



## **Board Chair's Address to the Annual Meeting of Shareholders 16 May 2024**

Good morning everybody... On behalf of the whole Board, welcome to the 2024 Annual Meeting of Briscoe Group Limited. It's a pleasure to have so many shareholders, colleagues and friends with us today as we look back on 2023/24 and then forward to the current and future years.

In our latest Annual Report we commented on how the economic environment had produced a retail backdrop which was slow or even static for the whole of the 2023/24 year. This simply emphasises the strength of the Group's performance which was delivered for that year.

Of interest to us was an OECD report published last week depicting a slightly more positive outlook accompanied by some interesting commentary on the latest OECD Economic Survey of New Zealand. It reports that New Zealand's economy is steadily rebalancing after a post-COVID-19 period of overheating followed by weak growth. Economic growth is slowly picking up and inflation is easing. Lower inflation is expected to improve real incomes and economic growth in 2025. Quoting the OECD chief economist, "Reforms to improve education outcomes, competition, and climate mitigation and adaptation are needed to support sustained growth and underpin better living standards for New Zealanders across society".

I think these comments do bear emphasising as essential to an understanding of the year gone by and the results achieved in that context. It is no mean feat to have traded through a year of that nature and achieved results that, as reported, are at near-record levels.

However, we do not underestimate either, that it will continue to be a challenging environment both in economic performance and consumer sentiment.

It also emphasises why the strategic initiatives and the day-to-day innovations of our teams are so critical to our performance.

Our strategic change programme to drive the company for continued success has been refreshed and as you will hear from our from Rod and the team this morning, we believe that the company is indeed well positioned for continued success.

Our performance, even as recently as our first quarter results up to 28<sup>th</sup> April 2024, speaks directly to the resilience of the company, its management team and the support they receive from others throughout the business. That resilience is an attribute we have sought to 'build in' through the many changes, innovations and strategic adjustments made over recent years. It can be seen to be paying off at this point and it is something that the Board recognises and values highly.

Yes, all retailers of all stripes are finding it tough. We have spoken to you quite a lot over the past few years about different challenges faced by retailers including new entrants to the NZ market - mostly multinational in scope and underpinned by massive capital bases and purchasing power. We've talked about... cost inflation; rapid shifts in media; changing consumer preferences and expectations; But we also acknowledge that in focussing on many of these changes we have made the fantastic gains in our online business, product

sourcing and purchasing and also initiatives such as direct to customer and changes in our media and marketing.

You will hear more in relation to our strategy programme and the work that has been achieved in this area but what continues to drive and impress us as your Board, is the company's strategic mantra that unequivocally we must ensure that our customers consistently have the best retail experience in New Zealand.

As reported in the Annual Report, we have plans to make a significant investment in a new North Island distribution centre and Rod and Darren will be sharing with you more detail of this transformational project that will deliver a range of very significant improvements in our operations. This is our largest capital expenditure in our history and reflects again the merit of our "conservative" balance sheet which I'm sure we'll hear about from Geoff soon.

As in previous years, I express the Board's heartfelt thanks to our people – individuals and in teams – for their work towards the continued success of the company in what has been a very testing environment.

The presentations to come will cover all aspects of the year's trading performance and financial results, our strategy and sustainability programme, major projects and, finally, our view of prospects going forward.

First up, our Chief Financial Officer, Geoff Scowcroft, will take us through the Group's financials for the latest year.

Geoff, the floor is yours.

[On conclusion of Geoff's presentation]

Thanks Geoff.

The Board was pleased to be in a position to not only maintain the annual dividend but increase it to a rate of 29 cents per share, an increase of 3.57%, with increased interim and final dividends of 12.5 cents and 16.5 cents respectively. That is, of course, a direct result of the robust trading performance.

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.

The commitment and quality of our senior management team is a key driver of the Group's performance and thus value.

Designated senior executives participate in a Long-Term Incentive Scheme designed to provide appropriate reward for past performance and, just as importantly, incentivise future performance.

The Long-Term Incentive Scheme provides access to 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 for Total Shareholder Returns and Earnings Per Share.

There was one tranche of Performance Rights issued under this scheme during the 2024 financial year and it is the Board's intention to issue another during the current year.

As in every year, the Annual Report contains more information on this and other incentive plans.

Given today's meeting is the keystone occasion in our corporate governance timetable it's fitting to provide some reflections on how the Board approaches its responsibilities in this area and how we work as a team.

You'll be hearing from Rod the emphasis that is placed on working as a team at every level of the Company. As a Board we often comment on the sense of team one feels throughout the executive team, whether it's Nick as General Manager Operations working with his Zone and Business Managers, Aston working in the company-wide integration of his HR team or Isabel and the many initiatives her team has implemented. And it's this same sense of team that forms the premise of our work as a Board.

You will be hearing shortly from Andrew, Nick and Darren and will, I'm sure appreciate their contribution.

In brief terms, our governance framework is based on the best practice principles and underlying recommendations set out in the NZX Corporate Governance Code.

Our principles and Codes govern Ethical behaviour, Board composition and performance, Board committees, Reporting and disclosure, Remuneration, Risk management, Auditors, and Shareholder rights and relations.

Our Board Charter sets out the respective roles, responsibilities, composition and structure of the Board and senior management. The Board meets monthly and as required, and in the meantime delivers the specific workstreams assigned to its sub-committees – Audit & Risk and Human Resources.

