



## Chairman's Address to the Annual General Meeting of Shareholders 19 May 2022

Kia ora, tena koutou, tena koutou, tena koutou katoa

It is a great pleasure to be with you today to not only reflect on the Group's performance in the latest financial year – but just as importantly, to share with you some of the exciting initiatives and plans the team has in place as we go forward and I'm sure you'll enjoy hearing from some of the senior team here this morning in relation to a number of those initiatives.

For a second successive year the global pandemic had a major impact on the retail landscape and I'm pleased to report that Briscoe Group again responded to and met those challenges incredibly well. Testament, I think, to the operating model which we run, the teams we have running and leading it and their ability to respond quickly to change.

It is no exaggeration to say that retail, in the current era, has faced profound commercial and social developments that bring both challenge and opportunity. Well before the onset of Covid-19 there was accelerating change, with shifting customer lifestyles and preferences, new online trading platforms, evolution in the role of physical stores, increasingly fractionalised media and the growth of competitors with global reach. The pandemic has added layers of complexity, disrupting manufacturing and supply lines. These issues are far from unique to New Zealand, as globally the deterioration of financial markets and escalation of political tension particularly in Europe are all contributing to continued disruption to supply chains, increased inflation and reduced workforce availability. Market volatility, inflationary pressures, supply chain issues and shortages in the labour market are unlikely to go away any time soon.

While these powerful forces rightly make the headlines, they do not tell the whole story. The pressures on our people have probably never been tougher from our top executives across to our front line and "our back office". Caring for and supporting our people and their whanau could not have been a higher priority.

There is also a layer of personal and professional challenge that our store teams deal with on a daily basis. With the pandemic has come social tensions that can play out in-store – for example, in disputes over protocols such as the scanning of QR codes or the wearing of masks. There has also been a widely reported increase in attempts at shoplifting, sometimes brazen in execution and/or conducted by people working together. Needless to say, the Group has taken steps to ensure the safety and security of teams affected by such behaviours and this will remain a very high priority.

With the experience gained from the first national lockdown in early 2020 our teams were able to move seamlessly to the required mode of operation when further lockdowns were announced in August 2021. After producing a remarkable result for the first half of last year the announcement of further lockdowns at the beginning of the second half of our financial year introduced a huge amount of uncertainty and risk in relation to the Group's trading position. ....

..... which would seem to be the perfect time for me to ask our CFO, Geoff Scowcroft, to expand further on the result that the Group produced last year.  
Geoff, over to you.

Thanks Geoff.

As Geoff pointed out, the strength of the Group's financial position enabled your Board to increase the interim dividend - to 11.5 cents per share, paid in October and also the final dividend - to 15.5 cents per share, which was paid at the end of March this year.

In spite of the pressures and the operational achievements and financial outcomes, the team's energy and commitment to new, insightful and frankly adventurous strategic initiatives has been both impressive in their results and creating new benchmarks for performance. There is no doubt that these strategic and operational advances achieved by the Group in recent times have increased both the resilience of our business and the range of options available to drive continued growth.

It speaks volumes of our management team that it has been able to move forward successfully on such a multi-faceted array of initiatives while at the same time delivering exceptional short-term results in a deeply challenging trading environment. Rod, Andrew Isabel and Nick will expand further on this soon.

## **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 and support and development throughout the organisation.

Which brings me to our Performance Rights.

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 our updated Long-Term Incentive Scheme enables this to be achieved. There was one tranche of Performance Rights issued during the 2021-22 financial year and it is the Board's intention to issue another tranche of Performance Rights during this current financial year. The Board continues to monitor the relevance of equity-based remuneration schemes and compares our model with others in the marketplace.

There is more information in relation to this and other incentive plans in the latest Annual Report. We are proud to have our executives participating and being Briscoe Group shareholders.

On a similar matter, you will have noted from the Annual report that there has been a noticeable increase in the remuneration paid to the Group Managing Director. Last year, the Board determined that it was appropriate to assess the overall remuneration package of this role and engaged Ernst & Young to conduct an independent review compared to the market. The Human Resources Committee, on behalf of the Board, commissions this type of review for all senior roles on a periodic basis.

The review identified a significant gap between the remuneration of the Group Managing Director and comparable roles in the marketplace. This was all the more stark considering the sustained market leading performance of the Company versus comparable organisations and roles.

Although modest increases of 2.0 to 2.8% had been applied to the Managing Director's remuneration between 2017 and 2019, no increases to his salary had been made in the preceding 11 years placing it far below market rates.

Acknowledging the findings of the review, the Board increased the remuneration package to an appropriate level.

This work was led on behalf of the Board by Andy Coupe in his capacity as Chair of the Board HR committee. If you do wish to learn more about the independent review process or any other queries, please ask Andy during the Q&A session towards the end of the AGM.

## **Corporate Governance**

Briscoe Group is committed to the highest standards of governance and management. 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.

Our latest Annual Report, which can be viewed and/or downloaded from our website, sets out the corporate governance policies, practices and processes that we follow. I'd certainly encourage you to take a look at that section of the report, if you haven't already, as it provides a clear understanding our approach to what is a vital corporate concern.

The Board recognises that corporate governance encompasses a broad spectrum of policies, processes and practices, from how a company values its stakeholders through to impact on the community and environment. As well as the usual company policies available on our website, Briscoe Group has a number of initiatives under way in relation to its involvement in the community and its drive to ensure a positive environmental impact and I think Andrew will expand a little more on this later when talking about the Company's intentions in relation to ESG initiatives.

A key feature of good governance is for boards to challenge themselves consistently to ensure the highest level of service to the companies they serve, and we are confident that the Briscoe Group Board of Directors has an excellent balance of the attributes required to meet the future needs of the business.

## **Summary**

As announced earlier this month, the company has made a solid start to trading in the current year, delivering first quarter sales growth on what was a stellar performance produced for the same period last year. This is a start that should give us all confidence in the company's continued ability to perform.

The Board is extremely proud of the performance of the whole Briscoe Group team. Obviously, the financial results, but also too the way the Company continues to balance the interests of all stakeholder groups – the team, customers, suppliers and shareholders alike.

Before I conclude I would like to acknowledge my fellow directors - Tony, Andy, Mark and Rod and their individual contributions to the Company. We recognise the importance of working effectively as a team and the diversity of our individual skills and experience.

As we stated in the Annual Report, the ability of our teams to focus on both short-term performance and strategic growth remains central to continued success and we are confident that the talent and focus of our people, along with the strength of our brands and operating model will enable the Group to continue to perform.

And on that note, I would now like to invite Rod to speak with us about his review of operations....  
Rod.



## **Chief Financial Officer's Address to the Annual Meeting of Shareholders 19 May 2022**

Thanks Rosanne and good morning everyone.

This time last year at our AGM we talked about what a remarkable year we had just witnessed during 2020 and into January 2021, and I think we all agreed that it had truly been a year like no other and not likely to be seen again any time too soon. Well, it probably doesn't pay to make predictions like that, as we now know the year we've just had to January 2022 was another year which just couldn't have been scripted at its outset. Another rollercoaster ride which brought some new challenges, particularly in relation to the international supply chain, as well as revisiting more recent ones -such as further store lockdowns.

I thought this morning we'd step through some of the high-level areas of the Group's performance that made up that 2021/22 result.

The Group consolidated its move through the \$700 million benchmark set in the prior year, with an increase of 6.1% to \$744 million. A remarkable increase when you consider the previous year had an additional week's trading in it and also the fact that we had Auckland stores shut between August and November as well as all other stores closed at various times during that period.

The first half of that year for us was February 2021 through to July 2021. We knew we should perform exceedingly well for the first 3 months, our 1<sup>st</sup> quarter, as we were up against the first national lockdown from the year before – and we did perform really well. 78.4 % higher than the prior year's severely interrupted first quarter. As we said at the time, a better gauge for that performance was probably to look 2 years prior - to the time without Covid. This comparison was an increase of 14.9% which did really reinforce to us the level of increased performance.

The question for us then was - how that increased performance would stack up through the second quarter, which if you remember was up against an unprecedented retail resurgence from the year before as the country came out of that first national lockdown. That previous year the Group had delivered a 2<sup>nd</sup> quarter increase of 28% over the prior 'uninterrupted/normalised' quarter, so for us to produce a second quarter increase of over 21% against that same 'normalised' period of 2 years ago was really pleasing and even though we didn't quite match the huge result from the previous year's 2<sup>nd</sup> quarter, it certainly reinforced the continued strength of the Group's performance half-way through the year.

And what a first half performance it was.

Sales up by 22.6% on the previous year, but probably more importantly 18.3% up on that more normalised benchmark of the first half of 2 years ago. Net Profit After Tax of \$47.5 million, truly a new benchmark for the Group, against the previous \$28.0 million which we were really proud of, delivered despite the challenges faced with the first onslaught of Covid.

A real driver of that half year performance was our ability to continue to grow gross profit margin percentage achieved from significant work to reassess the way we manage and analyse promotional activity but also too benefits emerging from our collaboration with KPMG via project, which Andrew will cover in more detail later this morning.

So what a start to the year then, from 18 August, all of New Zealand went back to Alert level 4, National Lockdown and physical store closures. Closures which for Auckland would remain in place for the next 84 days until 10 November. Nearly a quarter of the year, across stores which make up nearly 30% of our store network.

Remember, after the first national lockdown across March to May 2020, sales were 35% down for that first quarter. So how did we go with this next lockdown? Not 35% down but as expected we were down on the previous year - by 14% but against our measure of the same period 2 years ago, basically flat (-1%). Impressive when you think about the number of days the Auckland stores were closed during that 3<sup>rd</sup> quarter period.

Obviously, that left the final and crucial 4<sup>th</sup> quarter. Auckland stores were shut for the first 9 days so that wasn't the greatest start. Also, the previous year's 4th quarter included an additional week's trading. If we exclude the additional week from the previous year then, despite the closures at the beginning, we actually grew 5% for that final quarter against the previous year and 18% compared to 2 years before.

One of the star performers for us and its certainly relevant to mention now as we talk about sales, is the success of our online business and how important that has been for us during the last couple of years and especially during last year's second half as we went up against another lockdown. On the back of an 80% online sales growth in the year ended January 2021, online sales grew last year by another 21%.

This chart which shows our progress with online sales as a year-to-date percentage mix of Group Sales for the first 9 years of running online. Really steady increases every year up until the year ended January 2020. For the year ended January 2021, the impact of the first lockdown is very evident. When we include last year, year ended January 2022, the impact of the Auckland lockdown is very clear from August onwards. Interestingly the decline in online back to bricks and mortar is not as strong or as rapid as in 2021. We don't think this is necessarily a permanently new level for online but with the rise of the Omicron variant there is a definite slow-down in the move back from online to bricks and mortar. We can see this very clearly from the first 2 months of this year. We think a normalised online mix is currently somewhere around 16 -18 % of sales. For the first 2 months of this year, it has averaged around 20%. Clearly a result of the nervousness around Omicron and this has also been borne out in foot traffic statistics widely reported in relation to malls and shopping centres.

Online is a huge part of our business and our ongoing plans as well, and Isabel and Nick are going to share some of the exciting initiatives with you, in relation to that, this morning as well.

We've talked about sales, gross profit and online, now let's talk about costs and the ongoing challenges with them.

Last year one of the major challenges in relation to costs was the disruption to the supply chain and the myriad of impacts that had on our ability to source, ship, process, store and transport product. The massive hikes in international shipping costs, as well as the delays to shipping schedules have been well documented and we expect them to continue certainly in the short to medium terms. While certainly not immune to these issues the strength of our supplier and logistics partnerships have assisted us greatly. Our inventory position reflects the position we took very early in ensuring we had relatively consistent supply of stock and while that has meant a larger investment in inventory than traditionally would have been the case, it has certainly paid off for us in relation to being able to get product to shelf as well as a positive bottom-line result.

The Group's balance sheet remains strong. There is a healthy cash position which enabled the Board to increase both the interim and final dividends in relation to last year. We continue to invest in growing the store network and we're very proud of the Silverdale and Morningside stores we added to the Group last year. Inventories are up and we know why as mentioned previously.

