Chairman’s Address to the Annual General Meeting of Shareholders
18 May 2023

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

On behalf of all your Directors… welcome to the 2023 Annual General Meeting of Briscoe Group. It is a pleasure to be with you… to reflect on the year that was and to set the scene for the immediate future.

As a retail group with a large footprint in New Zealand – across product categories, geographies and trading platforms, and with many thousands of individual customer relationships – Briscoe Group is routinely exposed to developments and trends that affect the social setting and our trading environment.

In recent years we have seen shifts in markets, customer preferences, competitive influences, technology and other factors – and then the effects have been compounded by the additional disruption of a one-in-100-years pandemic.

The general rule has been that challenges evolve and arrive, we address them, and then there are new challenges. I don’t think we see this pattern changing in the near future. But this is not to suggest any sense of complacency, but rather an excitement and disciplined rigour in how the team responds to new challenges.

It is reasonable to say that our business model, and just about every aspect of our operations, have been thoroughly stress-tested by the circumstances of the past few years; and that our results have shown them to be robust, resilient and adaptable.

Our model is founded on being the retailer of choice in the homeware and sporting goods categories, on being easy for our customers to do business with, and on providing a compelling product and service offering with a suite of globally renowned product brands that we continually update and refresh.

We have a deliberate and proven advantage in being in specialised streams of retailing - not a departmental store model which is struggling globally. More critically our two streams, Homewares and Sporting Goods, continue to grow in relevance in all of our day-to-day lives. Rebel Sport is not just for sporting fanatics, it’s about day-to-day fitness, leisure, wellbeing and applies to us all from the very young to the elderly. Our homes and how they reflect our lifestyle and personalities are at the core of our Briscoes Homeware offering.

Complementing that, we have worked with purpose in recent years to build our capability in strategic foresight and planning; to optimise our retail platform; to grow knowledge, resilience and flexibility in our operations; and to nurture the talent and engagement of our people. All of these qualities are now core strengths of the business and are factors in our continuing strong performance. It would be difficult to overstate the importance of this long-term work programme and its influence on our current and future performance.

The 2023 financial year provided a clear reflection of the benefits to date. The changes in retail were ongoing and the disruptions from the pandemic lingered. Add in a deterioration in economic factors, with consequences for consumer confidence and retail spending, and you have a sense of the environment our team was working in. To produce results ahead of last year’s record was a significant achievement.

I want to acknowledge our senior management team for providing the leadership and engagement at the heart of this performance. It is no small achievement to maintain performance and profits at the high level of recent years in an environment that continues to throw up new challenges and pitfalls – and meanwhile to retain focus on the fundamentals of the business and the strategies for future success.

We will be provided with dedicated reviews of the Company's financial performance, strategic development programme, sustainability programme and a couple of more specialised initiatives later in the meeting.

Meanwhile I want to record the Board's appreciation for the efforts of all team members. All have a part to play. We remain very focused on the interests, welfare and development aspirations of our people.

That concludes my initial remarks. At this stage in the meeting, I would like to introduce our Chief Financial Officer, Geoff Scowcroft, to take us through the Group's financials for the 2023 year. Geoff, over to you.

Thanks Geoff.

As Geoff mentioned, the performance of the Company and the strength of its financial position enabled the Board to increase total dividends to 28 cents per share, up 3.7 percent. The Company's dividend policy is to pay out at least 60 percent of Net Profit After Tax when calculated on a full-year basis.

Just as we are pleased to be in a position to reward shareholders for their commitment to the company, we recognise the importance of providing appropriate compensation for the efforts and commitment of our senior management team. Clearly, this is a pillar of the Company's performance, and thus its ability to deliver value to shareholders and other stakeholders. Designated senior executives participate in a Long-Term Incentive Scheme that provides appropriately priced, equity-based remuneration crystallising only on delivery of increased shareholder value. This is in the form of Performance Rights that vest after three years subject to the Company's achievement against growth targets in regard to Total Shareholder Returns and Earnings Per Share. One tranche of Performance Rights was issued under this scheme during the 2023 financial year and it is the Board's intention to issue another during this current year. There is more information on this and other incentive plans in the latest Annual Report. We continue to monitor the relevance of equity-based remuneration schemes and compare our model with others in the marketplace.

I'd like to spend some time, at this point, on the Company's approach to Corporate Governance. I think you will have noticed that Briscoe Group has long been a proponent of high standards in this area, including commitment to best practice, adherence to codes and the retention of a strong focus on relevant issues and developments.

A key feature of good governance is for boards to challenge themselves consistently to ensure the highest levels of service to the companies they represent. We are confident that the Briscoe Group Board meets this obligation and has an excellent balance of the attributes required to meet the future needs of the business; and that the Board and Executive teams are working effectively together and aligned around the business objectives.

Board composition and the importance of directors contributing complementary and diverse skills are important issues taken very seriously by your board. We are a smaller board than many with only five directors including our Executive Managing Director who is also a majority shareholder. It's also appropriate for me to note that as chairman I've been in this role for 22 years.

However, perhaps this makes us more stringent in discussing openly the importance of independence and the assessment of individual and collective performance. As you know later in the meeting we will be seeking your approval for the reappointment of both Tony Batterton & Andy Coupe, both of whom chair our board committees.

Tony rigorously chairs the Audit and Risk Committee and brings a wealth of experience as a company director through his investment interests in relation to both his current company, Evergreen, and previously with Direct Capital. Tony is astute and considered and a most valuable Board member.

Andy is noted for his comprehensive governance and regulatory experience after a career in investment banking and holding a qualification in Law. Andy's leadership as Chair of our HR Committee has been exemplary and added much to our ongoing development and rigour in this area. Andy too is always prepared to challenge views with constructive and insightful opinions.

Mark Callaghan, our third Independent Director, brings to our table extensive FMCG experience both here in NZ and offshore, as both an executive and as a director. Mark's skills are diverse and broad-ranging and combined with his inquisitive and supportive style also plays a valuable role.

Rod's experience needs little additional explanation, but I know I speak for all of us when I emphasise Rod's ongoing commitment to high standards of governance and commitment to independence. There is obviously a cognisance of Rod's shareholding but his commitment to all shareholders is in total alignment with ours.

Rod's energy and quite extraordinary knowledge of retail and his ongoing commitment to our Company's growth and success is exemplary.

And for myself, the commitment that I made last year when I stood for re-election remains as to my belief that I continue to be a valuable contributor to our Board, maintain my independence and provide the appropriate leadership to ensure the ongoing performance of the Board.
A small team but insightful, prepared to challenge views but "play as a team" both as directors but also with our executive team.

Rod's executive team are unquestionably the most cohesive and complementary that I have observed, and I know that is a view shared by all of us as Independent Directors.

In recent years, our approach to good governance has produced a broadening in perspective with a strong focus on Sustainability – in particular, on environmental and social sustainability – supplementing the more traditional and continuing focus on financial and legal matters.

We have had a range of programmes and activities in place for many years – for example, the continuing development and strengthening of employee education and training opportunities and our long-term support for Cure Kids and other causes; but there is an expansion. Your Board sees this as a very necessary and appropriate response to our trading environment and social conditions, and one that identifies opportunity just as readily as it does issues to work on and improve.

We recognise that sustainability is good business practice, enabling us to meet customer and regulatory expectations, mitigate future risks, reduce costs, enhance our brand and reputation, and build a more resilient and adaptable business.

There is a great deal more information on this in the Annual Report and, as I have mentioned, we’ll hear more about some of these initiatives later this morning.

As indicated already, the Board is very pleased with the state of the Company and its operational performance.

We can be confident that the business is well positioned to continue to perform well. It retains the innate capabilities needed to do so – strong and consistent team performance, the strength of its brands and its operating model, supplemented by strategic and operational initiatives that continue to deliver gains in a multitude of ways.

Having said that, there is no doubt that we have entered a phase in which the conditions are not as favourable to growth, and this will have an impact on trading through the current year.
On that note, I invite Rod to present his review of operations in the 2023 financial year and his view of the year ahead.

Chief Financial Officer's Address to the Annual Meeting of Shareholders 18 May 2023

Thanks Rosanne and good morning everyone.

This is the first time for two years I've been able to stand here and talk to you about a year with no lockdowns – We'll have a look at some of the year's highlights this morning but probably worth mentioning that even though there may have been no lockdowns, I don't think it was still what I would call a "normal" year either.

Certainly not Covid-free with the outbreak of Omicron early in the financial year across February and March 2022 and then as the year progressed, deteriorating economic factors straining consumer confidence and certainly consumers' wallets.

Rising interest rates which saw the OCR climb all year from 1.0% back in February 2022 to 4.25% by the end of our financial year, and we know since then up further, to 5.25% announced in April this year. Of course, this then leading to the subsequent inevitable rise in mortgage rates with borrowers coming off 2 and 3% rates now facing 5-6% and maybe even higher.

The rising cost of living and certainly inflation at levels not seen since the 1990s has hit Kiwis pretty hard. Widely reported surge in prices for food, housing and transport all constricting consumer spend across retail sectors.

The relatively weaker New Zealand dollar last year, compared to the year before, also made the costs of importing products into New Zealand a lot more expensive.

So, definitely not a "normal" year.

Let's have a look at some of the high-level areas of the Group's performance that made up the result for the year ended January 2023.

Sales for the year of $786 million, an increase of 5.6% on the $744 million recorded for the previous year.

The year actually started pretty timidly for us on the back of the outbreak of Omicron, which severely impacted foot traffic to malls and stores and while we knew there would be a switch to online we've also learnt from previous experience that that transfer never quite offsets the sales shortfall from stores. So, quarter one returned a positive, albeit pretty modest increase of 1.8% over the previous year's first qtr.

Quarter 2 saw the start, I think, of more of an acceptance in the workplace (and probably also general day-to-day life) that Covid was here to stay and while establishing protocols around work-place best practice was essential, it didn't have to mean drastic changes to normal everyday activity. So, growth of +3.5% recorded for quarter 2, which actually, we weren't too unhappy about. Firstly, because we were seeing a gradual improvement in growth across each of the 3 months of that quarter but also too, in light of deteriorating economic conditions which were becoming more evident, particularly through July 2022, as cost of living increases, including food and fuel price inflation, increasing interest rates and stagnating house prises started to take hold.

So halfway through the year sales up by +2.7%. And in terms of how that translated into bottom-line profit? – Just slightly down on the previous year's record half-year – to $45.6 million from $47.5 million but for the reasons already mentioned – actually, we were ok with this half year result. We also knew how disjointed trading had been in previous years and this meant that the way profit fell across the years moving forward would probably be quite different to what we had experienced during the previous 2 or 3 fragmented years.

A great example of this was our expectations around the Group's second half performance, and particularly the opportunity we saw for quarter 3. If you remember it was the 3rd quarter of the *previous* year which had seen the second major round of enforced lockdowns – especially in Auckland which resulted in Auckland stores being closed from mid-August through to early November 2021.