The internal structure and performance of the Board itself is also a key area of focus and under frequent review. We believe the Board is appropriately qualified and skilled for the responsibilities it carries and the work it undertakes.

You will be aware from the Notice of Meeting that we are seeking an increase to the Directors Fee pool at today's meeting. The last increase to the Pool was made 3 years ago at the 2021 Annual Meeting when the pool was increased to \$400,000.

The Directors believe that three key factors have changed since the fees were last approved by shareholders:

- a) continued growth in size and complexity of the Company
- b) increased workload and responsibility in relation to board sub-committees; and
- c) market remuneration trends.

The increase of \$44,000 sought this year comprises two distinct components. The first in relation to an increase in base fees for both the Chair and Non-Executive directors and represents a 7.5% increase to the Pool. The second is in relation to the need for additional sub-committee members for both the Audit & Risk Committee and the HR Committee. As a relatively small Board this decision reflects the time and broadening scope of responsibilities in monitoring and assessing business compliance and performance.

Later in the meeting we will come to the election of Directors per medium of the formal schedule for retirements. Mark Callaghan and I have come to the end of our terms and each of us has opted to stand for re-election. I will reserve discussion on our roles and contribution within the Board until we reach that point in the agenda, but I should mention at this time that, as noted in the Annual Report, if re-elected this will be my final term.

Our Sustainability programme has become comprehensive, and we will be given a detailed review as a separate part of today's agenda. I intend to keep my comments on this very important topic necessarily brief, but I do want to provide an overview and highlight some key elements of progress before I move on.

Our Sustainability strategy is embedded into our corporate strategy. It has four key pillars: Governance, Community, Our People, and the Environment. We have taken the approach that it was necessary to build the strategy – and the policies and programmes that will advance it – over time and with the benefit of extensive consultation, learning, consideration and well-informed action. To continue the building analogy, we have now reached the point where solid foundations have been laid and the walls are going up – the programme we have is well-defined, produces constructive and achievable action points and has strong support from the Board, the management group and our operational teams. The action programme is under way and there is a great deal to report to you.

A notable feature of this year's Annual Report was our inaugural climate-related disclosures, prepared in accordance with the New Zealand standards. This is now required under New Zealand law and NZX rules. Our disclosures provided information on the governance, Board oversight, management role, strategy and actions for achieving our objectives in sustainability.

There is a lot of detail on our Sustainability programme in the Annual Report and the Strategy session later in the meeting will provide a further update.

In summary... we have experienced yet another very challenging year. I am happy to say on behalf of the Board that the Group's operating performance, its strategies for continued success and the investments we make to deliver on those strategies add up to a strong position from which to go forward with confidence.

I now hand over to our Managing Director, Rod Duke, for his review of our operations and results.





## **Chief Financial Officer's Address to the Annual Meeting of Shareholders 16 May 2024**

Thanks Rosanne and good morning everyone.

At last year's Annual Meeting I think we all agreed that there was no such thing as a "normal" year for retail – and that that had been particularly true across the previous 3 to 4 years. Covid had become pretty much accepted and normalised as just another risk to be factored into everyday life but we had also started to see the deterioration of economic factors in New Zealand which was definitely beginning to strain consumers' confidence as well as their wallets. So surely, that was enough to deal with as the Group headed into another twelve months of retail bliss!

Yes, except for the fact that we also needed to have factored in; one-in-200 year flooding, a one-in-50 year cyclone, and a one-in-3 year election and also the continuation of those trying economic conditions which had started to become so apparent during 2022. So yes, just another normal year in retail!

A year nevertheless which produced some pretty impressive highlights some of which we'll have a look at this morning.

The continuation of a challenging retail environment was evident throughout retail in general and you don't have to look too far for reasons why.

Rising interest rates - which saw the OCR climb from 1.0% at the beginning of 2022 to be over 4% as we entered our financial year in February 2023 and which then continued to rise to 5.5% by May, where it's remained since. The impact on mortgage rates obviously significant as is the flow-on effect to discretionary spend. A mortgage of \$500,000 would now be costing the borrower nearly \$2000 more every month than 2 years ago assuming the same increase in the interest rate as the OCR. Significant impact on household spend and therefore retail sales.

The counter to that is higher interest rates for those consumers and businesses which have cash deposits. Briscoe Group as a business, falls into this category and did benefit from increased interest income.

The rising cost of living continued and while prices didn't increase as much as the previous year they still increased by well over 4% during 2023 – so headed in the right direction but still little relief really for households.

The New Zealand dollar remained relatively weak during 2023 so no relief there for retailers and businesses which import a significant portion of their product, as Briscoe Group does.

So lots of macro-economic influences for businesses to deal with last year and that is a really significant point. All retailers faced the same economic downturn and conditions, so it's then down to how each business rises to those challenges and navigates its way to optimising its own performance.

We are proud of the performance we delivered last year so let's have a look at some of areas of the Group's performance that made up the result for the year ended January 2024.

Sales for the year of \$792 million, an increase of only 0.8% on the \$786 million recorded for the previous year but an increase nevertheless, in what we have seen were difficult trading conditions and also setting a new sales record for the Group.

The year got off to a solid start in relation to sales delivering a 2.8% increase over the previous year's first quarter. On the face of it, a relatively modest increase but one that would turn out to be the biggest quarterly increase for the Group in the year ahead.