For the full year, a Net Profit after Tax (NPAT) of \$87.9 million which is an increase of 20% on the \$73.2 million for the year ended January 2021 and 40% up on the \$62.6 million the Group produced only 2 years ago.

In closing, we've had yet another incredibly volatile year with fantastic highs as well a few challenging lows. A rollercoaster of a year which I think is now pretty much a permanent feature of the retail fun park in which we operate, but a year which we all can and should be incredibly proud of.



## **Managing Director's Address to the Annual General Meeting of Shareholders 19 May 2022**

Thanks Rosanne.

I too add my welcome, and my thanks to you all for joining us at this annual meeting.

I want to start by endorsing the Chair's comments on the year we have recently reported on. It was indeed another remarkable year, and our performance testifies to the high operating standards in place throughout the company.

### **Financials**

Geoff has already covered our financials in some detail. I'll make just a few comments on matters of particular note.

To be recording record sales and profit in such a difficult year was very gratifying. After posting very strong results in the first half, it was an excellent performance to back it up with a solid second half despite the impact of the lockdown that came with the Delta variant, from August 2021. In some ways the performance was even better than it looked, given that the second half of the previous year had been one week longer and featured a resurgence in sales after the lifting of the first national lockdown in 2020.

The 6 percent growth in sales reflects the adaptability and resilience of our total trading platform – across the store network, online, click-and-collect and supply chain functions.

Just as noteworthy, was the increase in gross margin to almost 46 percent, a significant achievement and highlight – especially so after a major increase in margin in the previous year. The improvement reflects not only market changes as a result of Covid but also a programme of work going back several years, to isolate and enhance the drivers of margin growth in a really granular way, and I think we can say, we are now seeing the expected payoff from that work.

The strength of our balance sheet is also particularly noteworthy and underpins our ability to continue to invest in the factors that will drive performance as we move into the current year and beyond.

### **Our trusted retail brands**

The foundation on which the business ultimately rests, is the quality of our offering and its appeal to customers. Briscoes Homeware and Rebel Sport are highly-trusted New Zealand retail brands. We have a suite of globally-renowned product brands, that we continually look to update and refresh. Our work with supply and logistics partners to maintain the availability of our product range, despite the disruptions caused by the pandemic was critical to our performance in the latest year.

We resolved some years ago to keep a laser focus on offering our customers compelling brand propositions and enjoyable shopping experiences. That focus has produced a wave of innovation in-store, online and in our back office, and remains the key driver of our strategic innovation programme, which I'll come back to.

### **Strength of our team – People initiatives**

I also want to support the Chair's comments on the performance of our team in working their way through a very challenging trading environment and achieving success.

If the last 2 years have shown us anything, it's that there will always be some new challenge to test our operating capabilities and resourcefulness. In that sort of trading environment, the attributes required will include leadership, strategic focus and commitment to individual and team performance. My view is that we have these attributes, in abundance. Our teams are actually a source of competitive advantage and a key reason we have outperformed our peers through what has been a very tumultuous period in retail.

Our management and operational team structure is based on the needs of the business and supported by education, training and welfare programmes for the mutual benefit of the company and the individuals who work in it.

Our executive team is relatively small, very nimble and cohesive. We engage with external organisations or individuals where additional skills are necessary to drive better business performance. At the store and local community levels we have a mix of experienced and emerging leaders supported by centrally-driven programmes to provide guidance, development and opportunity throughout the group. These leaders are, of course, supported and enhanced by the work of our store and online fulfilment teams.

Providing certainty to our people through the pandemic – particularly in regard to incomes – has been both challenging and rewarding. It helped us to maintain the high engagement levels of team members across the year, and notably through our peak trade period, and complemented many other actions taken to balance the various stakeholder needs and wants.

Our education programmes include a bespoke Management and Leadership programme support, for advanced tertiary studies, and the Briscoe Group – First Foundation Scholarship with the support of the RA Duke Trust, for team members and immediate family members. As you would expect, we also have internal and externally-supported training programmes on a range of role-focused areas.

We have been driving a focus on team member welfare, support and engagement for several years, and we have been seeing a clear impact on performance. What the challenges thrown up by the pandemic have done, is bring the benefits into even sharper view.

I am very proud and appreciative of the contribution made by our people right across the business, over the past year and more, and I've got every confidence that this will continue to be the case.

## **Store Network**

Our store development programme continued, with total capital investment of \$19.9 million, just under half of which was on development of the Group-owned properties in Auckland and Silverdale. The balance, just over \$10 million, was for the fit-out of new and refurbished stores, online platform improvements, security system upgrades and enhancements to system software and hardware.

The new concept Briscoes Homeware store at 36 Taylors Road, Morningside opened in early March 2021. That allowed us to introduce a new Rebel Sport store in the retail space on the ground floor of the Support Office building at 1 Taylors Road, Morningside in April the same year.

The development at Silverdale, with new Briscoes Homeware and Rebel Sport stores, opened in November last year. Trading in both of those stores has been significantly better than expected.

Work has since started on upgrades to Rebel Sport stores in Te Rapa and Albany, which will incorporate many concepts introduced in the new generation Silverdale and Morningside stores. They will also feature new signage and a modernised exterior profile as part of our Rebel Sport brand refresh.

You might have also noticed a change to the Rebel Sport logo introduced last year.

I'm occasionally asked why we continue to invest in store developments and upgrades, given the changes in the retail environment, which obviously includes a shift towards online trading. The short answer is that we see our bricks and mortar network remaining a key driver of growth and success – in conjunction with the growth of online trading, not instead of it. Our development programme reflects the ongoing re-examination of our total retail footprint, with a view to ensuring we have the right mix to take the business into the future.

As I've already mentioned, our guiding principle is to offer our customers compelling brand propositions and enjoyable shopping experiences. There are many dimensions to that, but if we were just talking about the balance between in-store and online... The starting point is to acknowledge that despite the impressive growth in online trading, it remains the minority proportion of the sales in our business. We obviously do believe it will continue to grow, but shopping in-store will remain important – both in its own right and as a driver and enabler of online shopping.

Our challenge is to seamlessly cater for all types of shoppers, whether that's just in-store, or online, or both, or click-and-collect, or browse in store before purchasing online or browsing online before visiting a store, or a combination of some or all of these!

In this new retail environment our stores provide a venue where all individual shopping preferences can be met, new experiences can be provided, and we can pursue our aspiration to be an easy company to do business with. I should also note that the store network houses much of the structure for the fulfilment of online and click-and-collect trading.

We are extremely pleased with the new stores opened during the latest year. Their success, and the role we envisage for the store network in this evolving retail environment, is a source of confidence for further network growth. Remembering of course that 80% of our sales come directly from our store network.

This would seem a great time to hand over to Nick Turner, our GM Retail Operations and Property and Isabel Campbell, GM Online and Digital, to give you a flavour of some of the exciting initiatives in place across our network.

*Nick and Isabel*

Thanks Nick and Isabel. I'm sure you'll agree some really exciting things happening.

## **Strategic Initiatives**

We have talked a little about our Strategic Initiatives over the past couple of years. It's been particularly pleasing that we've been able to keep focus on this programme and keep it moving forward at a time when the pandemic could have easily knocked it off course. Far from that, it's fair to say the programme so far has actually delivered beyond our expectations and the results are definitely flowing through to the bottom line.

The many initiatives in place within that framework, are making it easier for our team to drive sustained improvements in customer service across all of our channels.

An initiative we commenced last year was in relation to future-proofing our supply chain network and the scenario modelling for this is nearing completion.

The data driven statistical modelling will formulate the network requirements for the next decade and the increased capacity will provide the platform for future growth.

At this point I would like to ask Andrew Scott, our Chief Operating Officer to shed more light on the strategy programme and also talk a little bit about our move towards Sustainability. -

*Andrew*

Thanks for that update Andrew, we're all very excited about what has already emerged from these initiatives and also what is still to come.

I think the leadership team has done a terrific job right across the Strategic Initiatives programme in the most challenging circumstances, and I do want to record my appreciation of that.

## **The year ahead**

I am confident that the progress we have made in our internal performance will continue into this current year, and I'm hopeful that trading will not be disrupted by pandemic conditions to the extent it has over the past two years. Having said that... I make no assumption that we are on a straight road out of the pandemic. I note that the country is still recording new Covid cases in multiple thousands per day.

The comfort I take from our performance over the past couple of years is that we have demonstrated our ability to navigate through the difficulties and uncertainties created by a pandemic.

We were very pleased to announce earlier this month that we continued to grow sales for the first quarter of this year by 1.77%. Comparisons with the first quarter of the previous year are difficult because of the disruptions in both 2020 and 2021. It's more indicative to note that this year's first quarter represented an increase of 16.97 percent on the first quarter of the 2019-20 year – that is, pre-Covid.

So, all in all we have had a good start to the year.

Going forward, we remain focused on the strategic initiatives and other programmes you have heard about this morning. In total, these amount to a campaign to build capability and opportunity for long-term growth. Current areas of focus include minimising the impact of supply chain disruptions, acting on new category opportunities, further improving distribution through our store network, and progressing the ESG programmes.

I know it's going to be another interesting year and I'm extremely confident that we have in place the right team and the right initiatives to deliver growth across our full network.



## **General Manager Operations and Property and General Manager Online and Digital - Address to the Annual General Meeting of Shareholders 19 May 2022**

### **CREATING TRULY CONNECTED EXPERIENCES**

#### **A big year for our digital and physical storefronts**

##### Online:

- Online had a huge year with the impact of the lockdowns really giving it a significant boost. Across both brands we had a combined annual sales growth of 21%.
- Our personalisation programme, which was powered by our new email software emarsy which went live at the start of the financial year. This delivers great results with 30% YOY growth for email revenue for online sales. We created and turned on over 12 new lifecycle communications across the journey.
- Significant amount of work and focus on delivering against the online experience - delivering both small and large features consistently across the year. Significant features included eGift cards, our new onsite search platform Klevu and our personalised X-sell and Upsell features.

##### Instore:

- It's been another enormous year for our retail team. Despite the Covid and supply chain disruptions, and for the third year in a row, the team have driven improvements in customer service. Last year we achieved Record net promoter scores - in both Briscoes and Rebel. Briscoes up 2 points - now NPS76, and Rebel also up 2 points - now NPS65.
- Every store in the network is now responsible for and contributing to online order fulfilment, including our Distribution Centre. The team appreciate that the role of bricks & mortar now extends well beyond the front door and pleasingly their sharp focus and level of ownership is helping us deliver improvements in fulfilment speed and efficiency.
- Last year speed to dispatch improved +31% YOY. Through continued investment in innovation & technology, digital picking helped us achieve this faster pick rate while vastly improving our efficiency. Fulfilment productive output improved in homewares by +37% YOY, and in sporting goods by +22%. These gains helped us deliver the 21% increase in online sales and deliver them more profitably.
- As far as the physical store fronts go, the operations and property team evolved our store formats for Briscoes and Rebel delivering 4x new format, high energy stores at St Lukes & Morningside, and Silverdale.
- On the back of the success of these new formats, the creation and commencement of a 3-year accelerated refurbishment programme is now well underway to revitalise several existing stores. 4x stores have already been completed this year and another 2x are currently underway.
- Another highlight was the development and rollout instore of digital queue busting technology which serves our customers faster during peak sale events, enhancing that vital final element of the in-store experience.

## Our strategic goals

- For the next 12-24 months our teams across both digital and retail, are focused on four key strategic pillars - covering the experience online and instore, the way we deliver goods to our customers, the way we use data to personalise and enhance the experience, and a strong focus on the automation of tasks and processes for our team to make their life easier - But ultimately improving the experience for our customers.

## Number one sports and homewares retail experience in New Zealand

### Online:

- In the online space after delivering some core fundamentals last year, we can now really focus on some of the key features to make life easier for our customers to be able to choose the product they want online and make decisions about what to buy.
- This includes a significant focus on content. We are super excited about our new review's platform bringing more than 1 million global reviews to the platform from our different brand partners. We know that reviews are a key part of the decision-making process in making an online purchase decision - in latest research from statistica nearly 70% of people read more than one online review before making a purchase decision.
- Another key feature we are introducing this year is needs based product finders, where the consumer may have a problem that triggers the purchase, and we use these needs to then guide them to the right product. Running shoes for example, where we ask them how often and how long they run, and then provide them with a list of options based on these data inputs.
- Another huge experience focus this year is constant iterative improvements to the mobile experience. We know that over 70% of our traffic now is mobile, so is the key device to focus on in terms of frictionless browsing.