We knew quarter 3 represented the best opportunity to secure a great full-year result. And by posting a 26.8% increase in sales, that absolutely set a great foundation for us to be able to do that with the final quarter across November, December and January. We also knew that that final quarter would be extremely tough trading-wise as the economic conditions continued to head steadily south in relation to the retail environment and consumer confidence but also too there had been the inevitable surge in sales, in the previous year, as Auckland stores, in particular, came out of lockdown.

The result? – slightly down on the previous year's 4th quarter but more importantly, for the 2nd half - an 8.3% increase… and as we saw earlier, the overall 5.6% increase to $786 million for the full-year sales.

Let's talk briefly about online sales.
Last year we looked at the impact of what 2 years of varying degrees of lockdowns had done to step-change the uptake of online shopping. A huge surge, as consumers were effectively forced to become more familiar and trust that online shopping was a viable alternative. So, in a more "normal" year without lockdowns what did we see?

Actually, a plateauing as we expected but probably at a slightly higher level than we had anticipated. Year ended January 2023 finished with year-to-date online mix at just on 19% and a continuation of which we're seeing in this current year as well.

So, a big step-change for online and one which looks likely to remain. It's certainly a crucial part of our business now generating around $150 million in sales, and a really exciting area which we continue to invest in, with both front and back-end initiatives.

One of the most challenging areas for retailers at the moment is the management of gross profit. Most retailers saw margins expand across the 2 years of lockdowns and we were no exception, although our significant 633 basis point increase across those 2 years was as much about our own internal initiatives, the work done with KPMG, and how we construct and analyse promotional activity - as it was about riding the Covid wave.

However, without question, margin pressure is evident - and has been for some time as the impacts of the economic downturn, as well as increased costs in relation to the supply of goods is being felt. Our goal is to protect as much of those gains as possible. Last year Gross profit closed at 44.0%, down 174 basis points from the high of 45.8%.

And we don't underestimate the challenge ahead for this year in relation to gross profit either. As per our most recent sales release (for the first quarter) we're currently looking for this year to show that the Group can protect around half of that 633 basis points gained during the 2 years ended January 2021 and 2022.

Let's talk about costs and the ongoing challenges with them.

Our focus on costs is as critical and as acute as ever with cost pressures evident across every part of the business. Distribution, labour and security just to name a few. A relatively weaker New Zealand dollar obviously doesn't do us any favours either in relation to product cost. The labour market remains tight and for the second successive year we increased store wages by 7%. Across a 3-year window our lowest hourly rate has increased 22%.

The widely reported explosion in crime against retailers is a real concern across the entire retail sector. Over the last two years the Group has suffered around 7 ram raids and at least another 12 significant break-ins causing substantial property damage and stock loss. There's also an ever-increasing level of abuse and aggressive behaviour our team have to endure. Last year we booked an additional $1million of security expenses as a result of this increased level of criminal activity. This is before we even consider the at least $3 million worth of product that finds its way out of the store without being paid for – every year.

In response, we have increased our loss prevention capital investment and accelerated the roll out of initiatives such as license plate recognition, concrete bench bollards, in-store duress buttons, monitored external cameras and upgraded internal security camera systems to name a few. Additional initiatives such as Facial Recognition even though controversial, will become increasingly sort after as retailers look to protect their businesses as best they can. And when I say protect, I'm referring first and foremost to our team who have to face this behaviour day-in day-out, their safety and wellbeing is obviously paramount.

It's probably worth briefly outlining how the Group manages risk overall. We have a formal process for identifying and managing key risks which ultimately falls under the umbrella of the Board's Audit and Risk Committee, but effectively day-to-day risk identification and management is via a separate management Risk Committee. This process reviews and updates a formal risk matrix. Significant risks are discussed at Board meetings and actions needed to mitigate them are identified and delivered. There is more information in the Annual Report, and I would certainly encourage you to review that.

The Group's balance sheet remains very 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 the store network with the completion of 10 full-store refurbishments during the year. Inventory remains a key area and while we did close the year lower than the previous year, work in this area never stops.

For the full year, a Net Profit after Tax of $88.4 million, only slightly higher than the year before, but still - a new record profit.

In closing, we all know that retail is cyclical and it's probably fair to say that currently we're moving through a tough part of that cycle. We aren't under any illusions about just how difficult it is currently and probably for a while yet too - but what we can be certain of is how well placed the Group is in terms of the great team we have within the Group, the resources at its disposal and also in terms of the initiatives in place to ride that cycle.

Managing Director's Address to the Annual Meeting of Shareholders
18 May 2023

Thanks Rosanne.

I'd like to add my welcome to this annual meeting and thank you all for joining us. It's a real pleasure to reflect on what was another great year for the Company – and I also look forward to discussion, as I'm sure you will have questions and comments to raise.

I want to start by endorsing the Chair's comments. Our performance testifies to the strengths of the business model and the dedication of what is an incredibly talented team. These attributes are the result of years of diligent effort, and we continue to work to protect and enhance them. We recognise that we have a lot of work still ahead of us, and of course we will never be satisfied. Retail is such a competitive and dynamic business.

Geoff has provided a good review of the trading results and key financials. Let me add a few comments on issues of particular note.

The disruptions arising from Covid-19 were less influential – thank goodness – and there was a deterioration in economic factors including cost of living increases, higher interest rates, a weaker New Zealand dollar and falling house prices, with a growing effect on consumer sentiment from the second quarter onward. At the same time, we faced the need to manage increases in operational costs and the cost of goods sold, with resulting stress on margins.

Given such a trading environment, we were delighted to have produced another full year record for both sales and profits.

Once again, our growth reflected the adaptability and resilience of our total trading platform – the store network, the online platforms, and the click-and-collect and supply chain functions.

The shifts in the trading environment were reflected in margins. As you know, a very strong programme of actions to enhance margins has resulted in strong gains over recent years. In the latest year gross margin dollars increased again but gross margin percentage declined. This is the result of pressure from the economic downturn and the consequent tightening of the retail sector as individual players squeeze their margins to remain competitive.

We continue to work to protect as much as possible of the 633 basis points gained in gross margin across the years ended January 2021 and January 2022. The benefits from our work programme are continuing, and I do think it was an excellent result to close this year 174 basis points below last year. For clarity… that's 459 basis points better than the level for the January 2020 year – Pre-Covid.

Margin pressure is, however, ongoing, and I reiterate Geoff's sentiment - that we do not underestimate the challenge ahead in protecting those earlier gains.

We had allowed inventories to increase in the January 2022 year, to a level consistent with the need to maintain stock availability in an environment of continuing supply chain disruptions. This provided significant trading advantages at that time. The reduction in inventory in the latest year reflected some easing in those conditions, along with a relentless focus to ensure that cost pressures and the possible impact of inventory on margins were managed properly.

While the value of inventory decreased around 1%, the volume fell by around 11%. In the changing conditions, as we enter a more subdued retail cycle than we have seen for a number of years, this lower level of inventory is where the advantage lies. Initiatives in regard to inventory ordering include refining how, when and what we purchase. We are also improving other metrics such as in-store availability, slow moving items and stock obsolescence. All are critical to optimising our inventory management and protecting the gross margin.

A final point on the financials… Our strong balance sheet remains a critical advantage to the Company as it underpins our continued investment in the factors that drive performance.

We speak a lot about the strength of our team. The leadership, strategic focus and commitment to performance I see across the Company is truly impressive.

Our management and operational team structure is based on the needs of the business. 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. These leaders are supported by the work of our store and online fulfilment teams.

Team members across the company participate in education, training and welfare courses that provide mutual benefit to the Company and to the individuals involved. Our continued investment in these initiatives is an important source of competitive strength and advantage. This investment takes many forms – including a bespoke Management and Leadership programme, support for other advanced tertiary studies and support for vocational learning. We also have internally and externally-supported training in a range of job-focused areas including health and safety, along with more general education on wellbeing and mental health. In regard to the latter, we intend to integrate this into our core management and development programme.

Our focus on team member welfare, support, education, training and engagement has been progressing for several years. It's no surprise to me that this focus has grown participation in our team member engagement surveys. I'm confident that it's also reflected in the consistent improvement in Net Promoter Score, or NPS, which measures customer satisfaction and is no doubt strongly influenced by the way team members feel about and perform in their roles. If I were to summarise the effect in a few words, I would say there has been a clear impact on performance – and as I've already mentioned, the benefits to each individual are also significant.

Whatever the economic conditions and other considerations, the evolution and improvement of our store network is a constant. Our stores remain a key driver of growth and success, in conjunction with the growth of online trading. The 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 forward.

Despite the difficult trading conditions and constraints on team availability, we progressed a significant number of store development projects during the year. Ten refurbishments were completed during the year.

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.

Growth continued in our online business and we continued to invest in developing both the front-end and back-end platforms.

We saw in Geoff's presentation that online revenue was 18.97% of total Group sales for the year. While this was below the previous year's level, achieved during a period of enforced store shutdowns, it was still considerably higher than the pre-Covid level of around 11%. There has been a global trend in which the balance between store and online trading is shifting back slightly to store trading, which doesn't seem surprising as we emerge from the intense early phases of the pandemic.

Our online team implemented a number of developments to enhance performance during the year. These included:

- a new product embellishment system to ensure there is great product content displayed online
- the global tool *Fit Analytics*, which ensures that customers can select the right garment size across all our sports apparel brands
- same-day Click & Collect.
- enhanced fulfilment processes to increase the speed of picking online orders
- improved order routing logic to optimise the speed of order for the customer.

What I'd like to do now is ask Nick and Darren to provide a bit more depth on two important topics – our in-store programme and our supply chain initiative.

I've already set the scene for the in-store programme. In regard to supply chain, the project is a review of our requirements for the next decade, taking account of current and future state scenarios, automation, warehouse management and distribution centre design. Once finalised and approved, this will represent a significant initiative for the Group to action across the next two-to-three years.

I'll hand you over now to Nick Turner, our General Manager Retail Operations & Property

Thanks Nick and Darren for that great update.

We will move at this point to another programme that has occupied a lot of time and focus, with excellent results, over the past few years.

You have heard a number of references to our strategy programme, and I think we have made it clear that we see this as critical to protecting and enhancing the Company's foundations for growth.

Initiatives in the latest year arising directly from the strategy programme included:

- the ongoing introduction of expanded Direct-To-Customer (drop-ship) ranges online, whereby products are shipped direct from suppliers to customers
- continued development of our personalised database communication tool (Emarsys)
- e-receipts capability rolled out across all of stores
- the start of in-store trials for electronic shelf labelling.
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There is a big-picture story behind this programme and I think you will find it of interest, so I am going to ask our Chief Operating Officer, Andrew Scott, to take you through it. This is also an opportunity to hear more detail on our Sustainability programme, which occupies the same forward-looking perspective.

Over to you Andrew.

Thanks Andrew – another really interesting presentation.

The year ahead

It remains for me at this point to provide an up-to-date perspective on the operating environment and the Group's prospects for the year that is now under way.

As noted in the Annual Report, we expect New Zealand retail in general to remain highly sensitive to deteriorating economic conditions, customer sentiment, cost pressures and higher interest rates, along with political uncertainty in what is an election year.
We do not underestimate how challenging the trading environment could be and we continue to expect it will be difficult for the Group to replicate the record profit for the year just completed.