Quarter 2 proved tough going as we saw the economic downturn really start to bite, perhaps also coupled with some pre-election nervousness around the upcoming election. Sales declined for that 2<sup>nd</sup> quarter, which meant halfway through our financial year sales were up, but only just - by 0.40%.

The severity of the downturn and the impact on quarter 2 caused us to really take a step back and challenge ourselves as to how best to approach the second half of the year. We're always reviewing the way forward and whilst there weren't wholesale changes we did focus on how we were going to deliver positive sales for that second half and indeed for the year.

So with the changes implemented during quarter 3 we produced positive sales of 2.4% for that quarter and also remember, the General Election was now behind us and interestingly October was the strongest month in that quarter.

We knew that the final quarter would be extremely tough trading-wise as the economic conditions continued to negatively impact the retail environment as well as consumer confidence and as a consequence, competition across retailers would be intense.

The fourth quarter is always massive and represents over 30% of the entire year's sales so we were pleased to be able to post positive sales for the quarter, but I guess more importantly, positive sales for the year which produced another record sales year as we saw earlier, of \$792M.

The challenge of driving for sales and optimising gross profit is the eternal balancing act for retailers. As you know, we set ourselves the goal of protecting around half of the 633 basis points of gross margin percentage gained across the 2 covid-impacted years ended Jan 2021 and Jan 2022.

As announced in March this year, we were extremely pleased to report that we had met that goal which meant we had increased gross profit percentage nearly 300 basis points from 39.4% pre-Covid to 42.4% achieved for the full year just gone – protecting 47% of the gains made.

We don't underestimate the challenge ahead for this year in relation to gross profit. As per our most recent sales release (for the first quarter) retail margins are under pressure across the whole sector – so the 'balancing act' continues.

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

The focus on costs is as critical and as acute as ever with cost pressures continuing to be evident across every part of the business. Store costs were especially under pressure during

the year with increases in occupancy, stocktake and energy costs to name just a few. That's before the 3<sup>rd</sup> successive year of 6-7% increases in store wages. It was therefore a significant achievement for the Group to have decreased the overall cost of doing business in terms of both percentage of sales and actual dollar spend. Targeted reviews of distribution centre and marketing costs made significant contributions to this achievement.

The Group's balance sheet remains very strong. Inventory, as always, remains a key area of focus closing \$12.9 million lower than the previous year. Inventory improvements have been critical in enabling us to deliver sales growth and to meet our gross profit goals.

During the year \$15.1 million of capital investment was made by the Group, including for the acquisition of the existing Briscoes Homeware premises in Timaru, the fitout/refurbishment of 7 stores and continuing investment in online, store and security initiatives.

In relation to future capital expenditure, the Group's healthy cash position places us well as we embark on our largest strategic initiative to date – the new North Island warehousing and distribution project which you'll be hearing more about that later this morning. We expect this to require expenditure in excess of \$100 million across the next three years; the funding for which should be mostly sustained from cash reserves with only minimal, if any, borrowings arising from the normal seasonal pattern of business cashflow.

Net Profit after Tax - ultimately this is the measure against which we get judged and while we were able to set another sales record, we couldn't quite replicate the same in relation to bottom line – \$84.2 million compared to the previous year's record level of 88.4 million. 95% of that level but in the context of the conditions experienced across the whole retail market we're not too unhappy with that result.

In closing, while the economics of the retail sector is undoubtedly currently under considerable pressure, retail itself is far from down and out – in fact in my view quite the opposite. The emergence of the circular economy, the explosion of AI, the reach of social media and the power of customer and transactional data all screams opportunity for business and for retailers in particular. What we, as employees, as suppliers, as customers, and as shareholders can be certain of is, how well placed the Group is in terms resource, energy and strategy to continue to be a powerful force in New Zealand retail.

Thanks



## **Managing Director's Address to the Annual Meeting of Shareholders 16 May 2024**

Thanks Rosanne, and thanks to everybody here for coming along today, whether in person or online.

It really was another tough year and I certainly share Rosanne's view that the Board, the management team and all our people produced a great result.

Geoff has reported on our key financial metrics. I'll just briefly note the things that stand out from my perspective.

It was a real feat to achieve another year of record sales against a retail environment that saw many operators struggling. It was a remarkably consistent performance, with sales up across both the first and second halves and across both trading segments – Homewares and Sporting Goods.

Given the operating conditions and the struggles of many of our competitors and peers, we might not have expected to achieve bottom line earnings, or NPAT at 95% of the record set in the previous year. It's a credit to the management team and our people throughout the business that we've been able to do this.

You'll recall that we had set out to protect as much as possible of the increase in gross margin we had gained during the Covid pandemic. That was an extraordinary period of growth, and it says a lot that we have come through this latest year retaining around half of that margin growth.

The online business continued to perform well, with our investment in both the back office and the customer-facing systems paying dividends. Online represented 18.72% of Group sales for the year and we are continuing the platform's development, with a number of initiatives planned for the current year. We will have more detailed comments on that shortly.

We will also have a separate presentation on our Distribution Centre project. I just want to mention that great progress was made during the year, we are currently implementing a new Warehouse Management System at our existing distribution centre and have selected our automation partner for the improvement in warehousing capability intended in the new facility. Most excitingly we have also signed a Letter of Intent for the purchase of land and the building of the new facility, at Drury in South Auckland. Work on the formal contracts has progressed significantly and we are confident of being able to sign the sale & purchase agreement for the land and the construction contract in June.