### Instore:

- To be the #1 sports and homeware retailer in NZ we must maintain a relentless focus on improving Customer Service. This starts with our retail team KPIs which are reset each year, setting higher benchmarks by store so we can continue raising the bar.
- Customer NPS data and feedback is central to understanding what our customers love and don't love about their shopping experience with us, and with circa 220,000 NPS surveys returned per year this provides us with a wealth of feedback and understanding.
- We continue to invest in new technologies to solve our customer frustrations, examples are:
  - mobile queue busting technology
  - New In-store kiosks with freight free codes to use when advertised product is out of stock, and
  - Click and collect process improvements – such as pick streams order management, but also improving the physical layout for improvements to reduce waiting times.
- Brighter, energised, modern fitouts – better experience for our customers and easier to maintain for our teams, examples are:
  - New counter formats for a personalised experience
  - Dedicated impulse units to increase basket size
  - Taller fixtures - better utilisation of space and improved VM
  - Series of new fixtures designed - improved VM
  - More interactive – basketball court, Interactive tables, improved sound systems
  - Better use of LED lighting to brighten the stores and add energy through linear LED technology, and

- Dedicated C&C parking.
- Our 3-year refurbishment programme has been designed to take our new formats and modernise the existing network. The new format is achieving higher customer satisfaction scores, increased basket value, and longer dwell time in store
  - Additional to refurbishments, we continue to co-locate stores into purpose-built premises when we have the opportunity.
  - We will continue to evaluate new or improved locations as opportunities present.

### **Fastest and easiest ways to get your goods in NZ (profitably)**

Online:

- One of our key strategic pillars to stay ahead of the international online marketplaces is to make sure we own the delivery space in NZ for home and sportswear retail. More and more this is what will differentiate online retailers from each other as customers' expectations keep increasing on speed of delivery and how strong the overall experience is.
- This includes three competitive advantages that we are focused on in FY23 - being the fastest (profitably), being the easiest delivery service, and having the most transparency.
- With our very strong store fulfilment network we are best placed to be able to offer all the above.

Instore:

- We have a multitude of order management system improvements in development, and a comprehensive stream of new ideas in scope.
- The recent rollout of 'pick streams' in store will enable enhanced & faster delivery options, and enables C&C pick up efficiencies and smarter order management.
- Further functionality under development currently, like integrated shipping and scan-to-pack technology, is expected to further boost our dispatch speed, efficiency, and overall capability.
- Digital bin locations are being trialled in-store this year and are expected to help our team locate product faster.
- We'll continue to invest in mobilisation Improvements – making tasks more efficient for our team to allow them to do more on the floor to ultimately increase engagement with customers.

### **Data led, personalised experiences for all customers across all storefronts**

Online:

While we are always focused on maximising our trade events and promotions to drive as many sales as possible every day, we are moving more and more beyond just this to make sure we are driving frequency as much as possible across a customer's lifetime with us and measuring this lifetime value across online and instore.

- Lifetime value for Briscoe Group is measured as the number of times a customer shops with us across a 2-year period and measured within our emarsys email platform.
- To lift the lifetime value of our customers, this year we will introduce a raft of ways to further communicate with our customers outside the promotional cycle - including category specific emails based on what they have bought before, a spend prompt if we haven't seen them in a year and importantly in-store data to personalise off.
- Our aim for FY23 is to increase the LTV of all customers for both Briscoes and Rebel significantly and make this a core focus of our data experiences.

Instore:

- This year we will begin collecting data in store off the back of a new eReceipt programme allowing us to understand more about our in-store customer purchase behaviour so, if they allow us to, we can target them with offers that are relevant to them, based on where they are in their shopping lifecycle with us.
- It will also give the store a powerful marketing database to introduce local VIP offers, and special trading events or exclusive late nights.
- It enables us to bring the customer journey together across both the digital and physical storefronts to better personalise their experience.

### **Team + systems evolution**

Online:

- Team - a big part of moving our eCommerce forward is building out a team of specialists in house, developing this talent, and relying less on external partners for expertise. This allows us to move more quickly, react quickly to trade conditions and be the best from within our 4 walls.
- One thing we are super excited about introducing this year is an eCommerce intern programme to attract young graduate talent into the team and give them experience across all the eCommerce functions, with the aim of bringing into the team when vacancies come up. Already we have had some excellent interns who have been offered roles within the team.
- Another key focus is making sure we aren't trying to build everything we need ourselves but rather look to use the best 'off the shelf' technology to improve experience and productivity – this year this will include a new product information system Akeneo which powers the likes of Myer and The Iconic too, Fit Analytics partnership as our sizing tool which is owned by SnapChat, Bazaarvoice Partnership which brings in our millions of syndicated reviews and Klevu phase 2 - our best in class search tool technology.
- This year we also embed Niteco our new development partner with significant offshore capability to be able to scale our development capability at a reasonable cost, and still at the highest quality of work.

Instore:

- We will leverage the strong investment in mobilisation and continue to utilise this technology platform to invest in smart and considered innovation.
- Innovation to eliminate manual / paper-based tasks, and in making the delivery of essential tasks more efficient and less paper based to keep our team moving. It also makes their job more fun - so we become a more desirable place to work.
- All our Business and Retail Managers now have mobiles, ipads are deployed to all stores, ZEBRA device technology has been scaled out to all stores at pace, new mobile kit to print product labels on the floor is underway, and this same mobile kit is used to queue bust, query stock, and pick & dispatch online orders and manage click & collect.
- Upgraded and enhanced Kiosks have been rolled out to stores + we have introduced a freight free code to buy online in-store for advertised products that are out-of-stock. This provides a pleasant solution to what used to be a very painful part of the in-store experience.
- We've covered order management system enhancements underway, but we are also investing in data insights and developing new and improved dashboards to better visualise performance across many areas – both instore and online, which will help our entire team to keep their finger on the pulse.

- Regarding our Team - our retail team are fully involved and take ownership in all our strategic initiatives.
- We have introduced Peakon employee engagement surveys to improve the feedback loop from our team to help us drive higher team engagement.
- Last year our retail Management and Leadership Development programme commenced which consists of a series of leadership and skill building modules. This investment complements and further develops our fantastic retail leadership team, which in turn builds quality leadership and high levels of trust. Quality leadership that our retail teams deserve.



## **Chief Operating Officer - Address to the Annual General Meeting of Shareholders 19 May 2022**

### **SUSTAINABLE BUSINESS GROWTH**

The last year has been an exceptional one on many levels. As you heard from the earlier presentations, we have made significant progress in many areas.

Despite the continued disruption from COVID pandemic, the team have successfully navigated these challenging times.

We continue to trade strongly both in sales and margin. Our increased investment in our team's capacity and capability has helped to land year 2 of our 3-year strategic plan.

The formulation of our strategic plan was completed in December 19, just prior to the arrival of COVID. This has proved to be a fantastic test of our strategy. Rather than us having to rethink our strategic priorities, Covid has reconfirmed our strategy as being robust and one that remains absolute today.

Our Strategic focus is on three core areas:

1. Improving our customer experience in all channels
2. Overhauling our supply chain to maximise margin and improve our efficiencies
3. Growing new revenues

I am very pleased to update that our strategic plan is delivering in all three areas and the combined impact is a significant increase in incremental profit.

The fact that the team has managed to deliver this whilst during a global pandemic proves to me that we have the best retail team in New Zealand.

We are also aware through our research it is increasingly important to our team and our customers, that not only we continue to grow, but we do this in a sustainable way. During 2021 we conducted an extensive materiality assessment survey of our team, customers, and suppliers.

This insight has helped us to start to formulate our sustainability program of "Steps to a better tomorrow".

### **Update on Strategic programme**

#### **1. Improving our customer experience:**

Both Briscoes and Rebel have had a step change in customer satisfaction over the past two years. We are particularly proud of the progress in our rebel sports stores in the last 12 months. Where we have seen consistent experience improvements.

With a relentless focus on our customers and the invaluable feedback they provide, we have taken our Rebel NPs from a low of 53 to 65. To put this in context a leading sports chain in Australia is achieving around 60%. Our target is to achieve beyond 70% in the coming years.

Our online experience is going from strength to strength. The launch of our new online customer satisfaction survey will enable us to build a full picture of our omni channel shoppers.

The digitisation of our team is also freeing up our team's time to invest back into service which is fantastic.

Our personalisation program is performing ahead of our expectations. This platform provides increased customer relevancy at a time when shoppers are time poor.

## **2. Overhauling our supply chain:**

As you will all be aware supply chains across the globe are under unprecedented volatility. Due to increasing disruption both overseas and in New Zealand, supply chain optimisation will be a key focus for the next few years.

Significant progress has been made on improving our buying, allocation and replenishment processes. This has resulted in increased product availability, which is driving increased sales and margin returns.

We have delivered significantly improved margin performance, using deep data analysis and successful testing and trialling of new promotional strategies.

These improvements will help us retain our step change in margin return as through the coming twelve months.

Our Hybrid online fulfilment model continues to evolve, increased efficiency in store fulfilment and complimented by DC fulfilment, is producing market leading parcel picking service.

As we have previously mentioned the network modelling for our future supply chain requirements is nearing completion. This statistical modelling tool has provided us a forward view of our supply chain requirements for the next decade. We have explored in detail many different options to drive increased efficiencies, reduce cost to serve and further increase product availability. The next phase is to build the transition plan, this modelling suggests we will need to triple our current Distribution footprint in New Zealand to drive our planned growth.

## **3. New revenue:**

We have successfully launched our drop ship program, this exciting development delivers us a risk free platform to trial new products with existing and new suppliers. It also acts as a footfall driver to our websites.

We have reached our year one target of having 20 suppliers live. This equates to over 3000 new products or an additional 5% of available products.

Alongside drop ship we have actively been looking for new product segments that complement our core business's. The first of these will launch at the end of September. This amazing product range is with one of the worlds leading Bed Brands and will be manufactured here in New Zealand.

As I mentioned earlier this is a very exciting period for Briscoe Group as we look to explore new growth opportunities.

## **Sustainability – Better steps to tomorrow**

Today I will provide you with an update on our sustainability progress "Steps to a better tomorrow", whilst we are at the start of the journey we have made good progress over the last year.

Firstly, the board have approved our Sustainability policy which you may of seen in the Annual report or on the website. This sets out our guiding principles for the years ahead.

To ensure we are focusing on what matters to our key stakeholders, we conducted a materiality assessment, this process canvassed over:

- 600 team members,
- 20 of our strategic supply partners and
- Over 2000 customers.

This information has been collated with the help of sustainability industry experts to provide us with the focus areas that matter to our team, suppliers and customers. The three focus areas are:

1. Waste and Recycling
2. Energy and Carbon reduction
3. Team wellbeing and increased positive community impact

In parallel to creating our new Sustainability framework we have also been collating the multiple data points into a common Framework.

Our performance across our current measures is positive with Recycling increasing, energy and carbon reducing.

To ensure we are taking the learnings and keeping up to date with industry best practice we are in the process of joining the Sustainable business council. This will provide a great platform for upskilling our wider team and help us to deliver on our target our focus areas.

In the coming year we will:

- Build the proposed cadence for internal governance
- Start our internal working groups
- Continue to work with suppliers on initiatives
- Build our targets for the three focus areas
- Prepare for the upcoming Climate-related Disclosures managed by the XRB

In summary our strategic plan is delivering ahead of expectations, we are entering a very exciting period where we will launch new growth opportunities. I would like to reiterate my thanks to the team for a huge team effort and I look forward to another very successful year.