As reported earlier this month, our first quarter sales were $181.2 million, 2.82% higher than the $176.2 million achieved for the corresponding period last year. Homeware sales increased by 2.85% and sporting goods sales by 2.78%. This was a pleasing performance given the level of uncertainty over consumer confidence and retail spending.

I believe can be very confident that our internal performance will remain strong, and we will continue to build the foundations for future growth. The Group has a proven history of navigating successfully through challenging times.

Thanks to the strength of our business model, the outstanding performance of our team, and benefits from the various programmes you have heard about today, the Group will continue to rise to the challenges faced during this current year and beyond.

General Manager Operations and Property's Address to the Annual Meeting of Shareholders 18 May 2023

"**Another big year for our digital and physical storefronts".**

We've had another huge year delivering initiatives on our digital and physical store fronts. Firstly, on the physical stores. Significant progress continues to be made through our store refurbishment programme. Last year, 6x Briscoes Homeware stores and 8x Rebel Sport stores were comprehensively refurbished including:

- Briscoes and Rebel Sport Botany, Albany, Dunedin, Whangarei, and Te Rapa at the Base. We also completed Briscoes in Salisbury Street Christchurch, and 3x standalone Rebel Sport stores in Gisborne, Tauranga, and Taupo.

Key elements of refurbishments are:

- polished flooring with hard floor accent areas. The floors are easier for the team to clean, reflect much more light, and modernise the in-store experience.
- redesigned fixtures for a better utilization of space and height, allowing more powerful visual merchandising, increased stock volumes on the floor, and a more aesthetically pleasing presentation as customers are drawn through the store.
- energy efficient high lux output LED lighting. The high-quality fittings we've selected reduce power consumption, produce less heat, therefore reduce our building ventilation/cooling costs, and significantly reduce our maintenance costs.
- Large, bright, backlit, colourful graphics throughout the stores have made a significant difference to the in-store livery. Calling out our key brands with lifestyle imagery along with supporting our key customer care messaging in store has dramatically lifted the overall look and feel.
- lastly, upgraded joinery has personalised key customer touch points such as larger fitting rooms with backlit mirrors and increased circulation space for a more relaxed experience. Updated counters allow each customer their own space – again improving the circulation space making the final element of the instore journey more personalised and relaxed.

Last year we upgraded a further 15x stores lighting platforms to the latest LED technology as part of our initiative to lower power consumption and annual maintenance costs.

Looking ahead, we have a solid programme of work underway this year to deliver 7x fully refurbished stores. In April we opened two new stores at Ashburton, which relocated the existing Briscoes into brand new purpose designed premises and introduced our newest Rebel Sport store to this catchment.

Our ongoing refurbishment program will ensure our physical stores remain modern, energetic, complement our digital offering, fit for multi-channel delivery, and reflective of the quality international brands we sell.

"Operational Enhancements"

While we've been refurbishing the physical stores, we've also been focused on delivering new initiatives to support the digital store fronts and better support our team. Embracing innovation has allowed us to work smarter. We're handling greater online order volumes, we're handling them faster, more productively, and have achieved an increase in team satisfaction plus improvements in customer delivery speeds and options.

There have been several initiatives covering our online fulfilment tools. Taking an innovative approach, we have been targeting efficiency, speed to customer, freight reduction, carbon footprint reduction, and an improved overall customer experience.

Examples of just a few initiatives in this space are introducing branded satchels, rolling out same day click and collect, optimising picking logic and rules, and improving order routing logic across the network. All of which have made picking faster by increasing the number of units we can pick per labour hour, while reducing freight costs and time to customer through the design of more complex but logical freight rules. The results are impressive - last year we halved our dispatch preparation speed compared to the year prior.

During the year we introduced tableau dashboards and restyled reports for store managers. Tableau is a central tool for all the data and analytical needs for the retail network. We've rolled out mobile label printers so the team can do more while on the floor. We launched an On Shelf Availability Tool to reduce out-of-stock situations and maximise sales, and we introduced club sign-up/ digital receipts in store at the point of sale to grow our database and increase our customer value lifecycle.

There is plenty more to come with a full pipeline of work this year. A few examples of future work already in development are fully mobilising all steps within our picking and shipping processes which will remove friction for our team and allow further efficiencies. We're creating additional picking tools, further improving picking and routing logic, we intend to introduce new express shipping options, and we will launch online self-service returns for customers.

"Electronic Shelf Labels"

This year we have a significant initiative under trial. Electronic Shelf Labelling has been setup in 8x stores, Briscoes Homeware and Rebel Sport Mt Roskill, St Lukes, Palmerston North, and Papanui in Christchurch.

We expect to see sales conversion improve by making the price of product more transparent.

We expect sustainability improvements through less printing of sale ticketing, and a reduction in team effort when setting up sale events in-store.

We're currently testing and learning the best way to install, optimize placement, determine operational best practice, and to test conversion.

We intend to spend most of this year trialing and learning and are excited by the opportunity and future initiatives electronic shelf edge labelling can provide for the Group.

General Manager Supply Chain's Address to the Annual Meeting of Shareholders 18 May 2023

We are building a network to support our long-term growth.

Today our suppliers ship direct to stores and our customers on-line orders are fulfilled by our stores.

In our future state we will have two distribution centres (DC's) shipping a mix of imported and locally supplied goods to our stores. We will also fulfil a portion of our on-line orders from our DCs.

- This two DC model reduces inter-island transport, lowers emissions and our domestic transport spend
- It allows us to split imported product to flow directly into each island's DC
- We are building the ability to support direct to store and via DC flows from local suppliers
- We will be capable of operating a DC bypass program where local suppliers send containers of imported product direct from their overseas supply point to our DCs, bypassing their local warehouses saving cost and emissions for Briscoe Group and our suppliers

We have designed our future north island DC to accommodate our future stock flows over a 10-year capacity horizon. We expect some re-configuration will be required to enable a capacity increase in second half of that timeframe.

- The DC will be sized to handle 3.5 x the cubic volume, 15 x the units and 25 x the active SKUs compared to our current DC

- It will have a storage capacity of around 14,000 pallet positions and 25,000 totes

- Systems and facility layout designed to support multiple flows:
    - Pick of oversized items from pallet racking
    - Pick of large cartons from shelving
    - Pick of smaller items or individual units from an automated storage and retrieval system
    - Cross-dock of imported product from container to outbound bypassing storage

- We will make appropriate use of automation to enable:
    - Goods to person picking of small items and individual units, eliminating travel time from the picking process
    - Carton building, labelling and carton closure
    - Outbound cartons will be sorted by store for pallet building in a store-friendly format

- The North Island DC will be run with a modern warehouse management system, allowing us to improve our efficiency and accuracy in the following areas:
    - Inbound processing with RF scanning
    - Put away of stock with RF scanning
    - Move of inventory with RF scanning
    - Picking of larger items using suitable mix of RF or voice
    - Transport lane management with RF scanning

This two DC network, will help us on our journey to net carbon zero by:

- Reducing inter-island transport moves
- Reducing transport legs from individual suppliers to our stores by moving them via our two DC's and consolidating for transport to store
- Supporting a DC bypass program reducing local transport and handling of inventory upstream in our supply chain

The North Island DC will include the following green features:

- Solar power generation
- Roof-water capture
- LED lighting with lux and movement sensors
- Efficient electric fork hoist fleet
- EV charging capability
- Modern and efficient pallet wrappers minimising shrink wrap use

Chief Operating Officer's Address to the Annual Meeting of Shareholders 18 May 2023

Good Morning

It is great to be here today to provide an update on our strategic plan and our increasing focus on Sustainability.

Our strategic plan was formulated at the beginning of 2020, just as Covid 19 hit us. The fact that we have delivered over 65 projects during the past three years is a testament to the quality of our teams. The majority of our projects are now fully embedded and part of our standard operations.

The strategic plan has delivered in all three key pillars as shown on screen, it has delivered a wide range of improvements from tactical efficiencies, data driven decision making tools, to longer term multiyear foundational programmes like our supply chain developments.

As you have heard from Nick we have made some fantastic progress on our key customer priority areas. The step change in store and online experience and customer service has raised the bar for retail for us in New Zealand.

The New Supply Chain developments as outline by Darren will be a fundamental enabler for improving the flow of inventory to our stores. It will provide benefits in many areas including, Sales and Margin growth, efficiencies in store and also free up space to sell new product categories – This project that will provide a platform for the next decades growth and is very exciting indeed.

Our final area of focus in growing new revenues. This stream of work has increased in momentum significantly in the past year. The current sales run rate on our direct to customer range is building every month. Due to the products being delivered by the suppliers to customers, we incur a very low cost, therefore delivering profit ahead of the group benchmark.

Just this week we have surpassed our target and now have over 60 suppliers live. This is a mixture of both existing and new suppliers, both in New Zealand and in Australia. Now that we have proven the processes with our Australian suppliers, this could be extended to other overseas suppliers, for example in Europe or the US.

This new channel is a low-risk platform for testing new product categories and extending our brand leverage across new product opportunities.

A tightening retail market will be challenging however it also proving to open up new supplier opportunities as they look for more secure and reliable retail partners. With our strong financial performance we are a very attractive option for New suppliers.

Our target over the coming years will be to grow the mix of Direct to customer sales and in parallel use this channel to identify new product categories that can be rolled out to the existing stores.

Looking forward to the year Ahead

Alongside the work that Nick and Darren have outlined we will also:

- Complete the business case and start the planning for the North Island Distribution Centre
- Pilot the new WMS system in our existing Distribution Centre
- Further refine our approach to our customer VIP Clubs - testing strategies to drive increased lifetime value including the new functionality of multi-channel customer led vouchers.
- We will continue to Optimise the Electronic price and promotion labels and look for ways to deliver more value.
- Implementing Premium delivery options for our online business and an enhanced returns processing.
- Fully embed our new product information management tool to drive enriched online content.
- Identify new supply partners to drive footfall and incremental sales.

Another area of key focus in the year ahead is our sustainability programme “Steps to a better tomorrow”.

Having completed our materiality assessment back end of 2022 we are clear on the areas that customers are expecting more from us.

The recent kantar research (shown on screen) highlights that the majority of NZ consumers are looking for New Zealand business to do more, with consumers changing their behaviours based on the sustainability features of product ranges and the retailers sustainability commitments.

With over 50% of New Zealand consumers saying that they chose products from companies that try to do the right thing.

In response to the increasing consumer focus on Sustainability we have made good progress in the last 12 months we have:

- Engaged with sustainability experts including, Lee Stewart, KPMG and Verisio to widen our knowledge and understanding. By leveraging their experiences, we can tailor a programme of initiatives that fit for our organisation and that will deliver for our customers and team.
- Continued the roll out of electric forklift trucks.
- Had a big focus on waste reduction.
- Increased our positive impact on communities with another record year of Cure Kids donations.
- Worked closely with our supply partners to increase supplier audit compliance.