For the last decade we have shown that our core business has been strong and resilient. During that same period there has been massive changes in the competitive dynamics, a pandemic that shut our bricks and mortar operations for several months and, more recently, a real slump in consumer confidence and demand.

The key factors in that performance have been the quality and dedication of our team and the execution of strategic initiatives developed over recent years. I think it's fair to say the latter is a manifestation of the former.

The management team has broad and complementary skills suited to the modern retailing environment – there is a spread of skills ranging across the financial, merchandising, marketing and advertising, e-commerce, supply chain management, procurement, strategy development, human resources, retail operations, project management, property management and other disciplines... all, of course, with a strong focus and background in retail.

These are complemented by what I think we can say are proven leadership capabilities and a dedicated team approach.

We continue to invest in programmes and, increasingly in technologies, for our people to benefit from risk reduction in their workplaces – for example, around manual handling procedures. Our work with focus groups around the business and our employee engagement survey have helped to widen our definition of wellbeing. Work on mental health and financial wellbeing has been complemented by a review of products and services that could contribute more broadly to the wellbeing of our team, and a range of initiatives will be pursued in the year ahead.

Our programme to enhance the safety and security of our people in their workplaces has been stepped up over recent years in response to social trends including increases in retail crime and, occasionally, threatening behaviour. The programme includes improved physical security systems and team training for a range of situations and scenarios. While the need for such a programme might be regrettable, we are absolutely committed to it and will continue to invest to advance it.

We also invest in ensuring our team members are suitably skilled in customer service, safe and healthy work practices, and product knowledge, among other fields.

Our Leadership Development Programme and our suite of Management Knowledge and Skills modules complement our core skills training and support the growth of the management team.

I want to give a quick shout to three changes within the management team:

Firstly, Fraser Collins our long-term GM Merchandising has after 40 years of service made the decision to retire. You will recall Fraser presenting at this meeting and his excellent summary of our merchandise plans. His replacement is James Baillie a 24-year veteran from within the Briscoes Merchandise team. I am confident that James will thrive in the new role and thrilled to be able to promote James from within the business. And finally, and again from within our merchandise team Julie Evenbly has announced her retirement. In 2006 Briscoe Group acquired Living & Giving, and lucky us, Julie came with it. Eighteen fabulous years on she's ready to tour the world and put her feet up.

At this point it's my pleasure to introduce our Chief Operating Officer, Andrew Scott. Andrew is going to talk about our Strategy and Sustainability programme – obviously a key focus, and one that continues to deliver progress on a range of exciting and important projects. Andrew... over to you.

### **Andrew**

– Strategy / Sustainability

### **Nick**

– Store and Online initiatives – last year and plans for this year

### **Darren**

– DC initiative

Now to the current year.

As reported earlier this month, unaudited sales for the first quarter of this year were \$183.7 million, 1.03 percent higher than those achieved in the same quarter of last year.

This was another very good result, but you might recall we also noted that margins are still being challenged and we are very aware of the pressure on consumer spending.

We expect retail conditions to remain highly challenging throughout the remainder of the year.

Nevertheless, the quality and dedication of our people, the strength of our brands, our ability to offer a compelling and enjoyable shopping experience, a trading platform that genuinely makes us easy to do business with, and our strong positions in the homewares and sporting goods markets, are all factors that differentiate us from competitors and drive performance.

In this environment our priorities are...

- firstly, to continue to execute on the factors that have enabled us to put up a robust performance to date – strong supplier relationships and buying programmes, effective merchandising and marketing, and really thorough cost control and margin protection.
- and secondly, maintaining momentum in the second round of our strategy programme and the benefits that flow from that to the Group, our people and our customers.

In regard to that programme, our greatest priority will be to drive hard on the Distribution Centre project and keep up the momentum towards our target of having that facility up and running in a three-year timeframe. This is by far our largest investment, and one of our most important, in building capability for the Group's long-term growth and performance.

We've had occasion to say this a number of times in recent years, but it remains true – the Group has the capacity to navigate successfully through difficult times and achieve results that our shareholders, management group and team members can feel happy about. I'm confident we will achieve that again this year.

Like Rosanne I too would like to thank the entire team for their outstanding efforts and continued support.

On that note, I will hand you back to our Chair, Rosanne.



## **Chief Operations Officer's Address to the Annual Meeting of Shareholders 16 May 2024**

Good Morning

It's fantastic to be here today to update you on our next evolution of the groups strategic plan and our progress against our sustainability commitments.

Our last strategic plan delivered ahead of expectations and undoubtedly helped us to buffer the economic headwinds faced by the retail industry.

Over the last three years the team delivered an amazing 110 projects. To achieve this alongside trading the business is a testament to the quality of our teams group wide. It is fair to say that over the past couple of years we have step changed our total retail experience and our customers love it.

The projects have delivered improvements across all areas of the business, with a key focus on inventory optimisation, growing our Direct to consumer business and growing customer lifetime value through the rapid growth of our membership clubs.

The health of our business is very strong, we have a growing customer base, record customer satisfaction scores, very strong team engagement backed up by a very strong balance sheet. This has created a platform for us to look forward and create the next evolution of our strategic plan.

Whilst some might say the plan is bold and ambitious in the current environment, we are confident that now is the time to invest for the future. Then once the macro-economic environment improves we will be well placed to grow at a faster pace.