**Briscoe Group**  
**Year Ended**  
**30 January 2022**

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# PROXIES

For	Discretion	Against	Total Votes (% of issued capital)
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## Resolution 1

181,192,722	941,914	4,669	182,139,305
99.48%	0.52%	0.00%	81.81%

## Resolution 2

181,190,435	943,914	4,956	182,139,305
99.48%	0.52%	0.00%	81.81%



**REBEL**  
SPORT

**BRISCOES**  
HOMEWARE

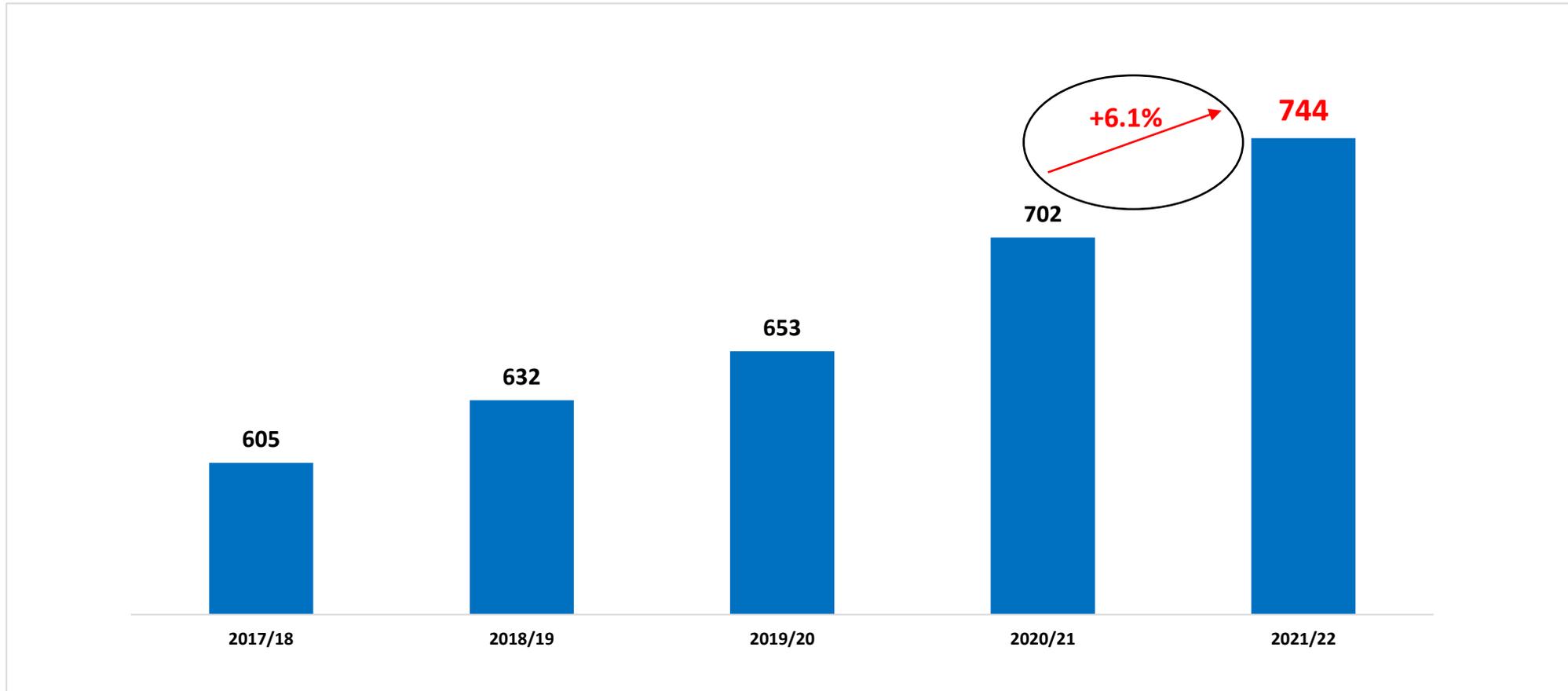


**YEAR END**  
**30 January 2022**

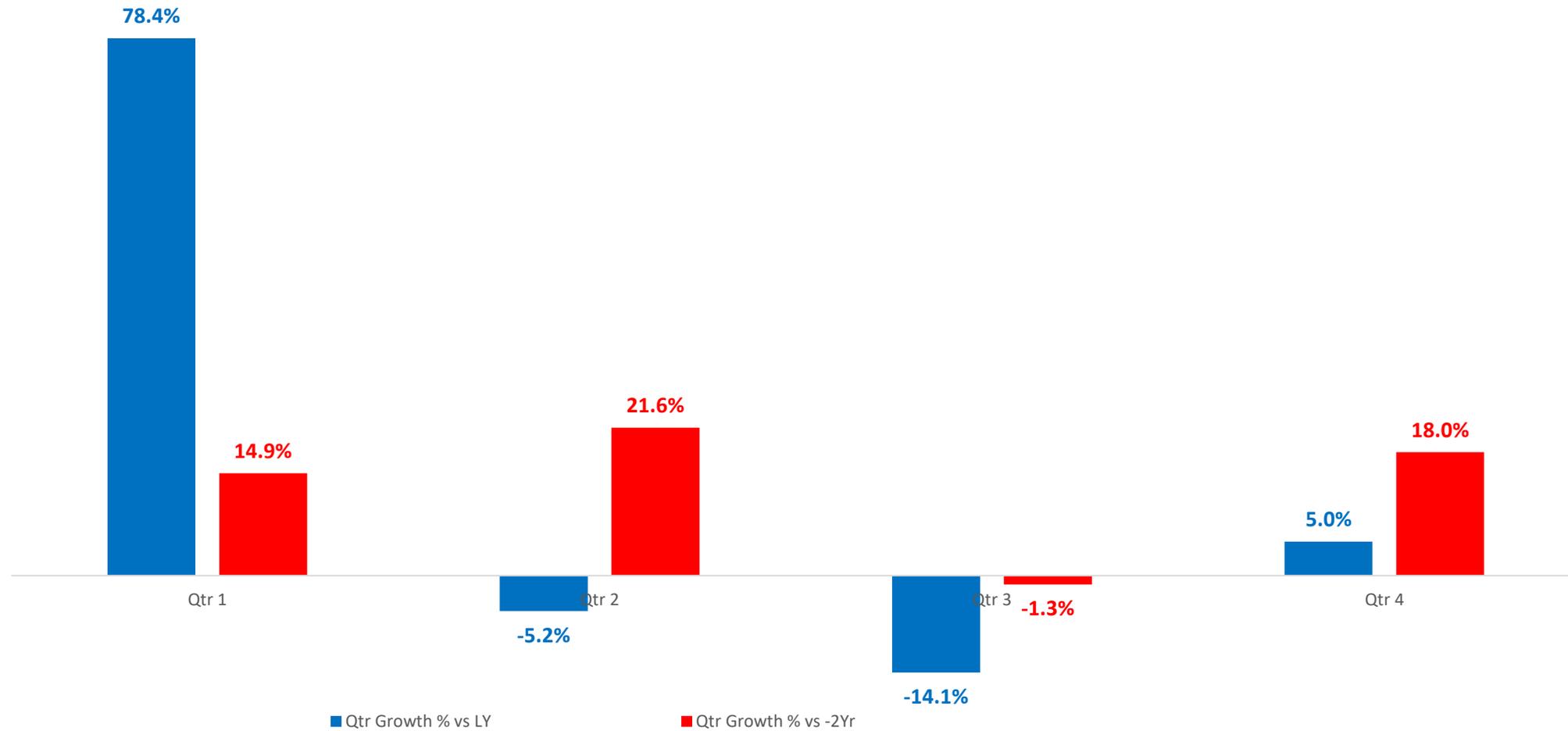
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# TOTAL SALES (\$M)