Our focus for the coming 12 months will be:

- Preparing for our first Climate related disclosure which will be due this time next year.
- Working with Verisio to map our supply chain and further embed ethical audits program.
- A continued focus on Waste reduction initiatives to reduce waste going to landfill.
- Setting emission and waste reduction targets supported by detailed delivery roadmaps.
- Continuing to invest in the development of our team, through development of our talent and also initiatives that focus on improving their physical and mental wellbeing.
- Working with our partners to increase our positive impact in our communities through our work with Cure kids, the pass it forward and our work in grass roots sports.

Later in the year we will provide an update on our plans, commitments and detailed targets that we will strive to deliver over the next 3 to 5 years.

BRISCOE GROUP LIMITED

Year Ended
29 January 2023

PROXIES

	For	Discretion	Against	Total Votes (% of issued capital)
Resolution 1	**9,280,699**	**982,866**	**7,028**	**10,270,593**
	90.36%	9.57%	0.07%	4.61%
Resolution 2	**9,258,629**	**982,866**	**29,026**	**10,270,521**
	90.15%	9.57%	0.28%	4.61%
Resolution 3	**9,264,427**	**986,866**	**15,036**	**10,266,329**
	90.24%	9.61%	0.15%	4.61%

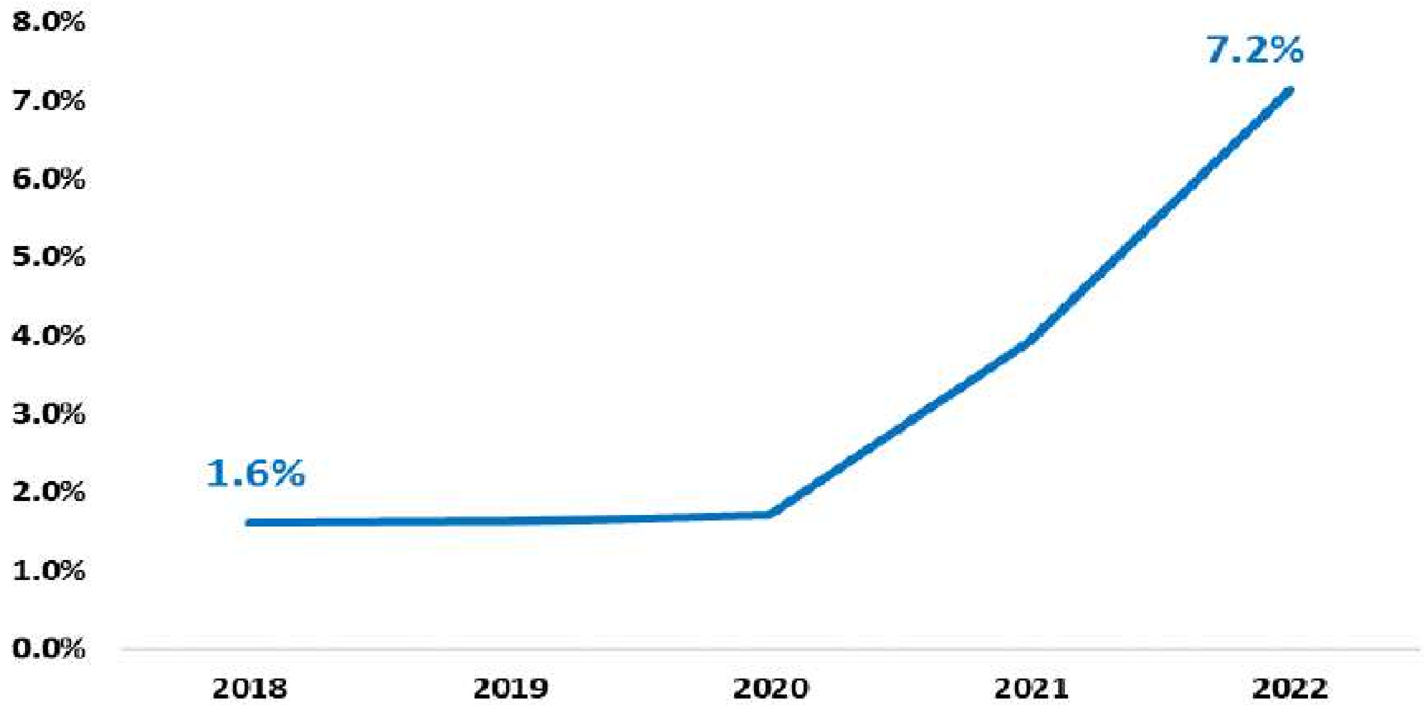
BRISCOE GROUP LIMITED

Year Ended
29 January 2023

OCR (%)

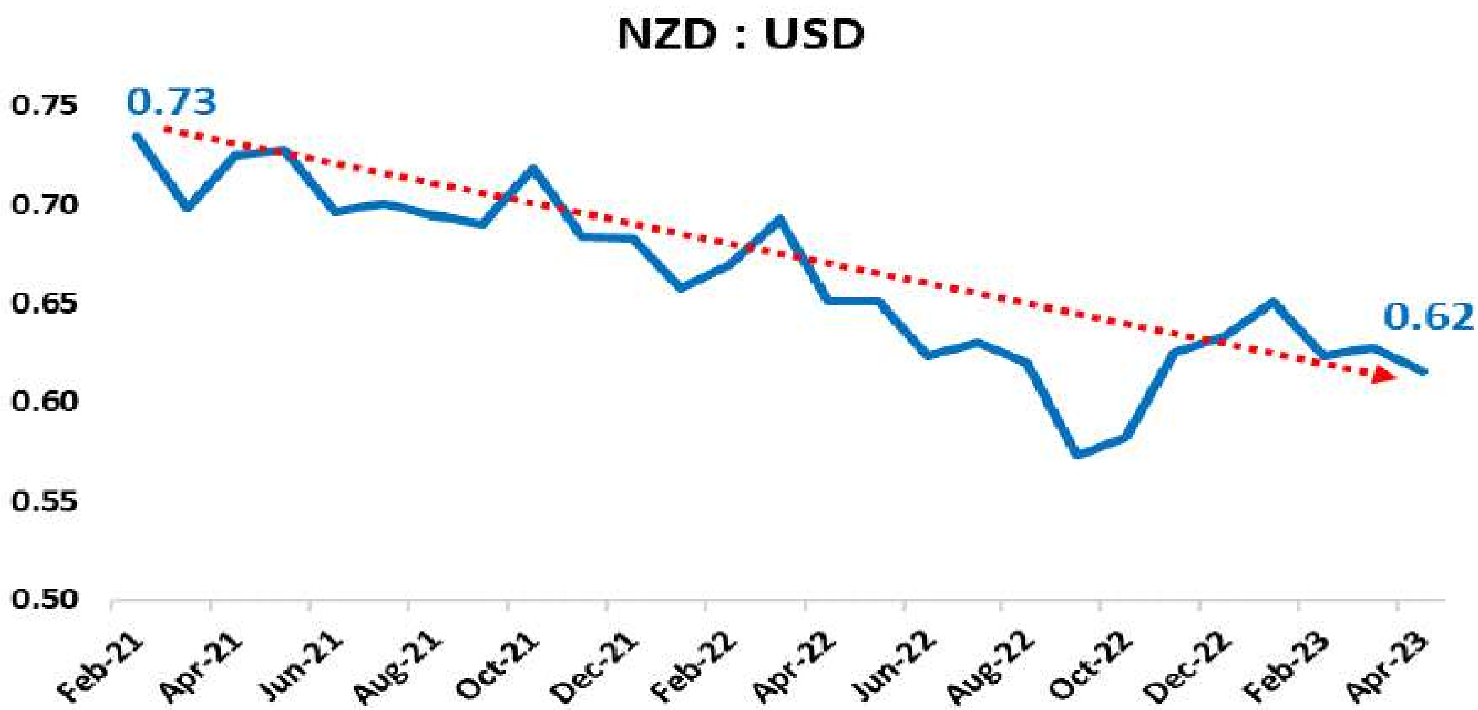
Source: rbnz.govt.nz

INFLATION (%)