Our strategic goal remains for to grow and continue to provide the best retail experience in New Zealand.

### **The areas of focus are:**

1. Long term growth acceleration
2. Continuing to evolve and optimise our retail experience
3. Executing on our Supply Chain Transformation
4. Providing our team with enhanced tools and capabilities and to reinvest into customers.

#### **On the growth acceleration-**

1. We will continue to expand our Direct-to-Consumer business to drive significant sales increases in the next few years.
2. In parallel – We will monitor the market for potential new business opportunities to step-change our revenues.

#### **Retail experience-**

1. On the back of a successful Electronic Shelf edge label pilot we are currently rolling this out to all Briscoes and Rebel stores. This will provide an excellent platform to drive our promotional event execution.
2. We are continuously refining our product ranges to ensure we have the best mix of global brands at amazing value.

3. And we are committed to defining the next generation of Flagship store concepts for both our Rebel and Briscoes stores at Mount Wellington here in Auckland. Nick will tell you more about these shortly.

#### **Supply chain Transformation-**

1. This will be a game changer for the stores and for our customers.
2. I won't steal Darren's thunder but I will say that the new distribution facility will unlock a vast amount of space in the current store network, which will then allow us to roll out new product categories at scale.
3. Alongside the new Auckland DC we will implement new range planning system, new allocation and replenishment tool.

#### **Building blocks-**

1. We will continue to invest in our systems and team capability to empower them to deliver for our customers.
2. Alongside this we will be increasing our investment in using technology to automate processes to free up more time.
3. These initiatives will free up our time to further invest back into providing world class service to our customers.

By delivering on these focus areas we will continue to deliver the best retail Experience in New Zealand and deliver for our customers.

#### **Sustainability-**

As we outlined at last year's AGM – we have been working hard to improve our positive impact on the environment and our local communities.

We have defined our sustainability strategy and our focus is on the key areas of Governance, Community, Our People and Environment.

I am pleased to share that we have made significant progress in all these areas.

During the past year we created Scope 1 & 2 carbon reduction targets and reduction plans. We are now working on scope 3 targets with a view to having them ready for our Full Year 2025 annual report. The Group was one of the first in New Zealand to create and lodge our first ever CRD climate related disclosure. This was a fantastic collaboration between our internal teams and our external sustainability consultants. I would like to thank all those involved as I know this was a vast piece of work and one that has been positively received.

I am proud to share with you 2023 saw another fantastic increase in contribution to our local communities. Another record-breaking year of fundraising for our partners Cure kids, with over \$1.15m raised taking our total to over \$11m over the course of the partnership. The teams focus on the amazing cause despite many challenges is very humbling.

The launch of our new local Rebel Sport grass roots sports initiative in recent months has had an overwhelming response. To date we have applications from over 500 sporting clubs across New Zealand. This initiative aims to give back to local community sports clubs that are in need of sports equipment. This initiative will not only help New Zealanders to keep active it will further embed Rebel Sport in local communities.

During 2023 with the support of Verisio and their systems we have mapped our supply chain for all direct import suppliers. Due to our wide range of product types this identified over 280 factories globally. We have made significant progress in all areas of environmental compliance, with only a handful of factories yet to have been vetted by our Sustainability Audit partners.



Looking ahead to this year we will be working with our local suppliers to follow the same process, this will include suppliers of both goods and services. In total this encompasses over 450 suppliers and our target is to have vetted over 90% of suppliers by the end of 2024.

To reduce the amount of product going to landfill we are planning to roll out the end-of-life product recycling program which we successfully trialed in Christchurch, in the coming year we are looking to extend this approach to Auckland and Wellington. This will reduce our waste to landfill levels in those regions significantly.

### **In summary**

I am delighted with what the team has delivered across the past year, and excited with the platform we have created to kick on to the next level.

To deliver a significant step change in customer experience alongside market leading trading and financial performance really is a testament to their ability and incredible work ethic. We really do have the best team in New Zealand it is a pleasure to work with them.

I would now like to hand over to Nick who will give you more details on the exciting store operations projects, then he will hand you onto Darren to update you on our supply chain transformation.

Thank you.



## **General Manager – Retail Operations & Property’s Address to the Annual Meeting of Shareholders 16 May 2024**

Thanks Andrew. Good morning, everyone.

### **Step change in customer service:**

I’ll start by sharing with you the retail teams relentless focus on improving the customer experience. 5 years ago, our customer metrics were lagging so we started off by simplifying the operational KPIs and elevating customer as one of the most important. This included setting new annual service targets, regular measurement, and alignment of the retail management incentive schemes with customer service performance.

Over this timeframe, over one million customers have provided a review on their instore and online experience, providing a net promoter score and written feedback on key elements of their visit. The saying goes, feedback is the breakfast of champions, and our retail leaders have harnessed this feedback and regularly review customer dashboards to stay close to the perception. This keeps our team highly tuned, aware of friction points, and more relevant and specific in their coaching of our teams.

We introduced instore kiosks to help customers buy online instore when we are out-of-stock. Providing a freight free code for these transactions alleviates customer disappointment by firstly allowing them to secure the product, and secondly adding the convenience of free delivery to a location of their choice. The new distribution centre will be instrumental in improving our on-shelf-availability.