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# QUARTERLY SALES GROWTH



# HALF-YEAR SALES GROWTH

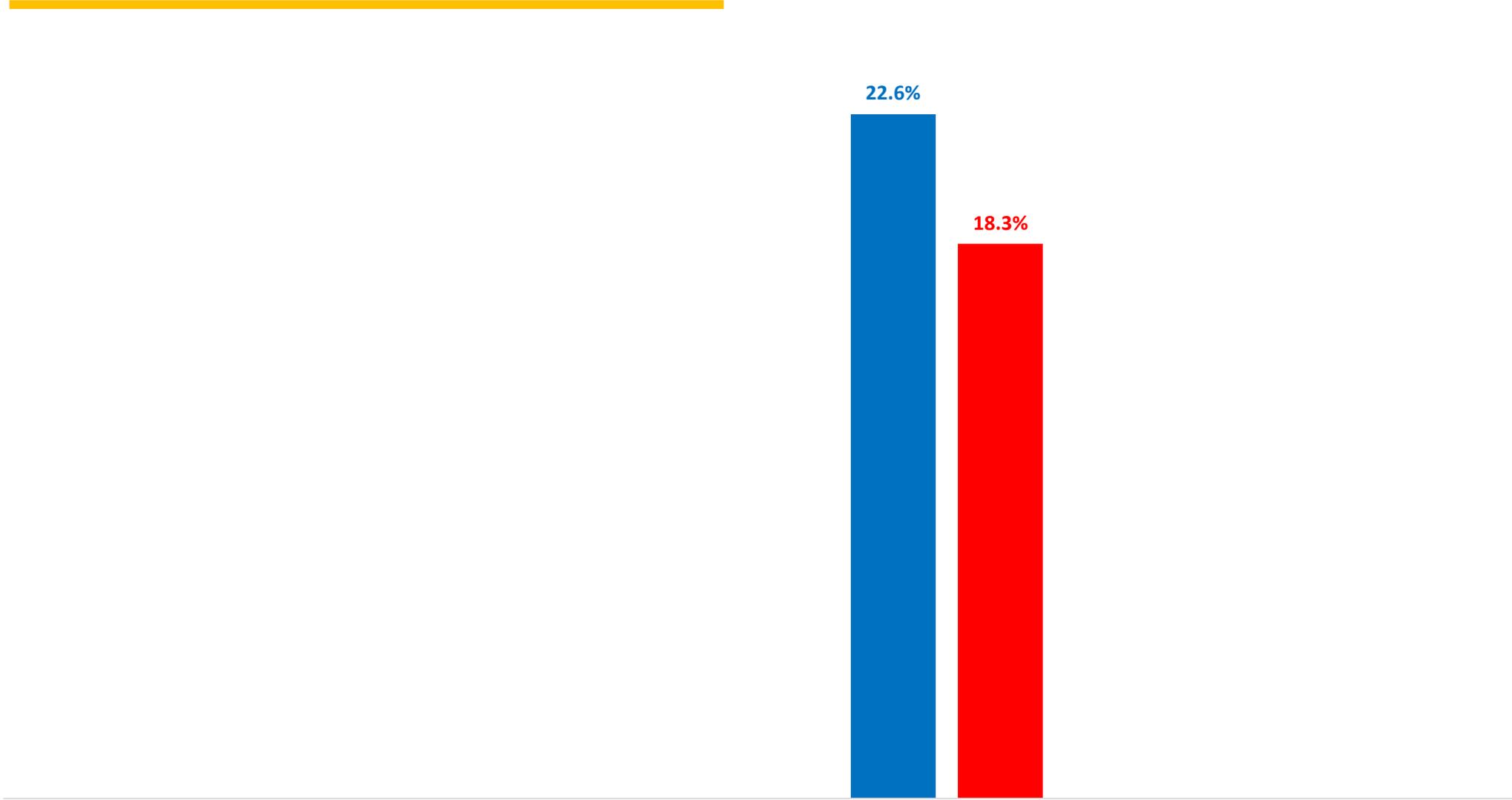
22.6%

18.3%

■ Qtr Growth % vs LY

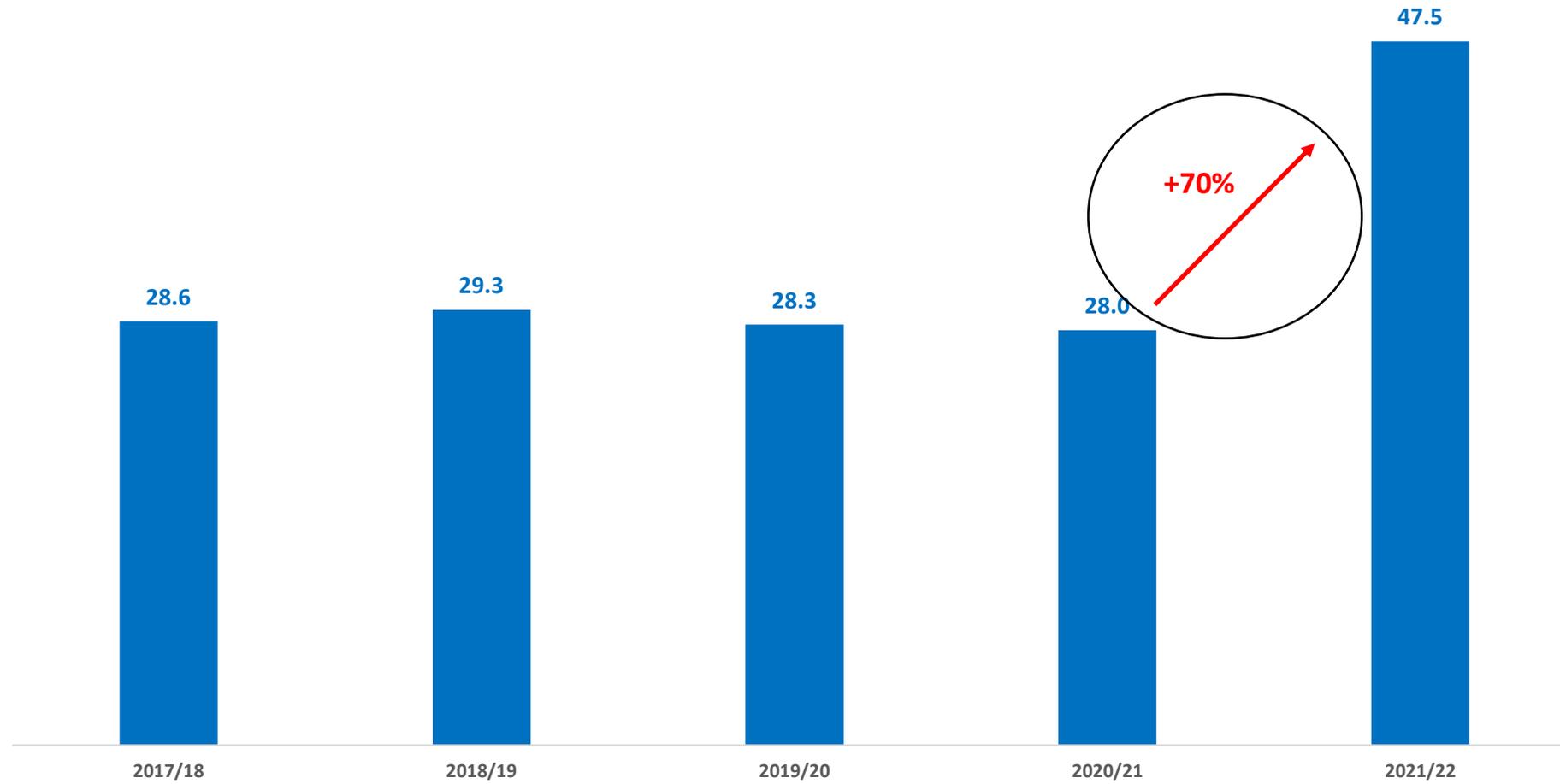
■ Qtr Growth % vs -2Yr

HALF YR

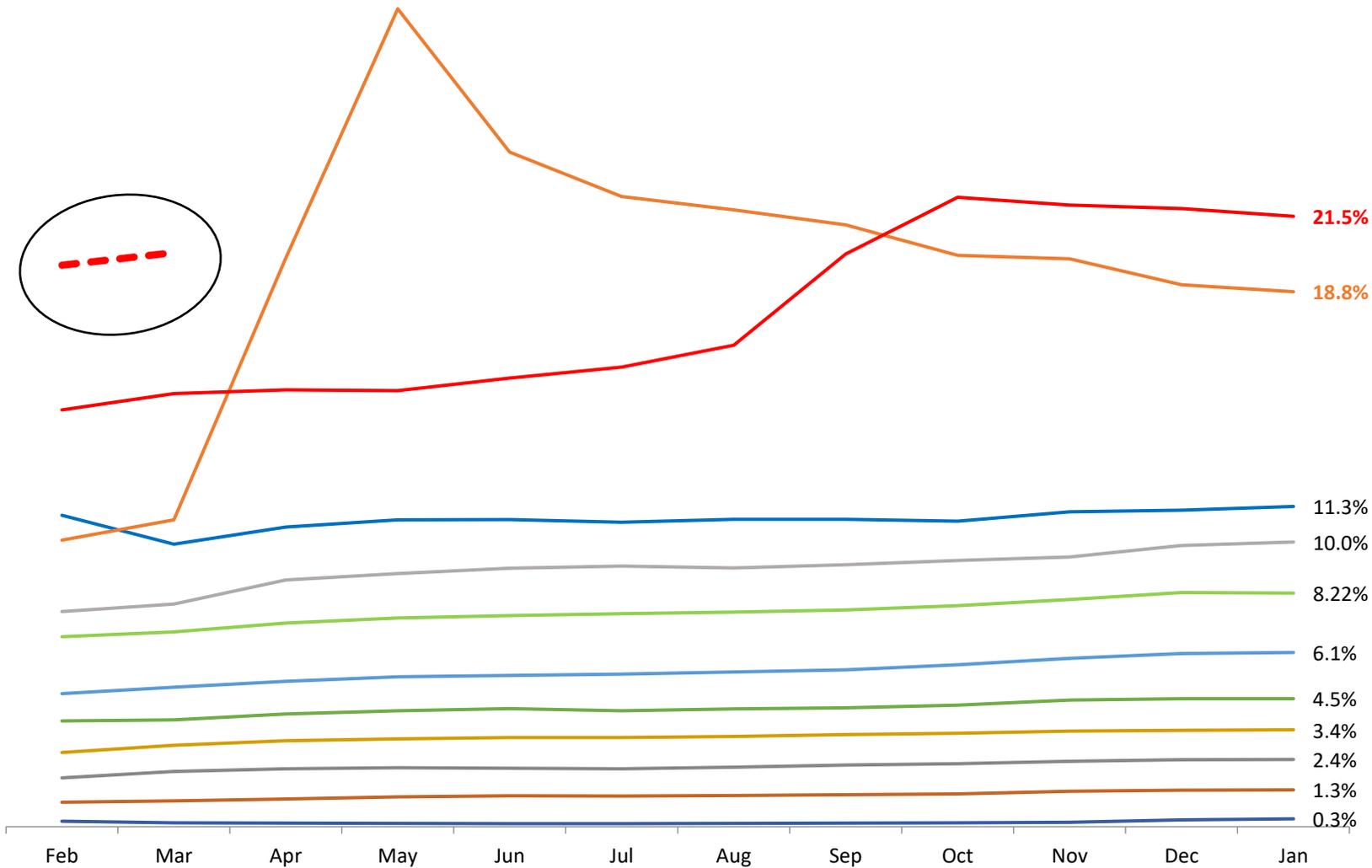


# HALF-YEAR NPAT (\$M)

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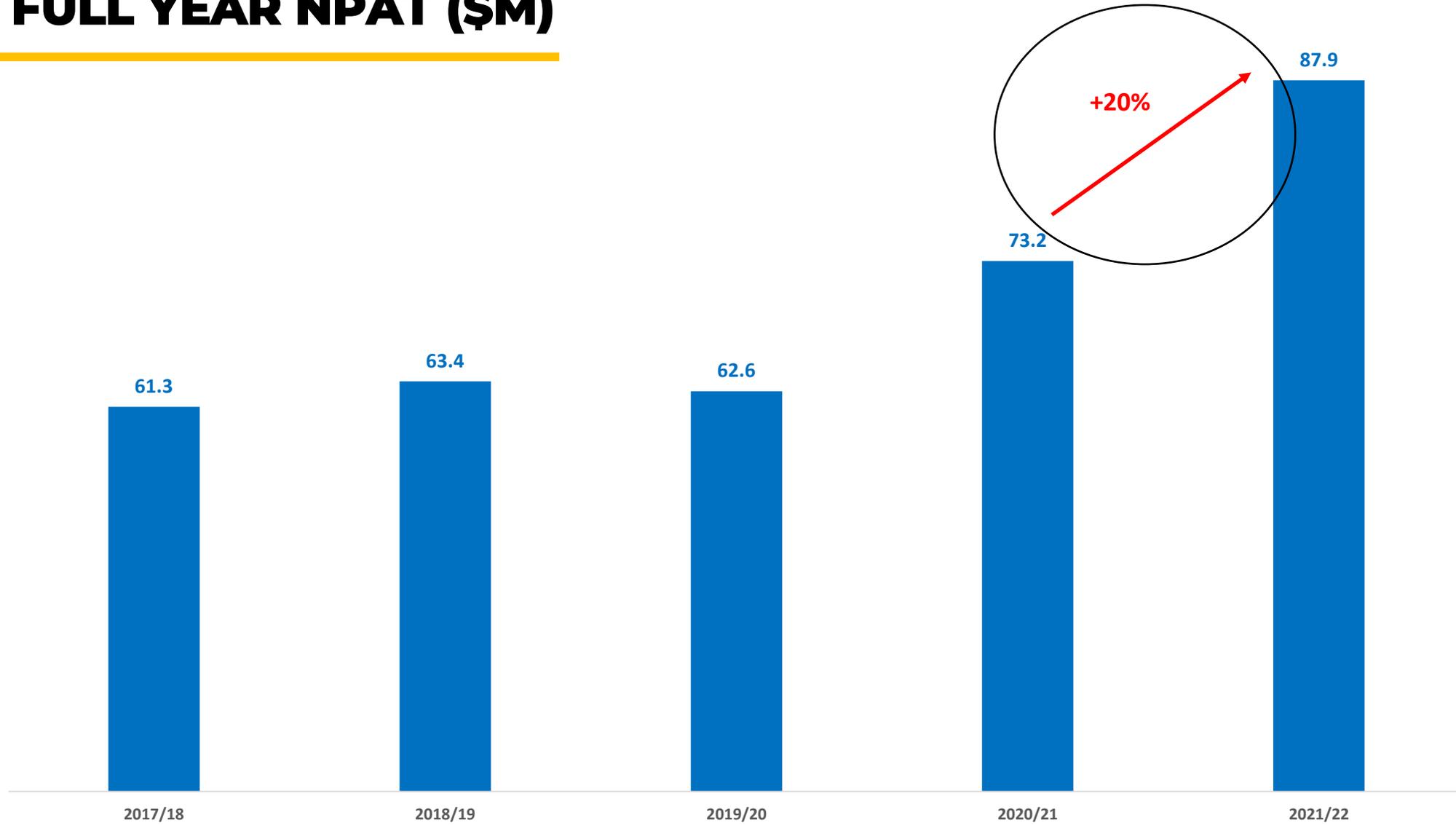