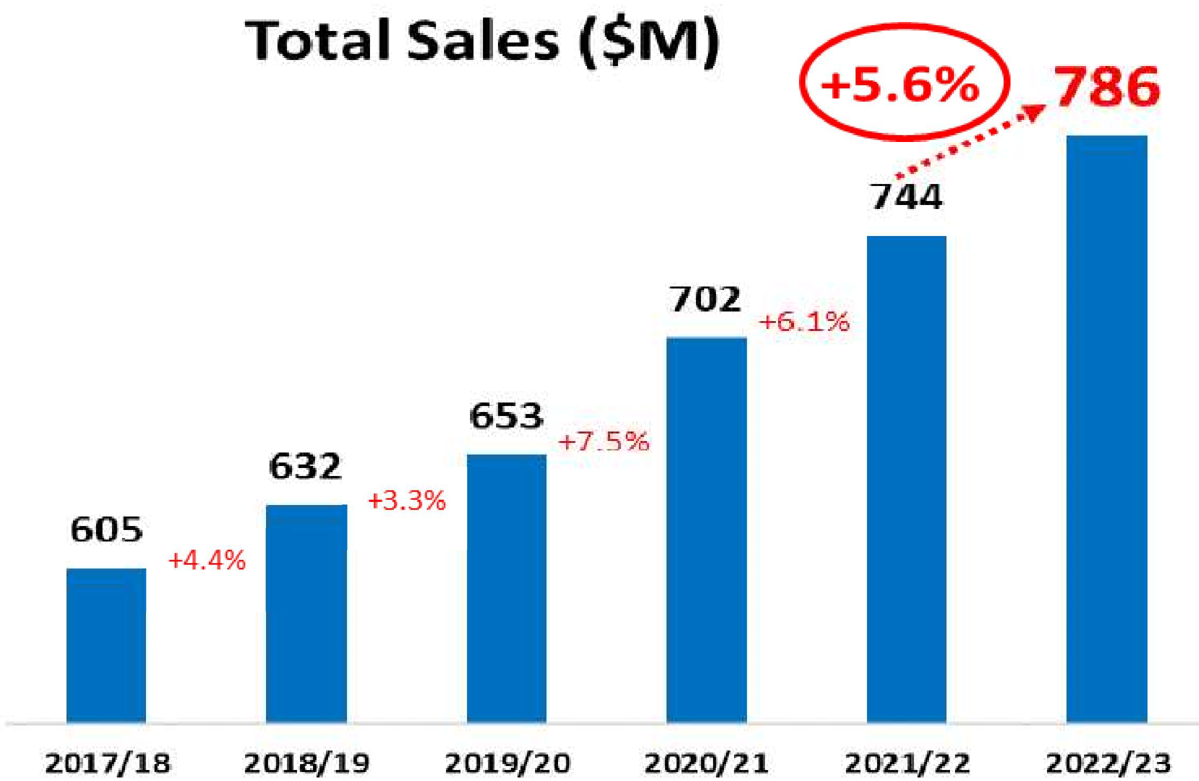
Source: rbnz.govt.nz

NZD : USD



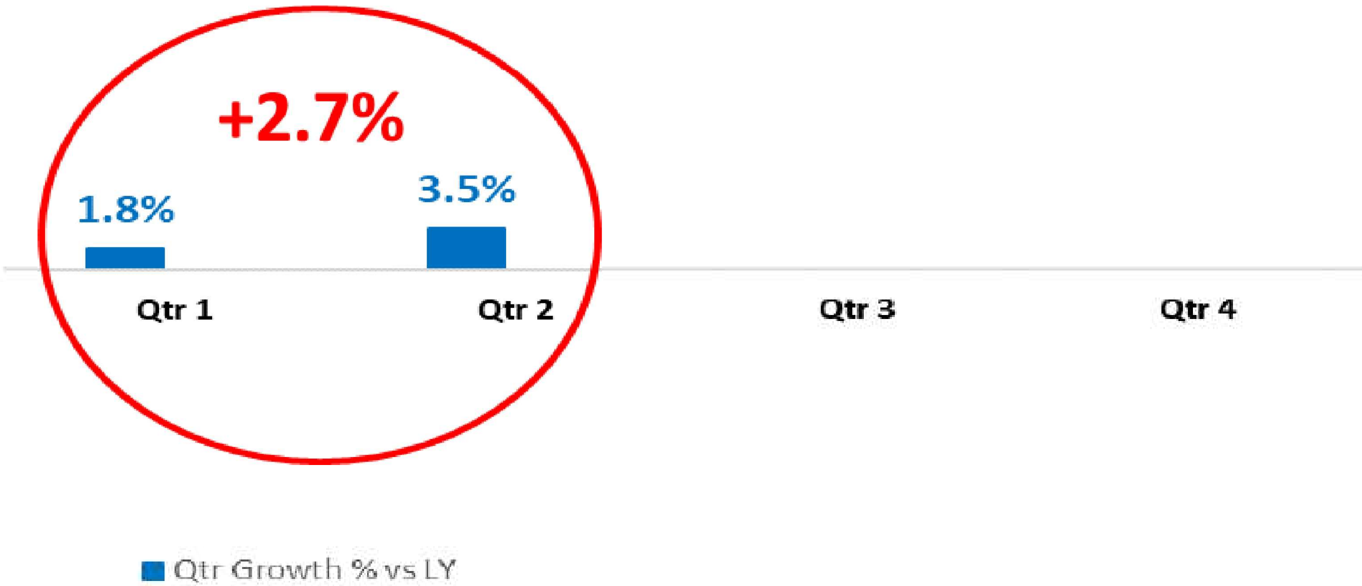
Source: bnz

TOTAL SALES ($M)

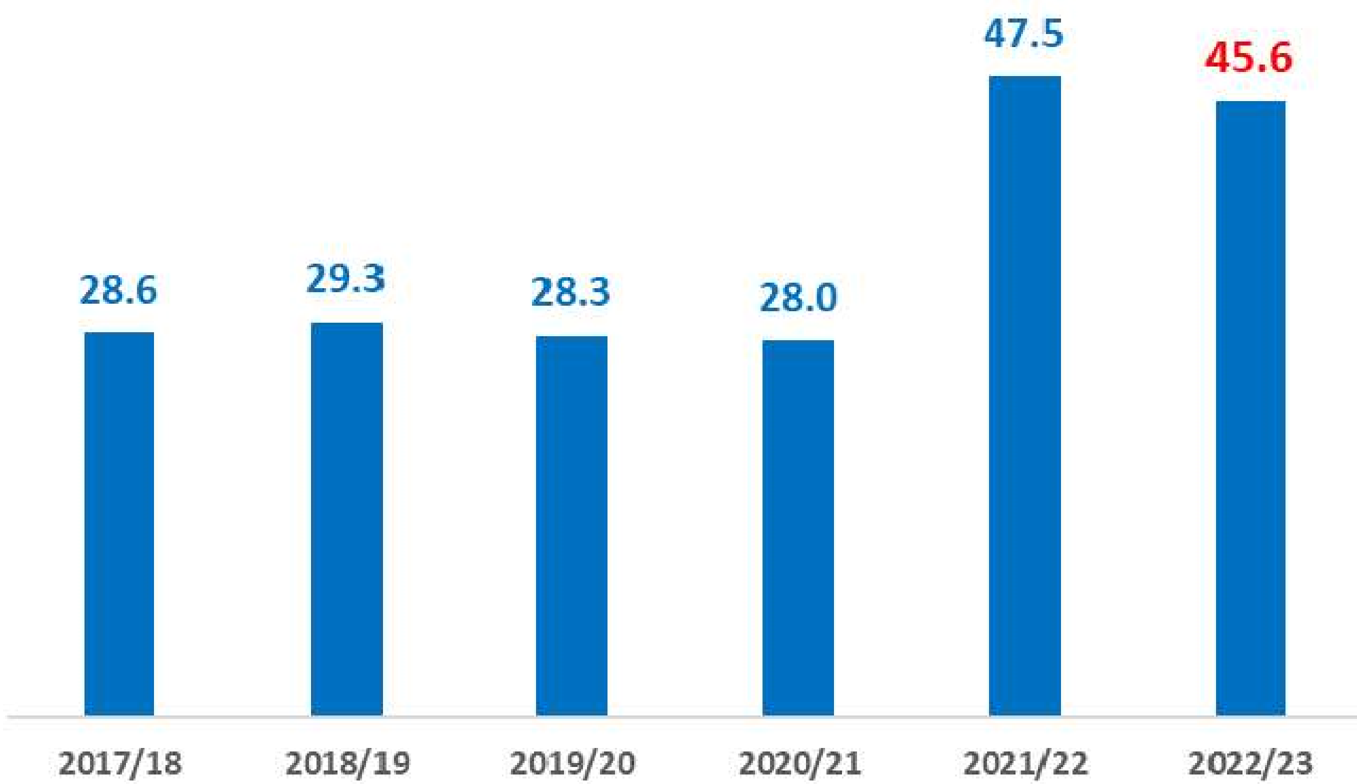


QUARTERLY SALES GROWTH

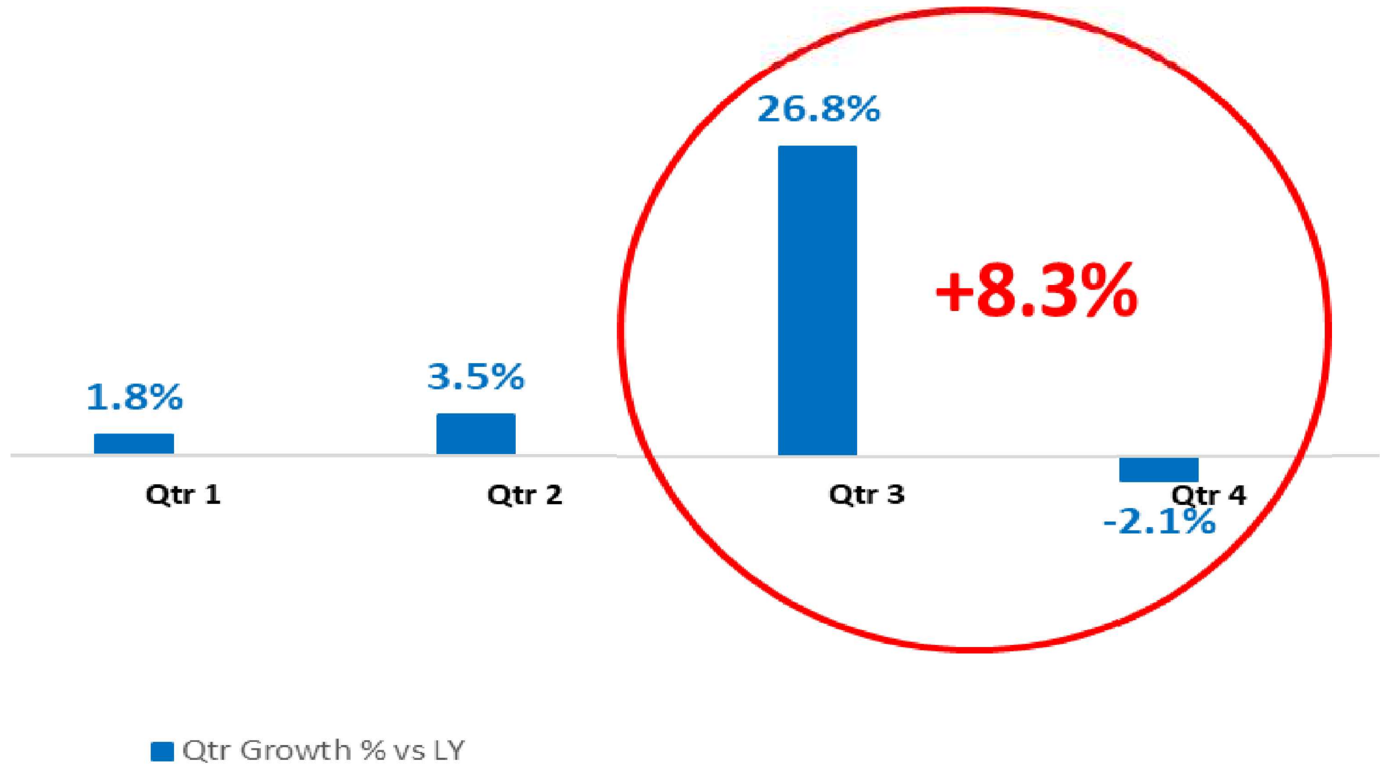
BRISCOE GROUP LIMITED



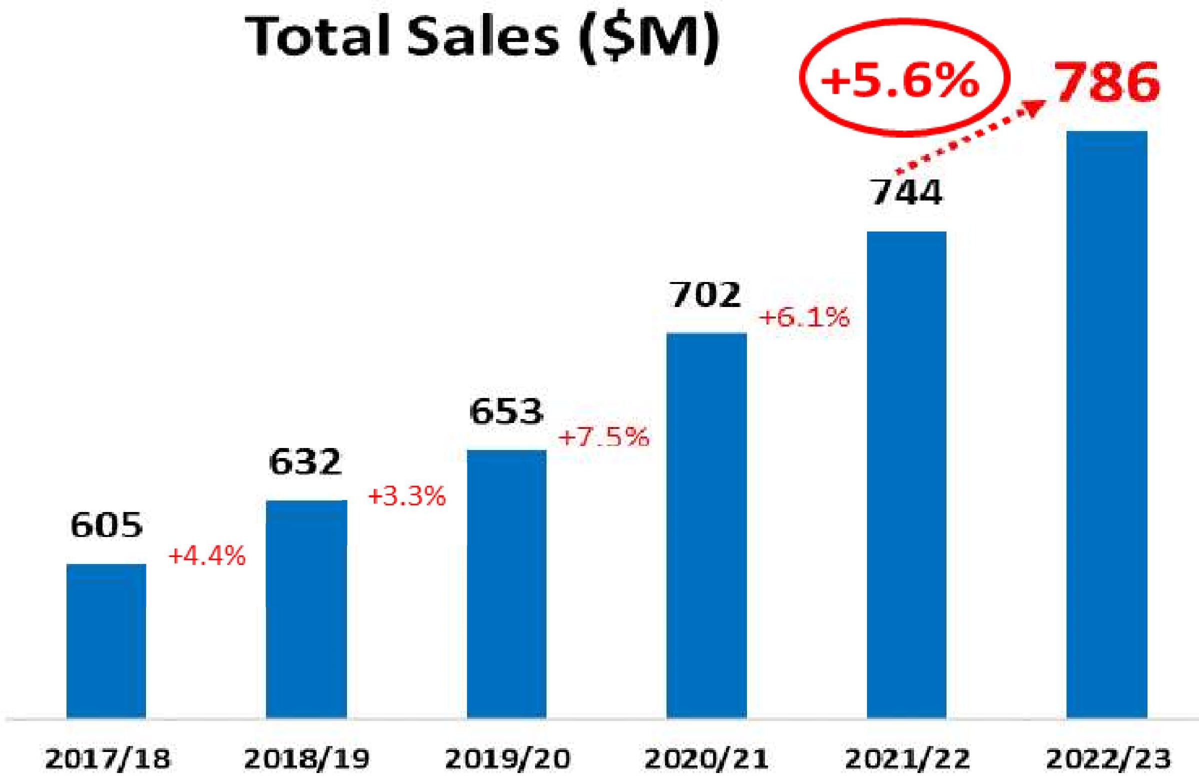
HALF-YEAR NPAT ($M)