A progressive investment in digital tools such as Zebra handheld devices, printers, mobile queue busting solutions, and data visualisation tools has empowered our team. The physical tools allow the team to serve customers faster, and the dashboards highlight key areas of performance and exceptions so our managers can spend their time where it matters most. Several initiatives have been delivered with many more underway; with examples such as digital picking enhancements which ultimately reduces the cost to pick orders while improving delivery speeds; all important factors when we are now processing over 1.7m online orders per year.

18 months ago, we introduced the Briscoes Club and Rebel Club. Team members are having more engaging interactions with customers and encouraging them to sign up to our clubs for special offers and to receive e-receipts. Linking the instore sale allows customers to use their online account to track their full purchase history, both instore and online. Self-serve Online returns were also activated last year, to allow customers to manage returns from their online account.

Omni-channel vouchers were introduced last year, allowing customers to use digital vouchers across sales channels. Same day click & collect was introduced; this has proven to be a popular shopping channel. The last example is we are in the final throes of development to offer additional premium delivery options later this year such as express delivery within metro cities.

All these initiatives create an enhanced experience for our customers and seamlessly connect instore with online.

The retail leadership team are fully empowered and supported to ensure all customers have a great experience with us. We are proud of the results, which provide us with a high degree of confidence that the initiatives being deployed continue to hit the mark. Our whole team continues to strive to deliver the best retail experience in New Zealand.

#### **Introducing electronic shelf labels:**

An exciting advancement for our stores is the introduction of electronic shelf labelling. Last year we successfully trialled electronic shelf labels in four Briscoes and four Rebel stores: measuring sales, customer feedback, team feedback, and targeting operational efficiencies.

Providing digital price transparency simplifies the shopping experience for our customers making their selection easier and allows for a more efficient promotional event execution.

We now have a significant project underway across New Zealand to install electronic shelf labels in all stores by August this year. This is the single largest investment in retail operations we have made, and we have full confidence the initiative will enhance the experience, grow sales, and help us to operate sustainably and efficiently.

Once embedded, there are several future initiatives that can be driven from this technology such as real-time pricing updates, customer find in-store, online fulfilment picking efficiencies, and on shelf availability benefits.

#### **Store development and flagship stores:**

Last year we opened a brand-new Rebel in Ashburton and undertook seven comprehensive store refurbishments. Refurbishments ensure our stores remain modern and energetic and complement our digital offering, reflecting the quality of the international brands we sell. We are also constantly fine-tuning fulfilment workstations and click & collect zones in stores to ensure we are fit for multi-channel delivery.

We are committed to our ongoing refurbishment programme, and we expect to refurbish a further seven stores over the next twelve months.

A particularly exciting development is our intent to deliver a new flagship store at Rebel Panmure in the first half next year. We have partnered with The General Store in Australia to design our flagship. We intend to elevate, refresh, and vitalise our customer experience and store design to foster the next generation of growth for the Rebel brand in New Zealand. The body of work will focus on analysing and reimagining the customer journey, the elevation of storytelling and relationships between product categories, and critically, the role of store design in creating moments of inspiration and magic.

The General Store is a multidisciplinary creative agency in Australia who specialise in everything from architecture to advertising, and digital to design. The team bring a wealth of relevant customer and design experience having delivered many overseas retailers flagship stores.

We are thrilled by this project and the potential it will unlock for our next generation of Rebel Sport stores. In addition to Rebels flagship store, we intend to commence a similar process later this year for Briscoes Homeware. The opportunity to optimise the homewares customer experience and bring this to life through a new flagship store design is very exciting.

I'll now hand over to Darren. Thank you.



## **GM Supply Chain's Address to the Annual Meeting of Shareholders 16 May 2024**

Our supply chain transformation is now moving from planning to delivery.

We have selected the SCALE Warehouse Management System (WMS) from Manhattan Associates to drive our future supply chain. Implementation is underway in our current operation and will be completed by July 2024.

By implementing the WMS first in our current distribution centre we reduce the amount of change our team will experience when we move to our new site.

In our new North Island distribution centre the WMS will orchestrate operations from inbound planning and execution to outbound picking of full cartons and split case picking using our goods to person automated storage and retrieval system.

Our new North Island distribution centre will be located in Drury South, in Auckland.

We selected this location following an extensive search in the greater Auckland and Waikato region - we modelled inbound and outbound transport costs as well as property related costs and found the Drury location to be optimal.

It is designed to meet our requirements for the next ten years however is likely to remain a key feature of our supply chain infrastructure for closer to twenty years.

The DC will provide over 17,000 pallet positions of storage, plus almost 40,000 totes for storage of smaller items in the Automated Storage and Retrieval System (ASRS).

This is a vast step-change from the roughly 4,500 pallet storage locations in our current facility and is an important enabler for improving inventory flow to our stores and thereby improving on-shelf availability for our customers.

The site has a flowthrough design with Inbound on the eastern side, and outbound on the western side.

It provides significant yard and canopy areas to ensure easy handling of goods into and out of the warehouse, together with sufficient container storage to be a practical buffer supporting the efficient flow of import containers to and from ports and container depots.

We expect the new DC to be operational towards the end of Quarter 1 2026, and for the ASRS and goods to person picking system to be operational by Quarter 4 of the same year.

An important feature of our new DC will be a goods to person shuttle ASRS.

A comprehensive review of warehouse automation options conducted during 2023 concluded with us selecting a preferred partner and completing the design of the system.

