complexity and extremely exciting opportunities. We are under no illusion that for Briscoe Group to continue to grow and prosper as New Zealand's leading homeware and sporting goods retailer, we will need to accelerate our transformation, from analogue to digital.
4. Covid-19 has had an immeasurable impact on all of us. For business, and retail in particular, it has forced all of us to commit to and execute digital transformation much faster than we might have planned. I read somewhere recently that 'we've seen two years' worth of digital transformation in two weeks'. I don't know about you but during the lockdown our Netflix use went through the roof. Globally, Netflix added 15.8m subscribers compared with 7.2m expected. Spotify gained 6 million new subscribers. And in terms of overall e-commerce sales, they rose 25%. Amazon hired an additional 175,000 people to handle increased demand. This is the age of digital. At Briscoe Group we are embracing this new age and remain excited at the prospect.

Andrew Scott will now outline in detail our strategy going forward.

Andrew...

Thank-you Andrew.

New Zealand Treasury are forecasting around 2 years for NZ's GDP to return to pre covid-19 levels and we are under no illusions as to the challenge that lies ahead. However, I think you will understand why, although New Zealand retailing continues to remain highly competitive, our dominant perspective is one of opportunity.

I would like to touch briefly on the first quarter of this year and, to use a sporting analogy, it has been a game of two halves.

The first seven weeks of the quarter, prior to COVID-19 lockdown, was tracking at a very promising 4.2% increase over last year.

The last six weeks of that quarter saw us in Level 3 and Level4, effectively locked down with near zero sales.

We moved to level 2 on May 14, which is our second quarter, and since then sales have been strong.

Our focus on ensuring our stores are clean and safe environments, has allowed us to take advantage of pent up market demand, and we will continue to take an aggressive approach to trading into the winter months ahead.

We take great confidence from the quality of our retail and product brands, the improvements we have underway and the capabilities of our teams.

For these reasons we are confident that we will continue to grow the business and deliver the value our customers have come to expect from us.

Thank you.



Chief Operating Officer's Address to Annual Meeting of Shareholders 29 May 2020

Thanks Rod

- Solid foundations of Briscoe Group and the
 - Accelerated digital growth
 - And the strength of our team we are well placed to deliver strategic growth over the next three years.
- Firstly, I would like to give you an overview of the strategic review process we have undertaken.
 - The process started back in December 2019 and concluded in March.
 - The Management team, Board members and around 30 of our key managers have worked collaboratively to identify the three key focus areas.
 - We have validated the focus areas with a selection of frontline managers and received a very positive response.
 - The strategic plan has been created to compliment the core strengths of the Group
 - A strong results focused Team & culture
 - Long standing strategic supply partnerships.
 - Market Leading & Trusted Retail brands
 - The Strategy which has a three-year horizon to the end of 2023, has three key pillars
 - Enhancing our Customer interaction across both Physical Stores & Online
 - Overhauling our Supply chain to build capacity for future growth
 - Growing new Revenues, those that complement our existing Retail Brands and potentially new product markets.

Our immediate priority for the next three to four months is protecting our existing Retail brands through the Post Covid period.

The first and most important part of our strategic plan is Improving our customer interaction. This is integral to both the post covid recovery and strategic growth.

- Now that our online platform is embedded, we have recently had incredible online sales increases with our peak day delivering over 700% growth on a standard promotion.
- During the Covid period our customers have quickly migrated to digital media. This has accelerated our model to a Digital first customer targeting strategy.
- In store, our strategy will focus on developing digital tools for our team members to free up time to invest in customer.
- We are also reviewing global best practice to improve our instore checkout process; this will include technology and process developments to further increase efficiency.
- Online we will Leverage the new platform to increase personalisation for our different types of custom

Secondly – Overhauling our Supply chain:

- Given the accelerated growth of online this brings new supply chain challenges. We have partnered with KPMG to conduct a full review of our supply chain operations for all three brands.

- KPMG have a proven methodology which they have deployed with other NZ/AUS (such as Mitre 10 and Fisher and Paykel) retailers to deliver supply chain development programmes.
- The key deliverables will be increased product availability, speed of fulfilment and a lower cost to serve, whilst future proofing our Supply chain for the next decade.

This programme will be a multiyear programme with three phases:

1. Opportunity assessment – Started in March 2020 & Due to complete end 2020
2. Detailed design and Implementation phase – 2021 & 2022.
3. Measurement, refinement, and benefits realisation – 2021 onwards

Having worked on this type of programme before with retailers both in the UK and Australia, I am very confident that the expertise that the KPMG team will complement our internal knowledge. It is envisaged that there will be some investment required to unlock future benefit, the scale of this will be fully understood by the end of 2020.

The third focus of our strategic plan is Growing new streams of Revenue:

Given the strength of our Retail Brands, our strong market share, and our fantastic supply partnerships we are well placed to continue to grow our revenues. This will come in two parts:

- New revenue from complimentary Products to our existing brands
- New Product markets

Global retailers in similar product areas to Briscoe group, have successfully utilised their physical and online stores to expand their product range. Having spent time with such companies, I am very confident that we can also deliver a wider range of products to meet our customer's needs. Initial discussions with our key strategic partners and some potential new suppliers have already identified this as an exciting opportunity. The software development has started, and we are hopeful to have some trials live for the end of 2020.

We also envisage that the rapidly changing retail landscape, will provide opportunities to grow our retail brand stable. As ever we will continue to have a cautious and robust approach to assessing these opportunities.

In summary:

- As Rod mentioned, our strategic plan will build on our strong foundations and continue to be driven by our customer needs
- Our three-year strategy will deliver:
 - Enhanced customer interactions through both Stores and Online
 - Supply chain optimisation will build capability future growth
 - We will continue to grow our revenues through existing and potentially new Retail brands.