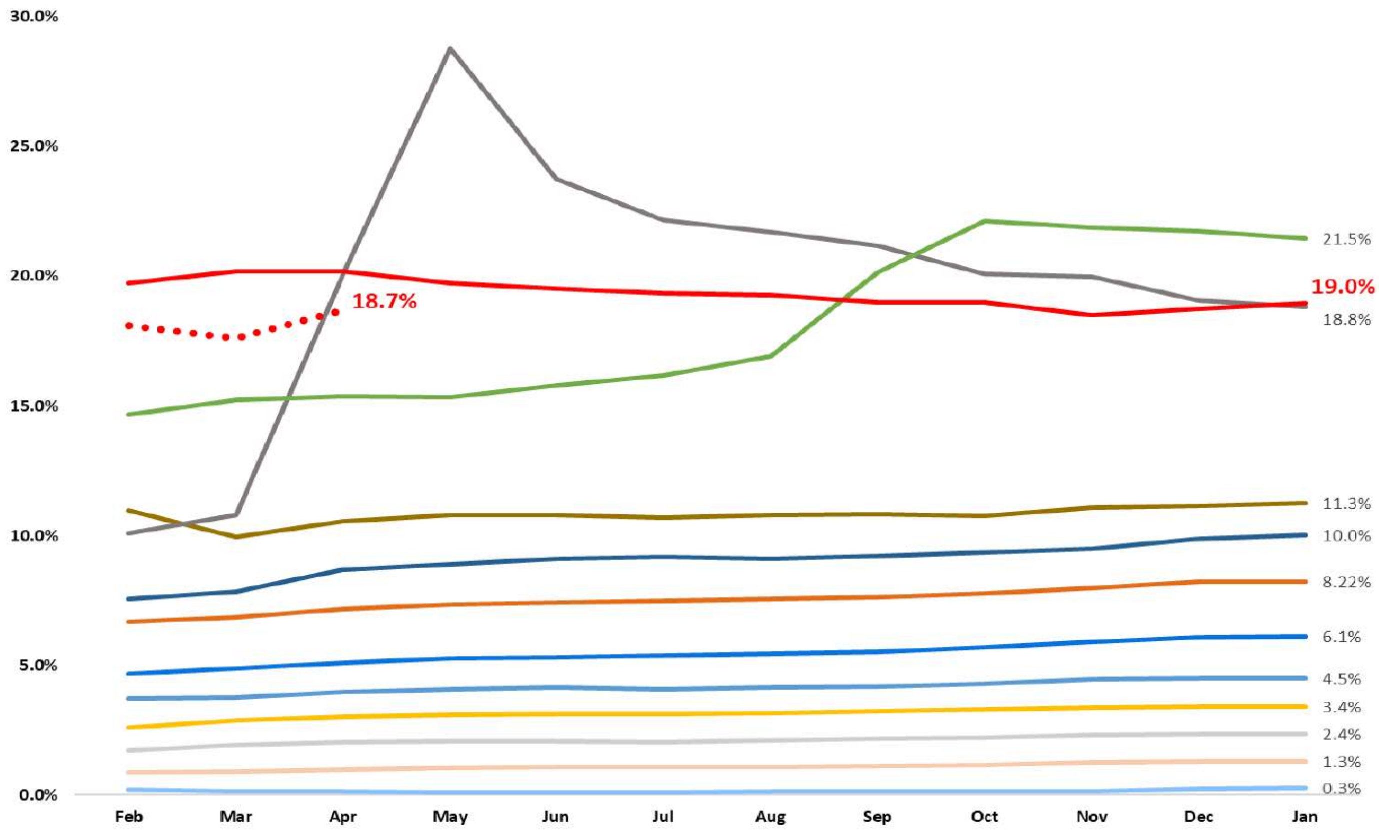
QUARTERLY SALES GROWTH



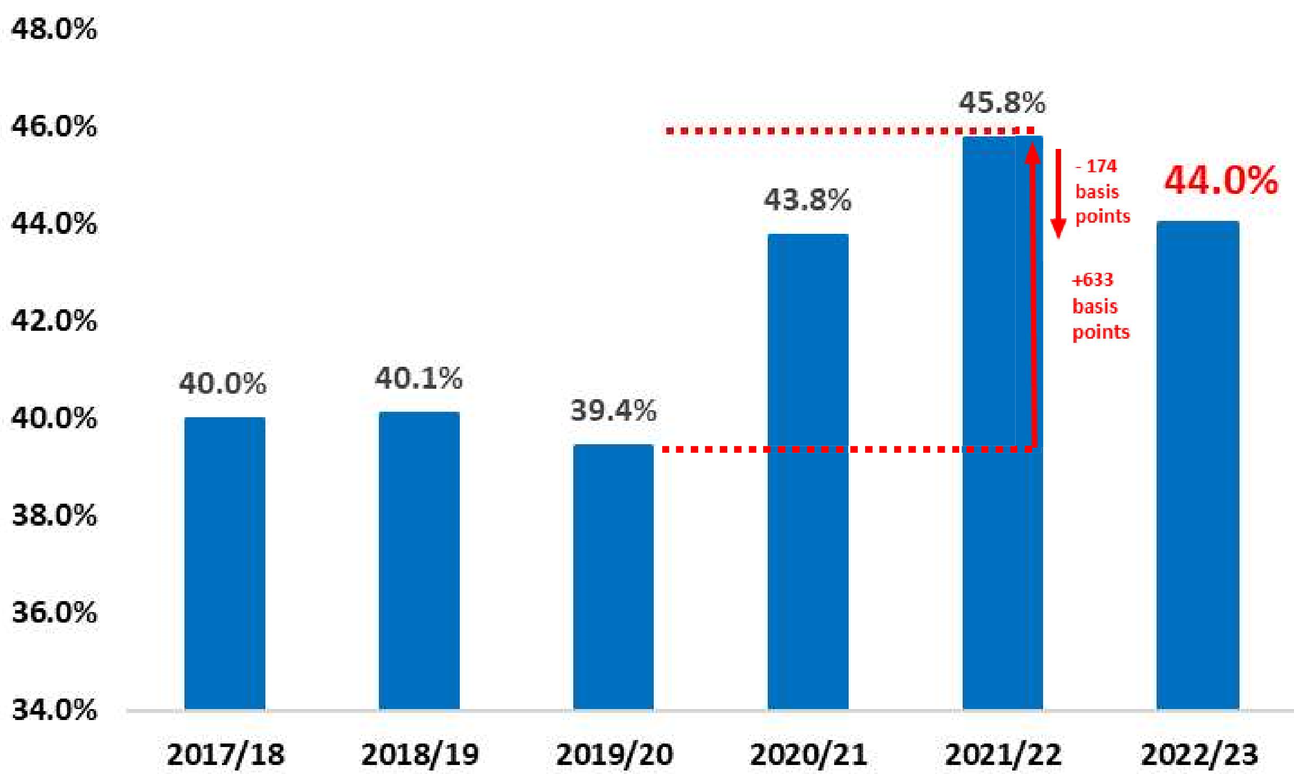
TOTAL SALES ($M)



ONLINE SALES – YTD MIX



GROSS PROFIT MARGIN %



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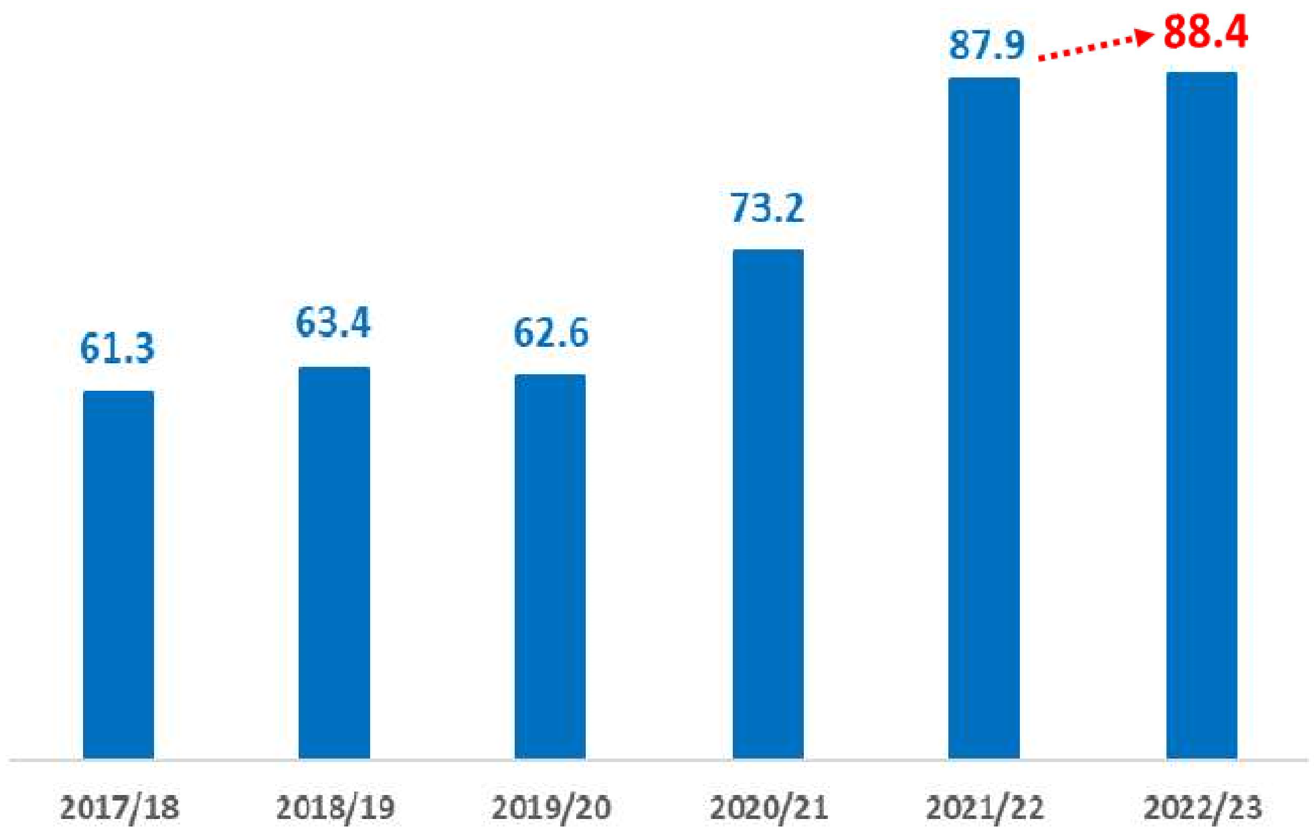
FULL YEAR NPAT ($M)