The outcome is a state-of-the-art solution comprising the following features:

- Decant stations - where product is unpacked from cartons & placed into the storage totes, supported by conveyors to remove cardboard waste, supply empty totes to decant and take away the full totes for storage in the ASRS.
- An ASRS holding around 40,000 storage locations over 3 aisles, serviced by 84 robot shuttles and 3 high-speed lifts.
- Carton erectors, label applicators and carton closers - one of these with volume reduction function to reduce the empty space in outbound cartons saving transport cost and emissions.
- Ergonomically designed goods to person pick stations - these stations present the picker with the storage tote containing the goods to be picked and up to 6 outbound order cartons to pack.
- A 200-chute shuttle sorter - for sorting cartons by destination store and by product category to enable pallet building in a store friendly manner.
- And finally repack stations for our online orders.

Our new DC will deliver the following benefits to the business:

- Improved on shelf availability – Increased storage capacity at the DC allows fully optimised allocation of stock to stores by implementing a model that uses additional data points to provide better results.
- Reduced days of cover in-store – Pulling excess stock back from our stores to the DC allows us to bring new products and ranges into our stores improving choice for our customers and increasing the return we can make from our existing retail properties.
- Key suppliers shipping via our DCs – Selected local supplier volume can flow via the DC, consolidated with other imported goods and ship to our stores in quantities better matched to sales.
- Sustainable supply chain - Reduced inter-island transport moves, removing transport legs from individual suppliers to our stores and local transport and handling upstream in our supply chain reduces our transport related emissions.

High-level timeline for construction of the new DC:

- Contract signing in June
- Consent lodgement by the end of this year
- Construction underway mid-2025
- Standing racking and beginning the automation install by the end of 2025
- Operational without automation during Quarter 1 2026
- Automation to be commissioned during Quarter 4 2026.



**B** BRISCOE  
GROUP LIMITED

# Annual Meeting May 16 2024

## PROXIES

### Resolution 1

For	Discretion	Against	Total Votes (% of issued capital)
6,116,510	1,092,836	11,943	7,221,289
84.70%	15.13%	0.17%	3.24%