# ONLINE SALES – YTD MIX



# FULL YEAR NPAT (\$M)

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# OPERATIONS UPDATE

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**BRISCOES**  
HOMEWARE



**Creating Truly  
Connected  
Experiences**

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**BRISCOES**  
HOMEWARE



**REBEL**  
SPORT

Living & Giving

**A big year for our  
digital & physical  
storefronts**

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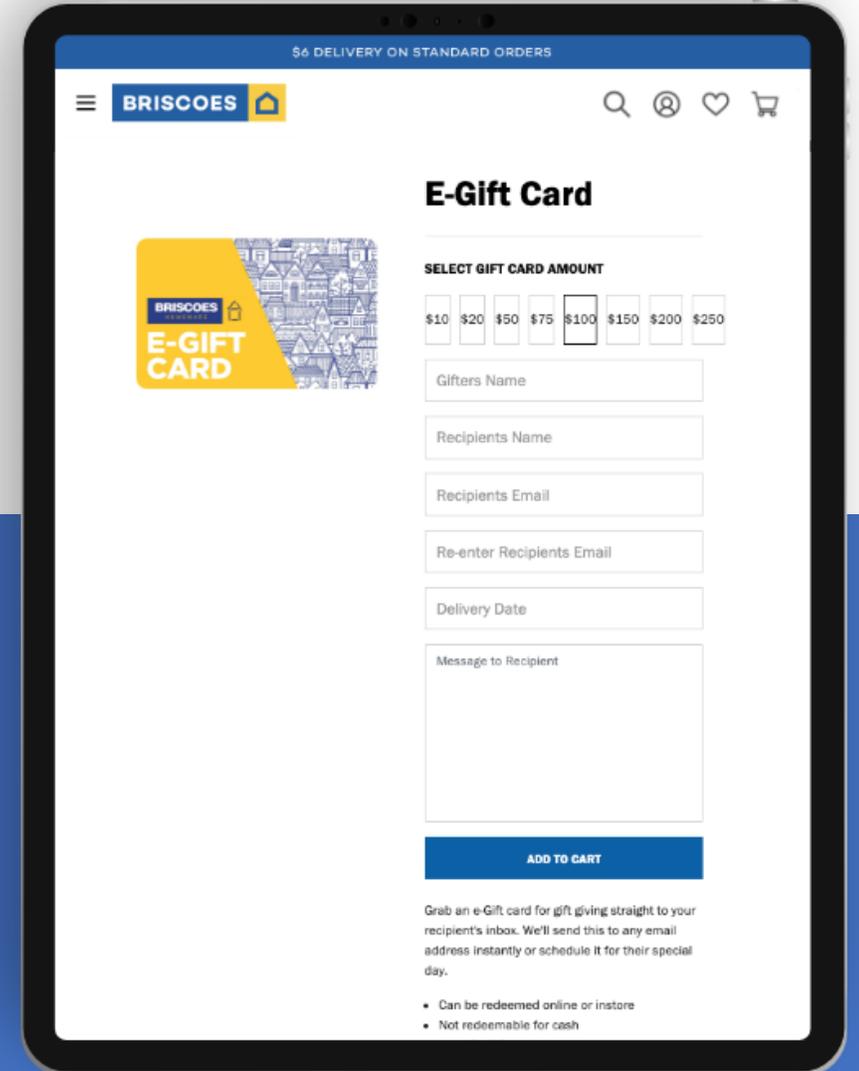
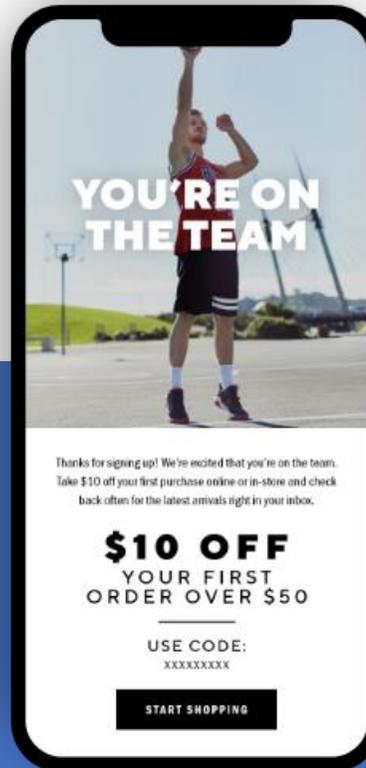
# Online

**+21%** Annual online sales growth

**50M+** More than 50 million visits to our websites across the year

**+30%** Successful introduction of our personalised lifecycle communications programme leading to email channel growth

Plus multiple advancements in the online experience throughout the year – both large and small online additions added monthly.



# Stores



## Record Net Promoter Scores

Briscoes +2 points to NPS76  
Rebel +2 points to NPS65



## Online fulfilment speed improved

Speed of dispatch improved by 31% YOY to 1.9 days in FY22 while delivering 21% sales growth



## Evolving our physical stores

Evolved new format for Briscoes and Rebel brands  
Opened 4 new format stores  
Created an accelerated 3-year store refurbishment programme



## Productive output improved

Sales per labour hour for homeware fulfilment improved +37% YOY and +88% vs FY20.  
Sales per labour hour for sports fulfilment improved +22% YOY and +66% vs FY20



## Digital queue busting technology

Developed and rolled out digital queue busting technology to serve our customers more efficiently during peak sale events

# Our strategic goals

Focusing on a truly connected omni experience in next 12-24 months.



## Number 1

sports and homewares retail experience in New Zealand



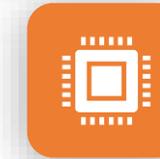
## Fastest and easiest

ways to get your goods in New Zealand



## Data led, personalised experiences

for all customers across all storefronts



## Team & systems evolution

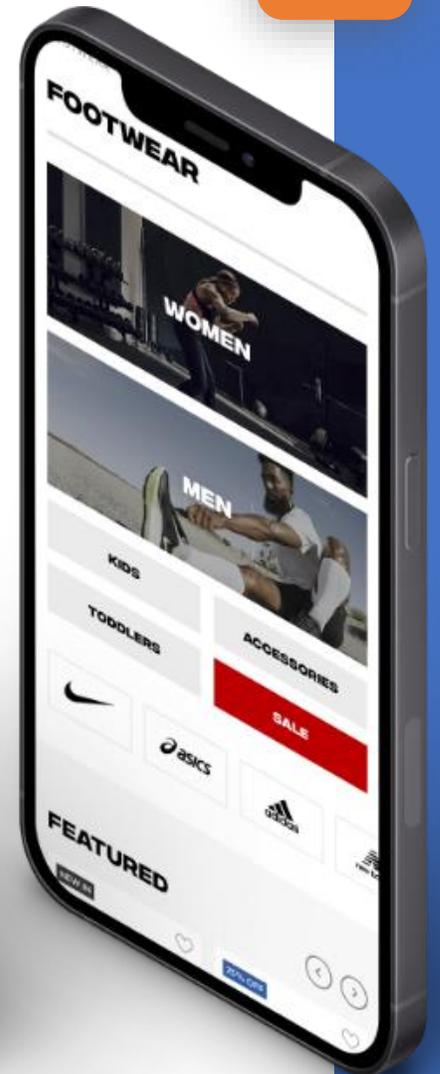
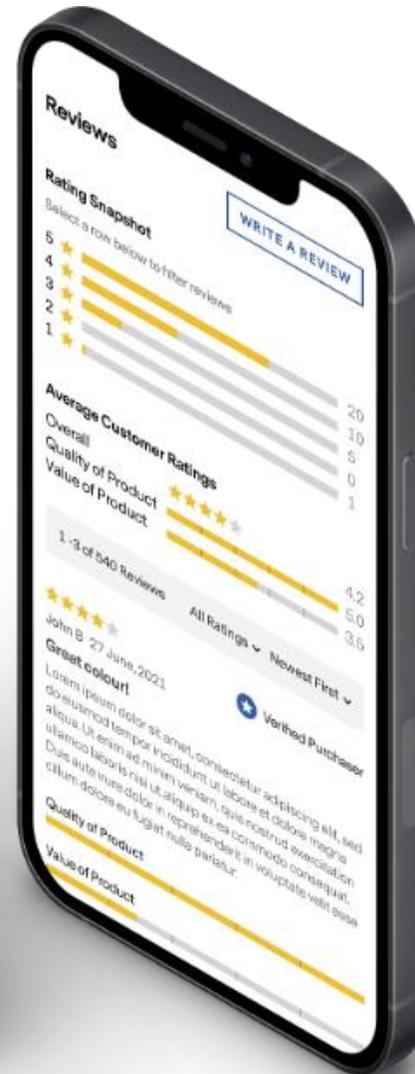
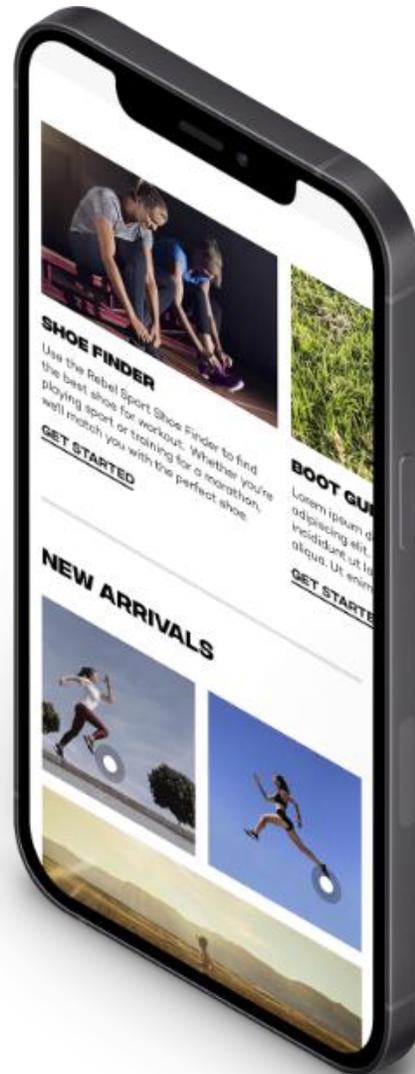
using technology & innovation to make tasks easier & unlock more time to spend with our customers



# No 1 sports and homewares omnichannel experience in NZ

## ONLINE ENHANCEMENTS

- ✓ Content explosion: new reviews platform bringing more than 1 million global reviews to the platform
- ✓ Needs-based product selection: fit finder to find the perfect fit and product selector to find the perfect sheets
- ✓ New mobile experience with frictionless navigation and filters





# No 1 sports and homewares omnichannel experience in NZ

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## STORE ENHANCEMENTS

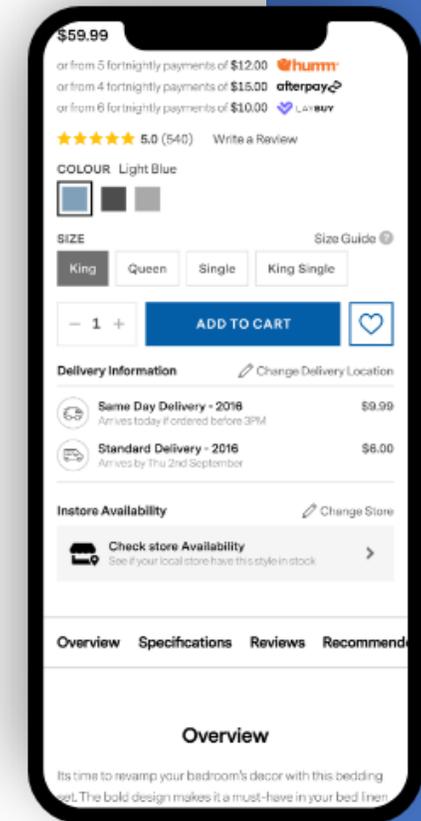
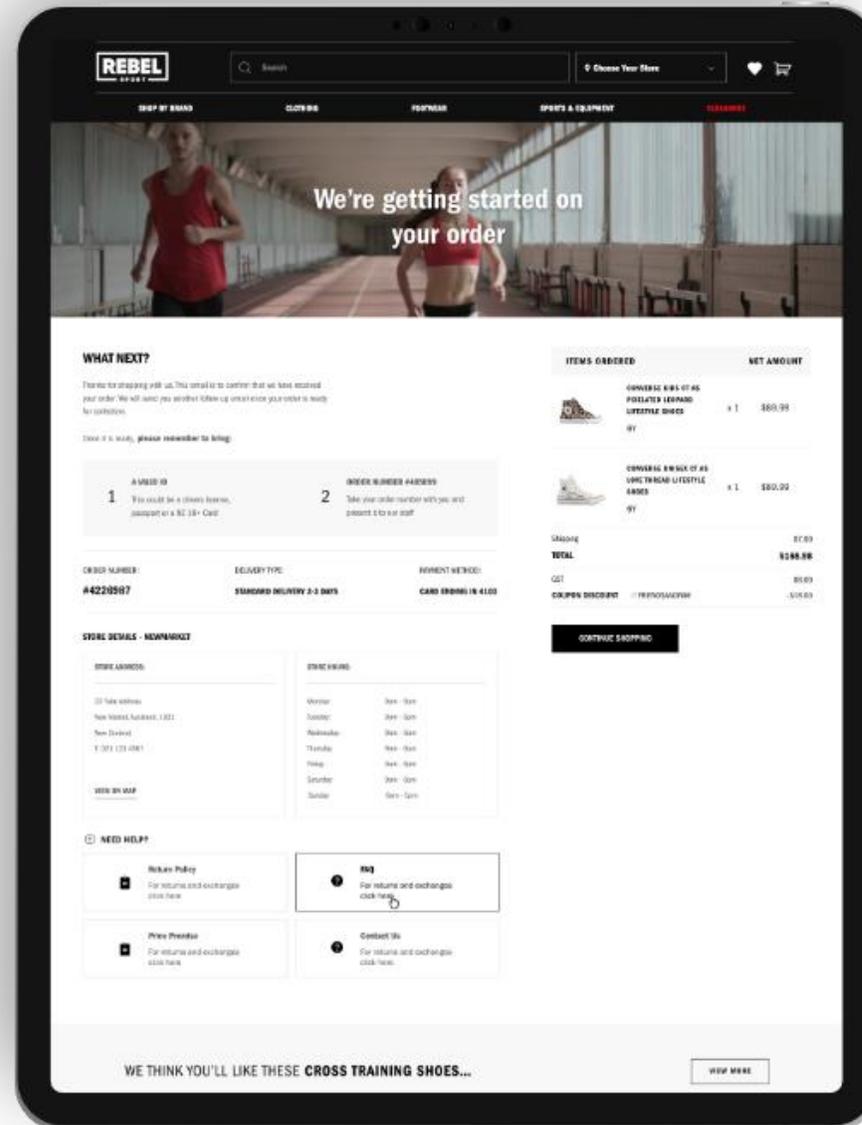
- ✓ Continued focus on improving customer service and team engagement by utilising our customer NPS feedback, and investing in innovation & technology
- ✓ Brighter, energised, modern store fitouts – better experience for our customers and more efficient for our team
- ✓ Accelerated refurbishment programme is modernising our network helping to deliver improvements in customer satisfaction scores, increased basket value, and additional dwell time in store