Another big year for our digital & physical storefronts


REBEL
SPORT
BRISCOES
HOMEWARE
we'll beat it by 10%*

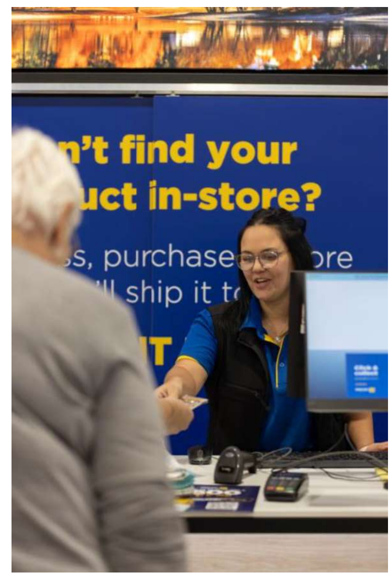
STORE REFURBISHMENTS

BRISCOE GROUP LIMITED

STRATEGIC GOALS

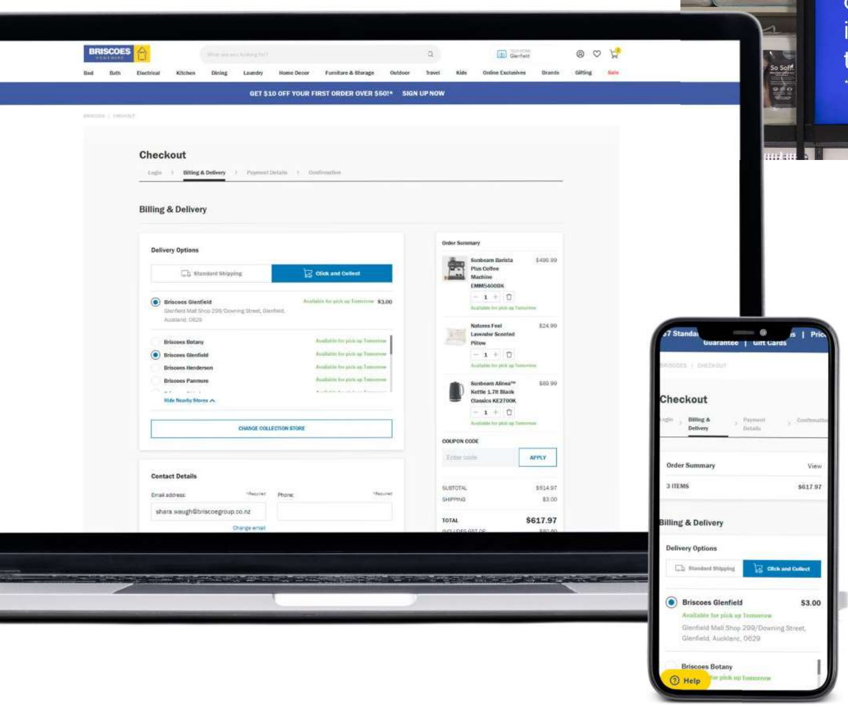
- ✓ Significant progress
- ✓ Dual store refurbishments in Botany, Albany, Dunedin, Te Rapa, & Whangarei
- ✓ Refurbishments in Briscoes Christchurch, Rebel Gisborne, Rebel Tauranga, and Rebel Taupo
- ✓ 15x lighting platforms upgraded to LED
- ✓ Solid programme of work underway this year
- ✓ Ashburton Briscoes and Rebel opened in April 2023

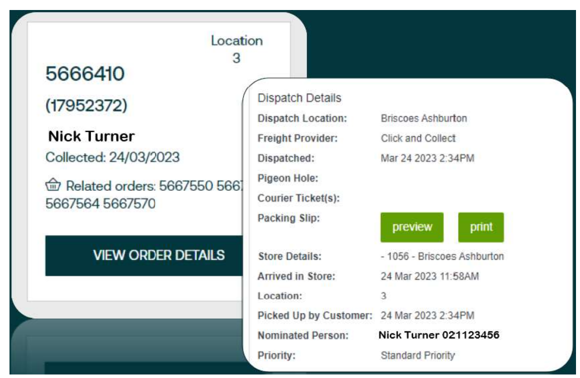
Our refurbishment program will ensure our physical stores remain modern, energetic, complement our digital offering, are fit for multi-channel delivery, and reflective of the quality international brands we sell



OPERATIONAL ENHANCEMENTS

OUR ACHIEVEMENTS





Embracing Innovation

More productive
Handling greater volumes
Faster picking & dispatch

Smarter Logic

Reduction in freight costs
Improved sustainability
Faster deliveries

Empower the Team

Working smarter
Highlighting opportunities
Improving engagement

ELECTRONIC SHELF PRICE LABELS

OUR ACHIEVEMENTS

- ✓ Electronic Shelf Labels are being trialled at 8x stores across the country
- ✓ Make the price transparent
- ✓ Convert additional sales
- ✓ Sustainability improvements through a reduction in marketing material
- ✓ More efficient sale execution
- ✓ Trial underway to learn best operating practices, test conversion
- ✓ Initial feedback from our teams and our customers very positive

Future Supply chain – Building a network to support long term growth

FUTURE SUPPLY CHAIN

THE BRISCOE GROUP SUPPLY CHAIN of the future will be a modern, fit for purpose, technology enabled supply chain – driven by appropriate industry recognised processes, performance measures and standards.

BRISCOE GROUP LIMITED

CURRENT STATE

Suppliers send Direct to Store

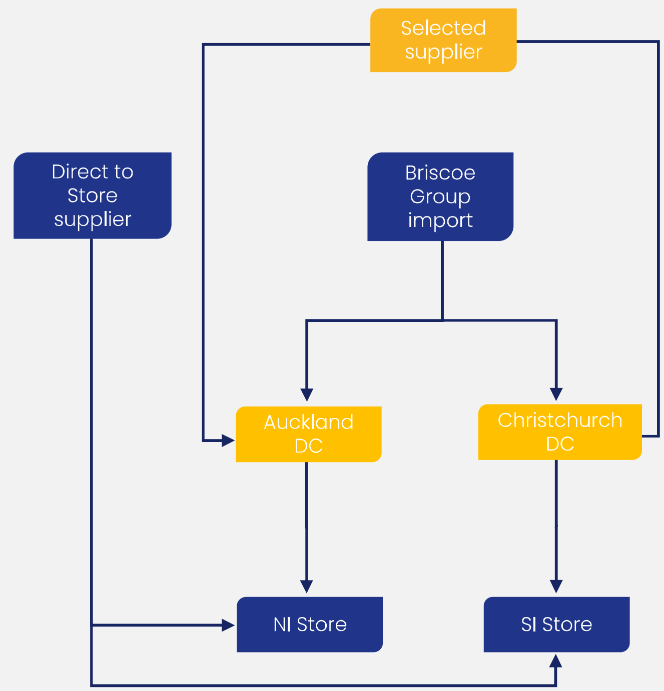
Stores fulfil all customer orders

Representing suppliers

FUTURE STATE

Key suppliers send to two DCs and combined consignments sent to stores

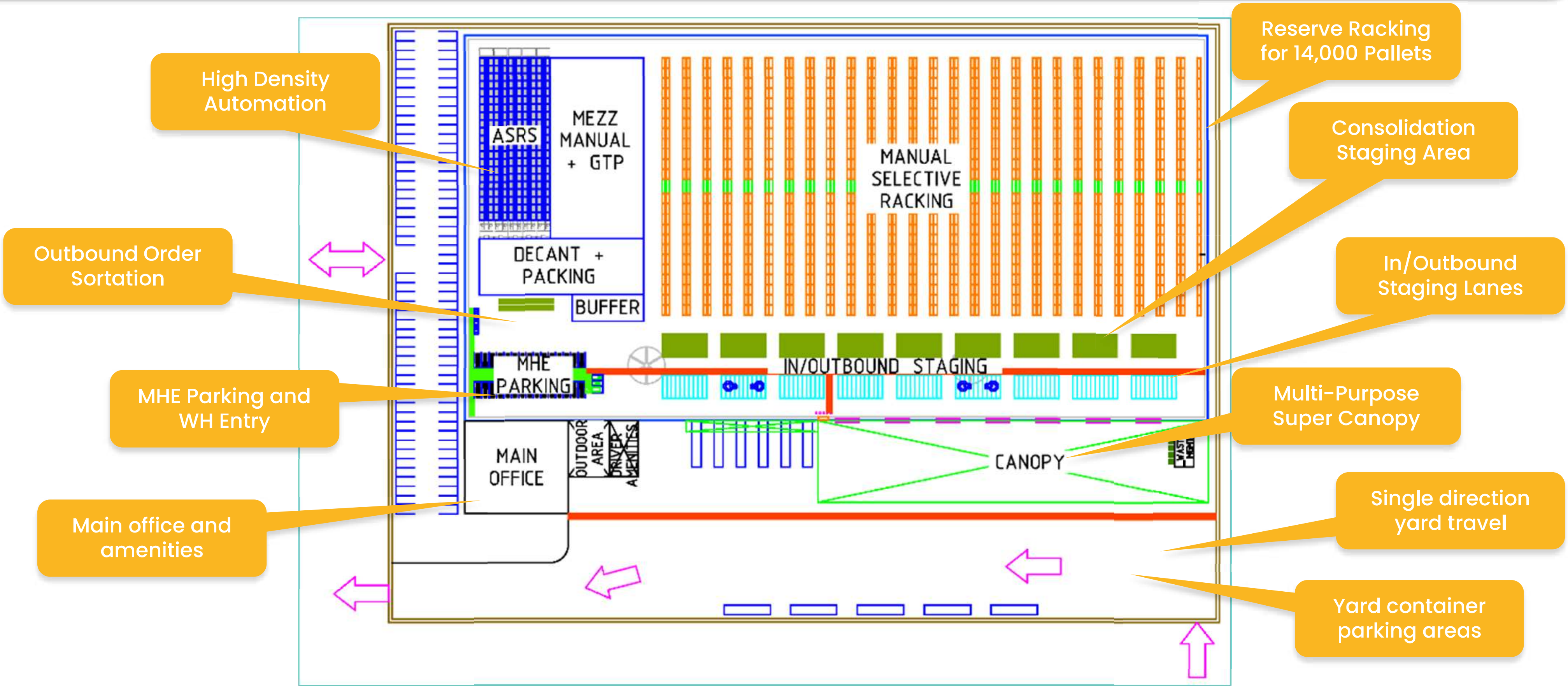
Hybrid web fulfilment model – stores and Web DCs send to customers



In the future the Briscoe Group network will have DCs in Auckland and Christchurch that both receive, store and process import product and product from key suppliers, consolidating this into consignments to stores.