I am personally excited to be part of such a fantastic organisation that continues to drive market leading performance in this challenging retailing environment.



General Manager Human Resources Address to Annual Meeting of Shareholders 29 May 2020

Good morning,

I cannot help but reflect that the uncommon if not unique culture and organisational structure of Briscoe Group are two of our greatest assets. They have both been important elements not only in terms of our progress over the last year, but even more so, in terms of our response to the Covid-19 pandemic.

As you will all appreciate, it is often not about how we get into these situations, but how we manage our way through and out of them, that matters most.

I'm proud of how our business has acted, closing early to ensure we abided by both the spirit and intent of the lockdown; providing clear and timely communications to our team members to inform them of what they should expect in the days, weeks and now months ahead; and ensuring we protected jobs and incomes crucial in terms of reassurance to lives of staff members and their families.

Just as we have had the financial capacity to weather the early stages of the storm of Covid-19, so too have we been fortunate to have a highly motivated and engaged team. A team which gave us their trust and confidence as we headed into lockdown and responded with their typical commitment and energy as we re-emerged online and eventually welcomed customers back into our bricks and mortar stores.

Therefore, it is no surprise that our labour turnover remains low, as do the numbers of safety incidents and workplace injury rates.

As the pandemic unfolded, we needed to make decisions that we could live with:

- What was within our commercial capabilities?
- How did the decisions made, sit with our culture?

Like many other businesses, we availed ourselves of the wage subsidy, and while that has gone some way to offset costs at a time of zero or diminished sales, there is still a sizable gap that the company has funded, to ensure our staff during this period, felt their lives were to some degree certain and predictable.

As such, our commitment has been to protect both the jobs and the incomes of our frontline team members, our Briscoe Group families - who are dependent upon being paid in full and on time each and every week. From the outset, we made the commitment to our team that we would continue to pay them at 100% of their normal incomes to ensure they had peace of mind during the lockdown.

Our senior team has also been keen to ensure that we could play a part, beyond that of alternative ways of working where that remained possible. I am particularly pleased to have seen the broad support for the very considered reduction in salaries for our senior team, complemented by our Board of Directors volunteering to reduce their fees for the next period of time and of course Rod, who had already led from the front by offering to take no salary in the

second quarter. This way any pain or discomfort from the financial pandemic is felt at the senior levels of the organisation and is not transmitted through to our team members in stores and at our DC.

This approach complements the progress we have made to enhance wages. Having embarked on this journey a number of years ago, more recently matched by the Government's work on the minimum wage, we have increased our rates of pay resulting in greater take home pay for our team members. Our intention is to continue to do this, in line with both affordability and the market for which we compete for talent. For the foreseeable future, with recent events, our ability to provide further wage growth appears somewhat muted but we appreciate our teams recognition of the steps we have taken to protect jobs and their incomes at what has been one of the most challenging times any of us have seen in retail.

Heading into the pandemic, we knew that missteps would be easy to make, and these would undermine trust and confidence. Not just that of our team, but also that of our customers – both groups that we wanted with us – not rallying against us when we were able to re-engage in trade.

As you have already heard and will continue to hear, digitisation is a significant component of our future. Through our previous annual reports, many of you will be aware of our work to complement our people strategies with technology with the introduction of Axonify, ecoPortal and more recently work on our system to manage recruitment and onboarding of new team members.

During the pandemic, our first commitment was to communicate. We have ensured our team has known what was happening, how they would be affected and what we were planning to do. A combination of telephone calls from managers and Axonify kept us in touch.

We've been incredibly well supported through messages of encouragement alongside insights and wisdom from many of our brand ambassadors. This was complemented by information from the recognised and respected members of our leadership team.

Most importantly promotion of the 'Ask a Question' feature meant we were able to listen to our team members and respond to their queries. In this way we could both hear and be heard.

Clear and consistent communication ensured our team knew what was available to support their individual wellbeing and kept them engaged with the business. Whether it was Covid-19 specific communications or business return readiness, our team received it all.

As teams and individuals throughout the group connected using Zoom, Skype, Microsoft teams, WhatsApp and many other applications, there was always a human element and the connectedness of the team was always evident.

In short: we maintained our physical distance but ensured we nurtured our connections.

We've learned many things throughout this experience – our digital enablement strategy remains an imperative. Applying technology to people based processes has been fruitful. Our work on automating tasks and providing easy access to tools means our team can do "More on the Floor".

These technologies don't replace our people - they enable us to increase team members' confidence, competence and capacity to welcome and assist our customers. This will be all the more critical in the months and years ahead.

We've seen many of our team clamouring to get back to work – I think that's a little bit of the Briscoe Group DNA. The reasons for this desire to return to work are as diverse as our people

but we are particularly mindful that some of our team live by themselves and have felt somewhat lonely during lockdown, while in contrast others have felt smothered while in their bubbles.

Mental wellbeing is as important as physical wellbeing. As an HR practitioner I know these feelings and the impact of what has occurred won't miraculously disappear. The mental, physical and financial wellbeing of our team members is a high priority and we have activities in place to support this.

Looking forward, it is exciting to be able to continue the development and implementation of our Management and Leadership Development programme. We are now able to build upon the work we have done in the last four years to re-imagine, rebuild and implement our learning and development framework. Continued development of our existing leaders and managers is critical and making a successful transition into a leadership role, is something that cannot be left to chance. Our commitment to the development and implementation of this program is unwavering. and with the assistance of our external partners, we are excited to progress it, albeit at a slightly more modest pace than we had originally envisaged due to the impact of Covid-19.

We are on the right path and well progressed on our journey.

As Charlie Mackesy might say, "Yes, there have been dark clouds, but they will move on. The blue sky above never leaves." That is the opportunity on which our team continues to focus.