# Fastest and easiest ways to get your goods in NZ (profitably)

## ONLINE ENHANCEMENTS

- ✓ Suite of delivery options to suit all our users needs
- ✓ Online returns portal, that automates the returns process in easiest way possible
- ✓ Focus on post purchase experience to reduce contact centre volume

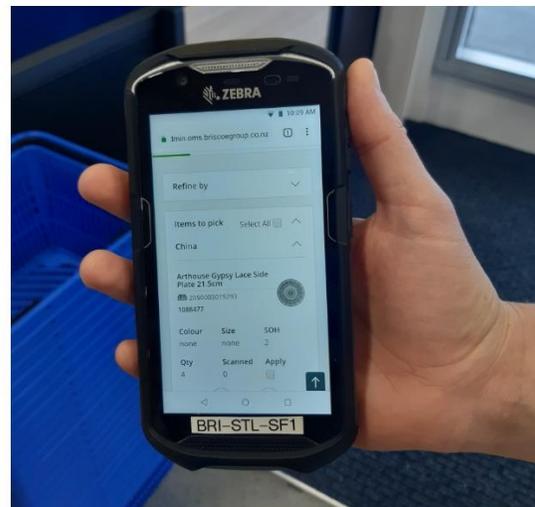
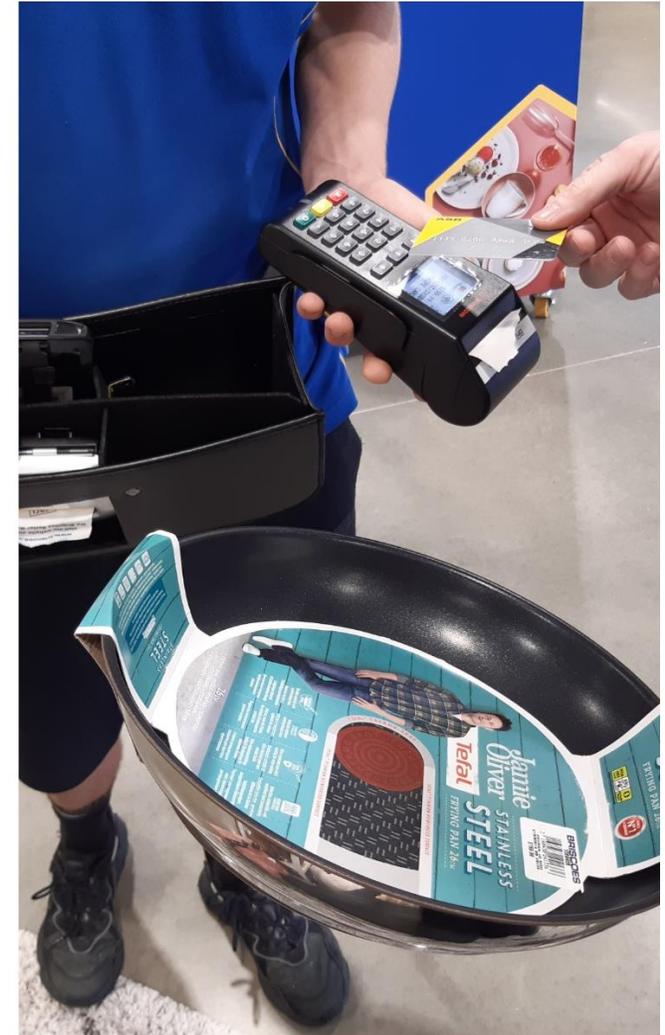




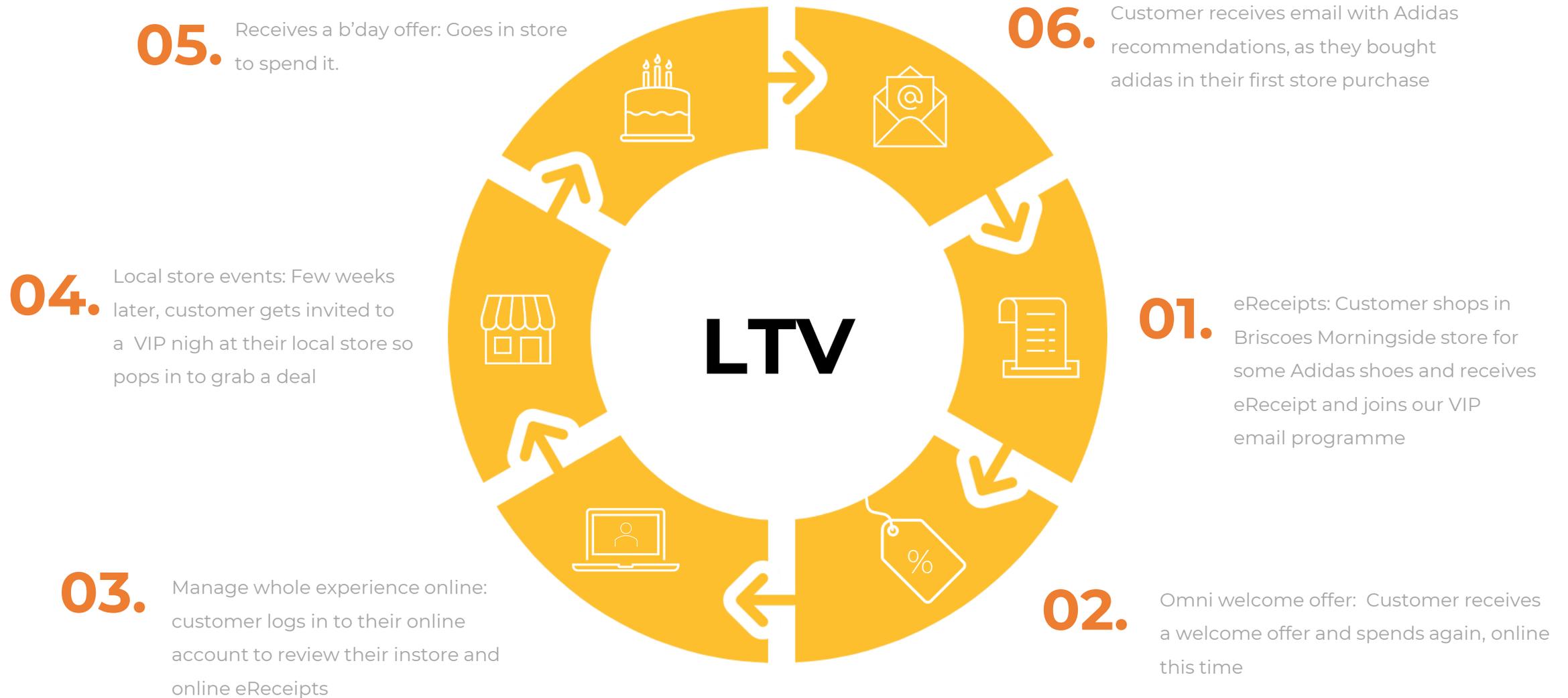
# Fastest and easiest ways to get your goods in NZ (profitably)

## STORE ENHANCEMENTS

- ✓ New pick stream order management in store to enable enhanced delivery options and faster delivery options, also enables C&C pick up efficiencies
- ✓ A multitude of order management system improvements have been scoped which include functionality like integrated shipping and scan-to-pack technology
- ✓ Bin locations being trialed in-store this year to locate product faster
- ✓ Mobilisation Improvements – making tasks more efficient for our team to keep them on the floor more to engage with customers (stock queries, mobile label printing, and more to come)



# Data led, personalised experiences for all customers across all storefronts

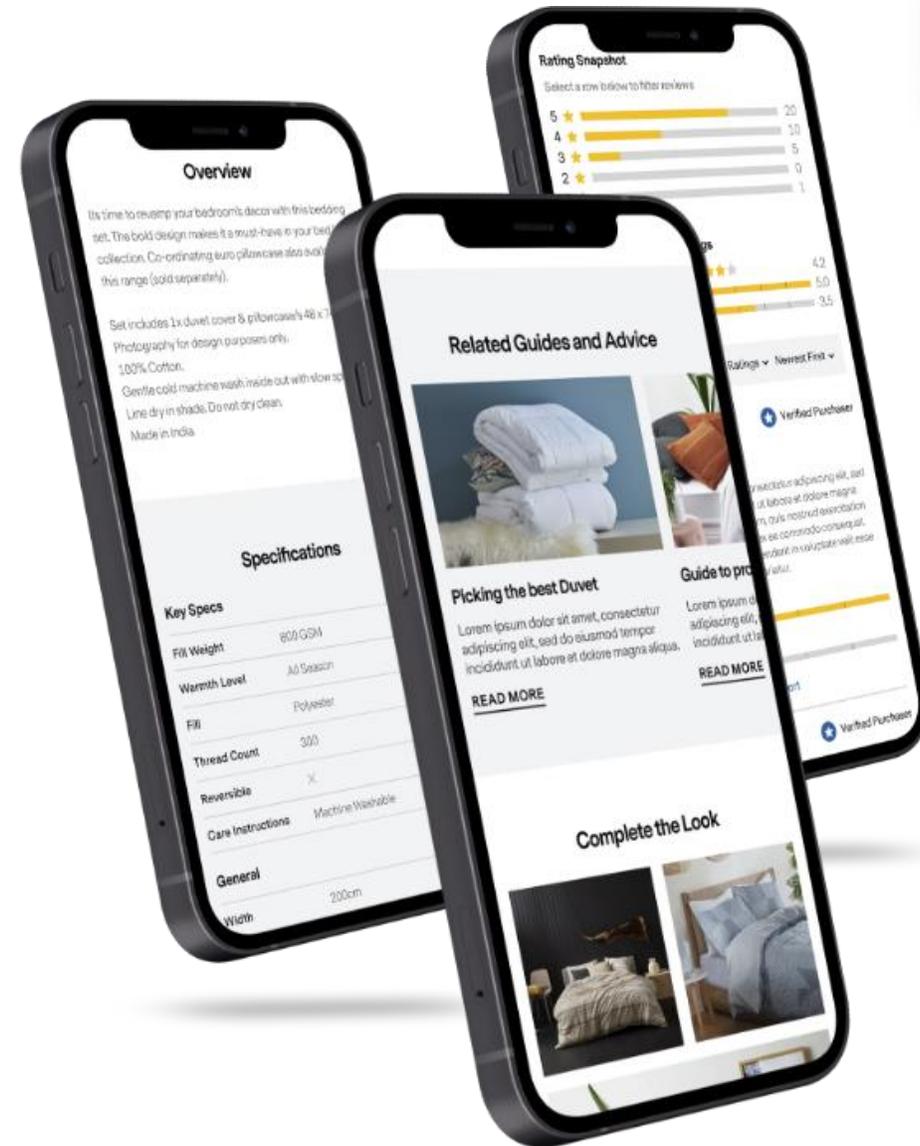


## STRATEGIC GOALS

# Team development and systems evolution

## ONLINE ENHANCEMENTS

- ✓ Build out specialist eCommerce skill set in house
- ✓ Introduce eCommerce intern programme to attract young graduate talent
- ✓ Deliver best in class online 'off the shelf' technology to improve experience and productivity
- ✓ Niteco: New development partner with offshore capability to go quickly and to scale our development capability