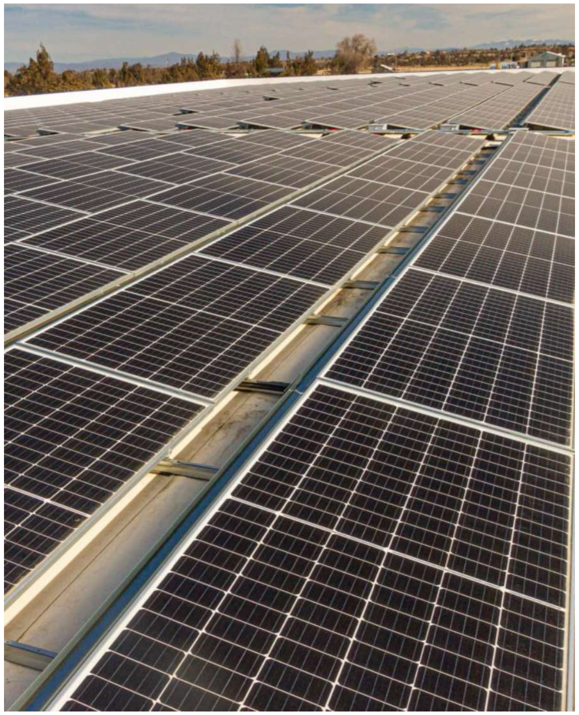
NORTH ISLAND DC

OUR NEW NORTH ISLAND DC **Will be sized to accommodate future flows with a 10-year capacity horizon**



SUSTAINABLE SUPPLY CHAIN

OUR FUTURE SUPPLY CHAIN is supporting our journey to net carbon zero



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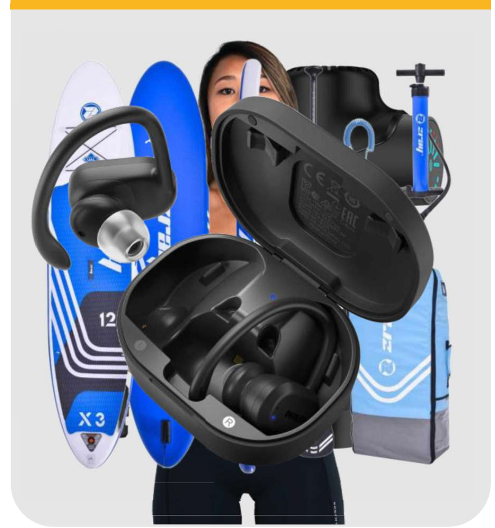
Strategy & Sustainability Update

Strategic Plan now embedded and delivering ahead of expectations

CUSTOMER

SUPPLY CHAIN

NEW REVENUES

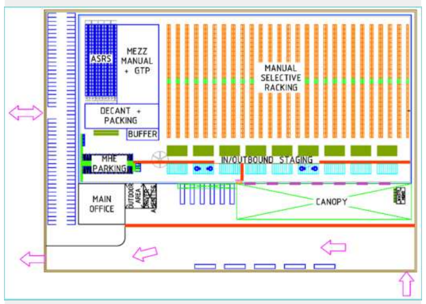


Strong Core Business

Robust Trading focus, High Team engagement, Growing Customer LTV, Strategic initiatives embedded, Solid Balance sheet

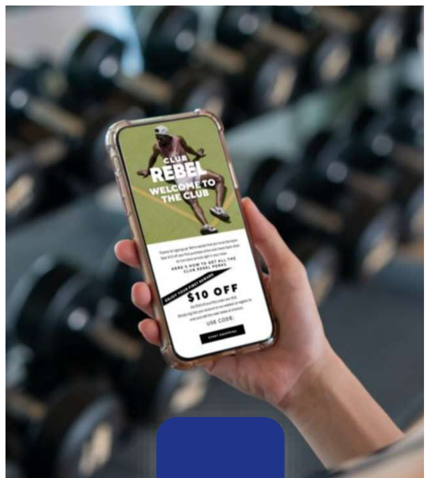
The year ahead - Strategic plan deliverables

BRISCOE
GROUP LIMITED



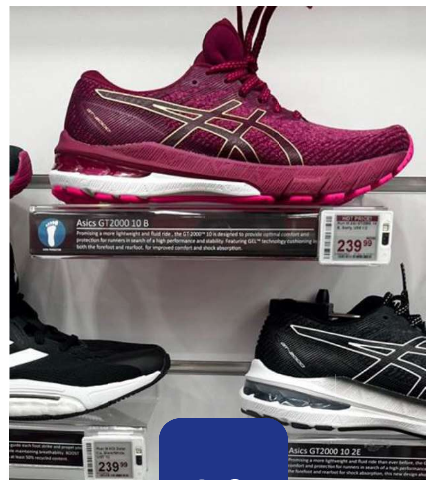
01.

Implement the new WMS system - Commence the NI DC development



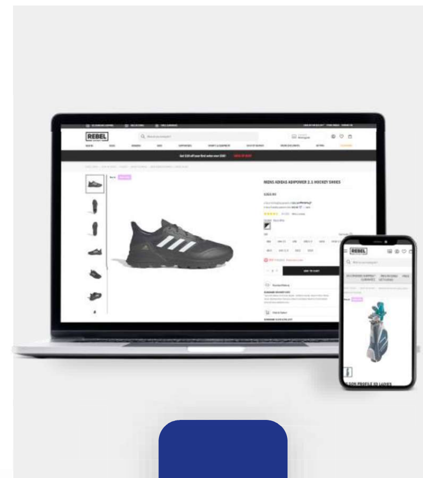
02.

Further optimization of our VIP club Strategy



03.

Drive increased value from the Electronic shelf edge labels.



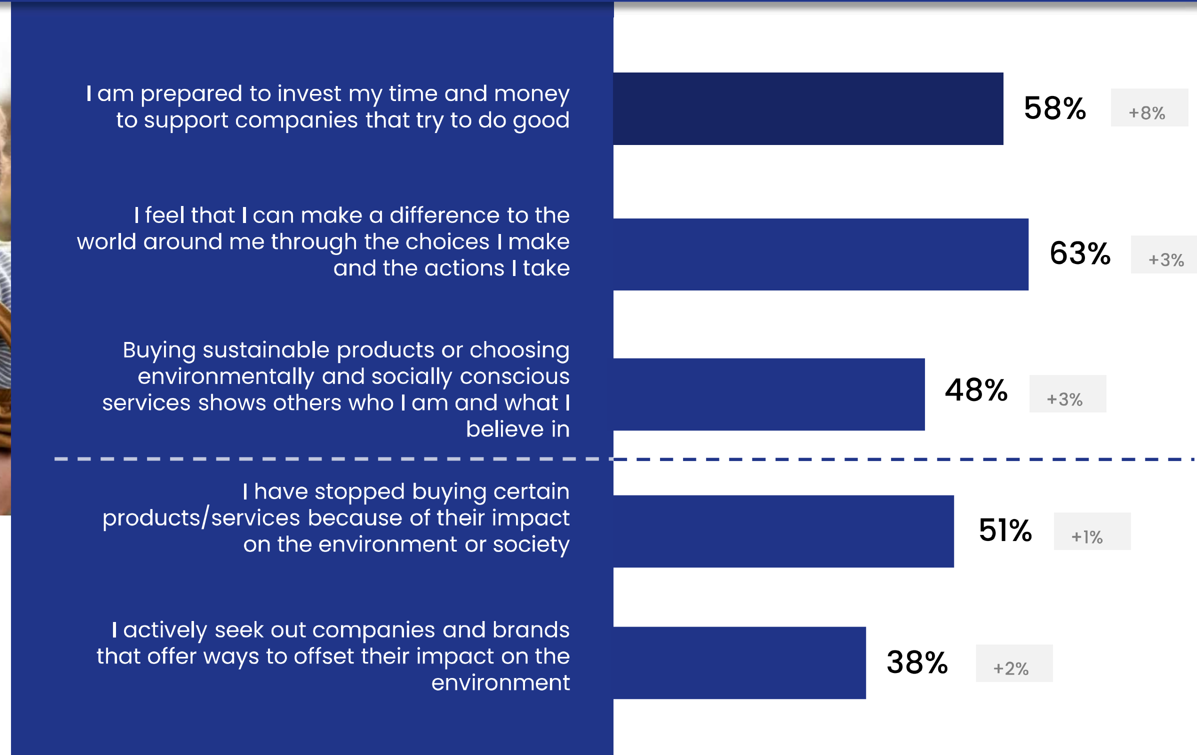
04.

Step Change Direct to Customer Sales growth – Both New Zealand and International Suppliers

Rise of the Conscious Consumer in NZ

BRISCOE GROUP LIMITED

MONITORED OVER THE LAST 14 YEARS issues New Zealanders care most about



Q: To what extent do you agree with the following statements? (Top 2 box – Agree and Strongly agree) Base: 1000

SUSTAINABILITY – OUR RESPONSE TO RISING CONSUMER PREFERENCES

STRATEGIC GOALS

BRISCOE GROUP LIMITED

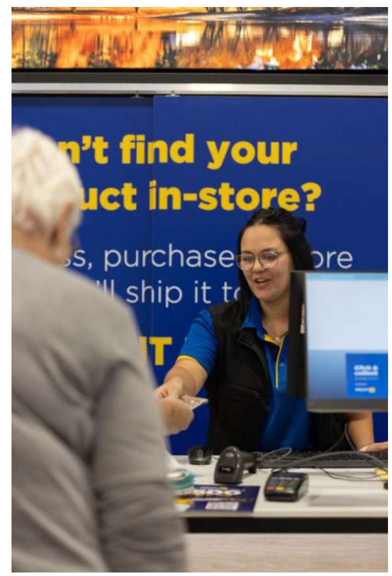
- ✓ Engaging Sustainability industry experts including Lee Stewart, KPMG and Verisio.
- ✓ Further Electrification of our forklift truck fleet
- ✓ Internal education programs on the importance of waste reduction
- ✓ Increased community engagement with a record year of Cure Kids donations and Pass It Forward
- ✓ Increased investment in our team with Leadership development and mental health awareness
- ✓ Further investment in supply partnerships

SUSTAINABILITY – COMMITMENTS FOR THE YEAR AHEAD

BRISCOE GROUP LIMITED

STRATEGIC GOALS

- ✓ Prepare for our first Climate related disclosure early 2024
- ✓ Implement global standardized audits with our overseas suppliers and supply chain partners
- ✓ Set emissions and waste reduction targets, supported by detailed delivery roadmaps
- ✓ Continue to invest heavily in our team including initiatives to drive physical and mental wellbeing
- ✓ Increase our positive impact on our local communities through our partnerships with Cure Kids, Pass it forward and grass roots sport.



BRISCOE GROUP LIMITED

Thank You