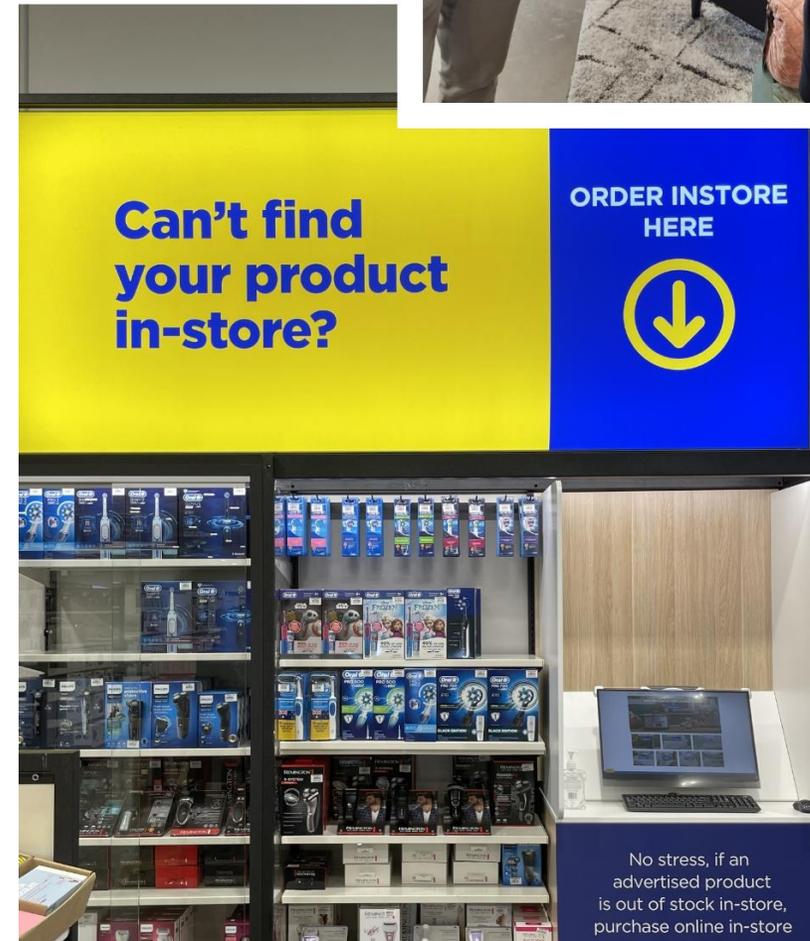
## STRATEGIC GOALS

# Team development and systems evolution



## STORE ENHANCEMENTS

- ✓ Mobilising our retail team - BM/RM mobiles, laptops and iPads, ZEBRA device technology, new mobile tech to print labels on the floor, mobile kit to queue bust & query stock
- ✓ Kiosk upgrades in-store + freight free when advertised product is out of stock
- ✓ Order management system upgrades + integrated shipping
- ✓ Investment in digital dashboards for performance monitoring and enhancement – both instore and online
- ✓ Improved feedback loop from our team – Peakon team NPS, plus full team involvement in delivering our initiatives





**REBEL**  
SPORT

**BRISCOES**  
HOMEWARE



# STRATEGY UPDATE

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**BRISCOES**  
HOMEWARE



# Sustainable Business Growth

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# Sustainable long term business growth

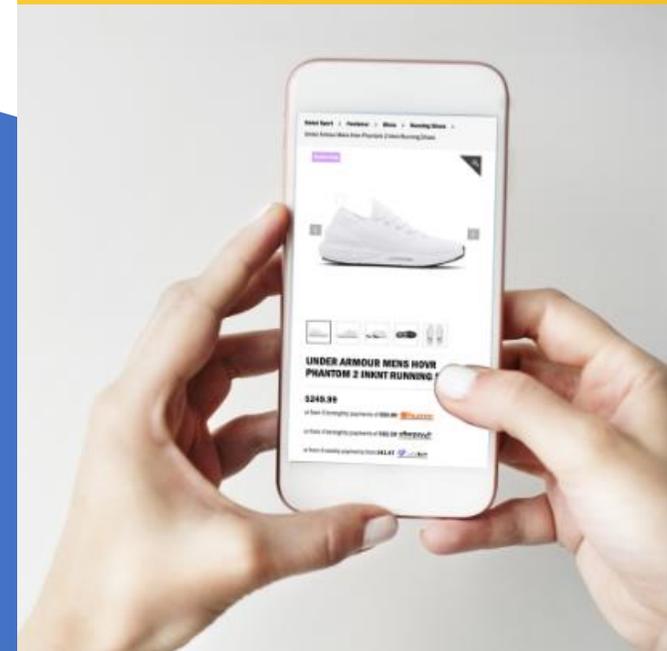
Customer



Supply chain

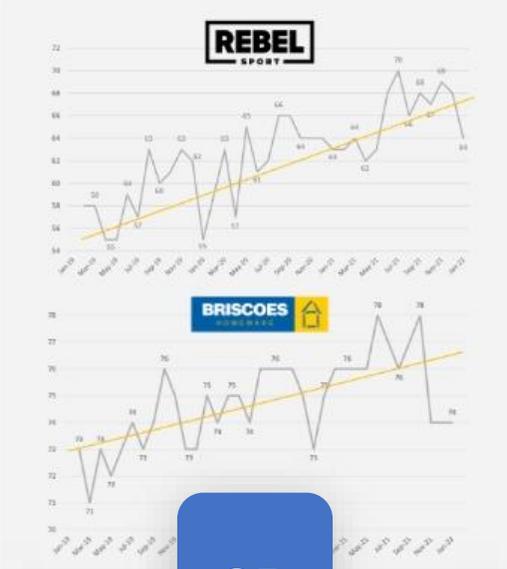
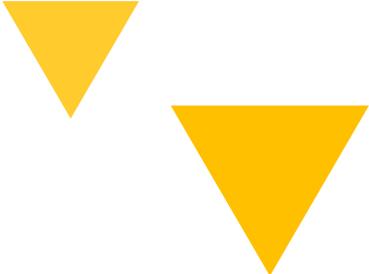


New revenues



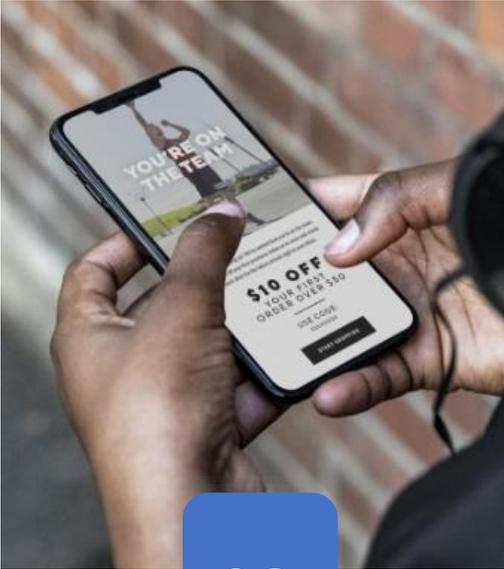
STRONG CORE BUSINESS

# Strategic plan delivering ahead of expectations



01.

**NPS delivering well ahead of expectations**



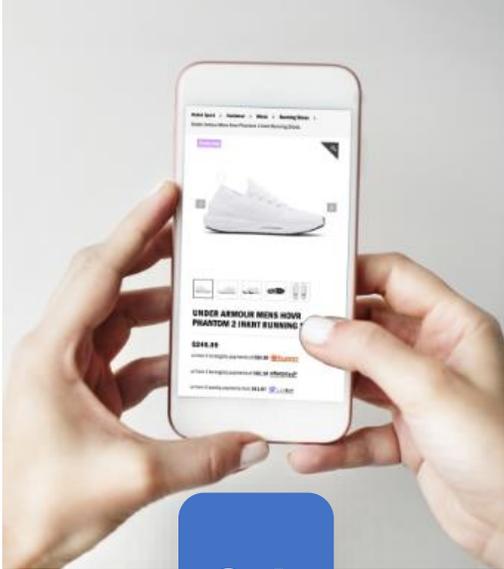
02.

**Personalisation programme delivering over \$6 million sales**



03.

**Stock availability improvements**



04.

**20 dropship suppliers live & annual revenues now significant**

# Strategic plan delivering ahead of expectations:

**2021**

	<ul style="list-style-type: none"> <li>• Customer segmentation and personalised comms embedded</li> <li>• In-store digital tools implemented</li> <li>• Online parcel digital picking live</li> </ul>
<p><b>Future Supply Chain</b></p>	<ul style="list-style-type: none"> <li>• Enhanced Product availability</li> <li>• Hybrid Online fulfilment model live</li> <li>• Further enhanced data analytics to improve buying and promotional execution</li> </ul>
<p><b>New Revenues</b></p>	<ul style="list-style-type: none"> <li>• Drop ship 20 suppliers live - over 3000 new products online</li> <li>• Automated Email platform driving increased customer lifetime value</li> </ul>

**2022 & 2023**

	<ul style="list-style-type: none"> <li>• Online UX (user experience) enhancements</li> <li>• Enhanced data collection to step change Database growth</li> <li>• In-store digital price and promotion labels</li> </ul>
<p><b>Future Supply Chain</b></p>	<ul style="list-style-type: none"> <li>• Future supply chain network design</li> <li>• Express online fulfilment &amp; premium delivery options</li> <li>• Increased North and South Island distribution capability</li> </ul>
<p><b>New Revenues</b></p>	<ul style="list-style-type: none"> <li>• Accelerated new store concept refurbishment plan</li> <li>• New product categories launched direct-to-customer</li> </ul>

<p>Opportunity Assessment</p>	<p><b>45</b> Initiatives Assessed</p>	<p>Solution Design</p>	<p><b>35</b> of 45 Design Complete</p>
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<p>Implementation</p>	<p><b>18</b> of 35 Live</p>	<p>Monitoring &amp; Sustainability</p>	<p><b>13</b> Transitioned to BAU</p>
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# Sustainability – Steps to a better tomorrow

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## 2021 - 2022 Setting the Foundation

Customers' expectations are changing. They want to know whether the organisations they spend their money with care about their footprint on the planet and what they are doing for the community. Creating more transparency on how we do business will benefit our growth and success with New Zealanders, our team and the wider business community by building trust.

- Materiality impact assessment completed
- Supplier ESG review
- Customer research
  - Creating the framework

# Progress & priorities

What we have done / what we will action over the next 12 - 24 months:

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## Progress in 2021/2022

- Materiality assessment complete
- Good progress in increasing Recycling and reducing waste and carbon.
- Sustainability policy approved by the Board
- Joining the sustainable business council
- Internal working groups created



## Our Priorities for the next 12 to 24 months

- Implement the proposed governance framework
- Continue to work with suppliers on joint initiatives
- Build target framework for the next 3 to 5 years
- Prepare data and reporting for new legislation such as TCFD



**REBEL**  
SPORT

**BRISCOES**  
HOMEWARE



**THANK YOU**

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