### Resolution 2

6,144,747	1,092,836	5,706	7,243,289
84.83%	15.09%	0.08%	3.25%

### Resolution 3

6,077,037	1,024,411	72,891	7,174,339
84.71%	14.28%	1.01%	3.22%

### Resolution 4

6,133,864	1,095,836	13,419	7,243,119
84.69%	15.13%	0.18%	3.25%

# Financial Performance

Year Ended  
28 January 2024



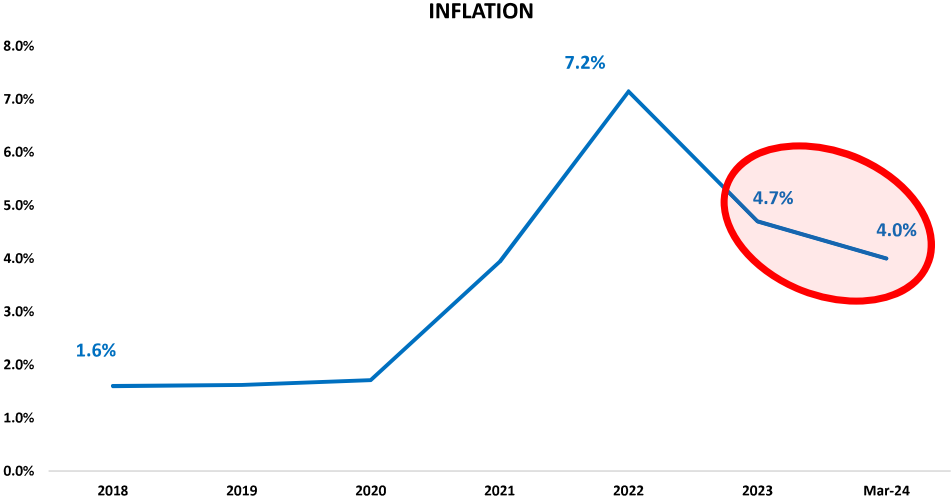


# OCR (%)



Source: rbnz.govt.nz

# INFLATION (%)

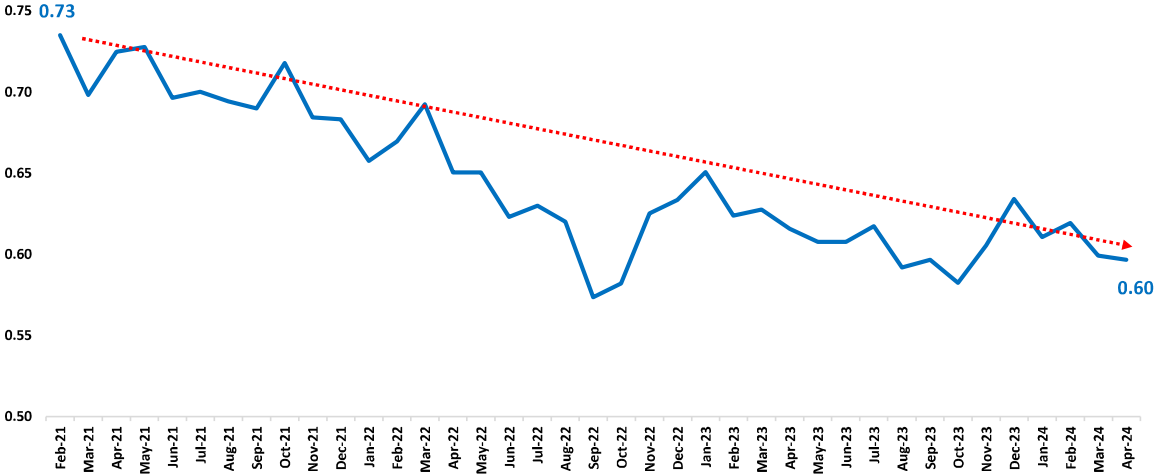


Source: rbnz.govt.nz

# NZD : USD

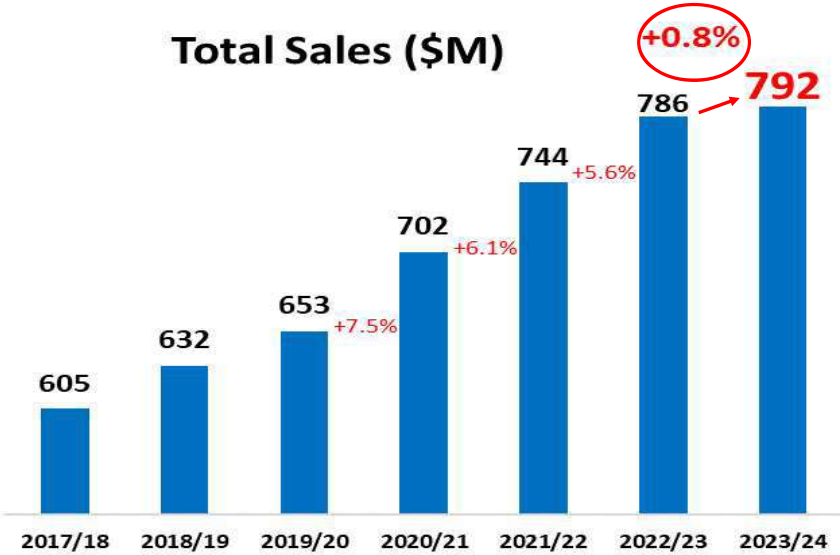


NZD : USD

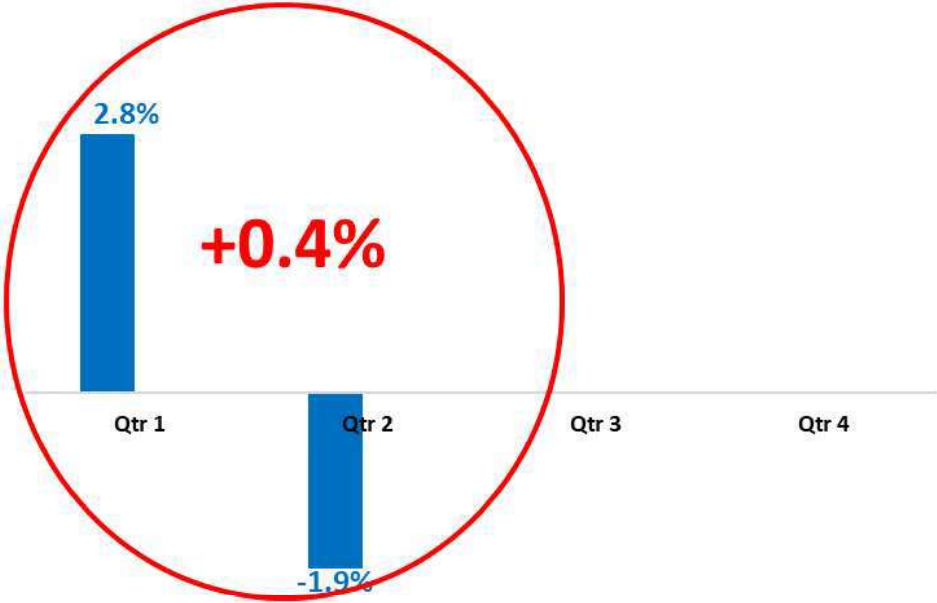


Source: bnz

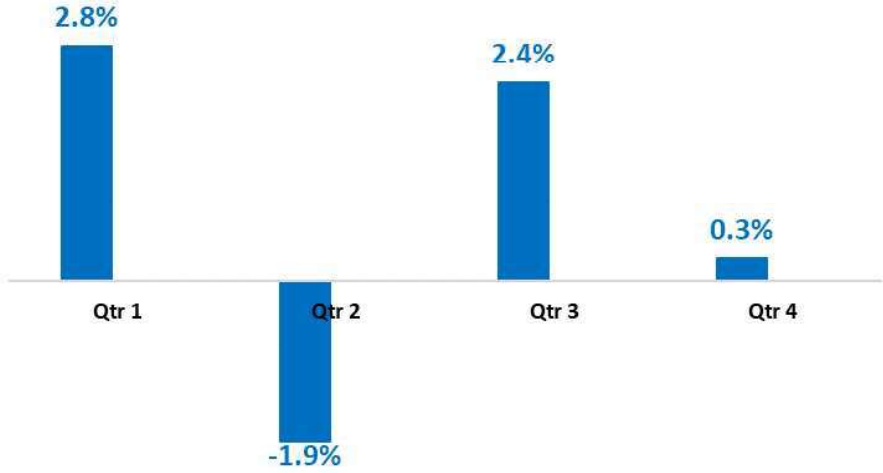
# TOTAL SALES (\$M)



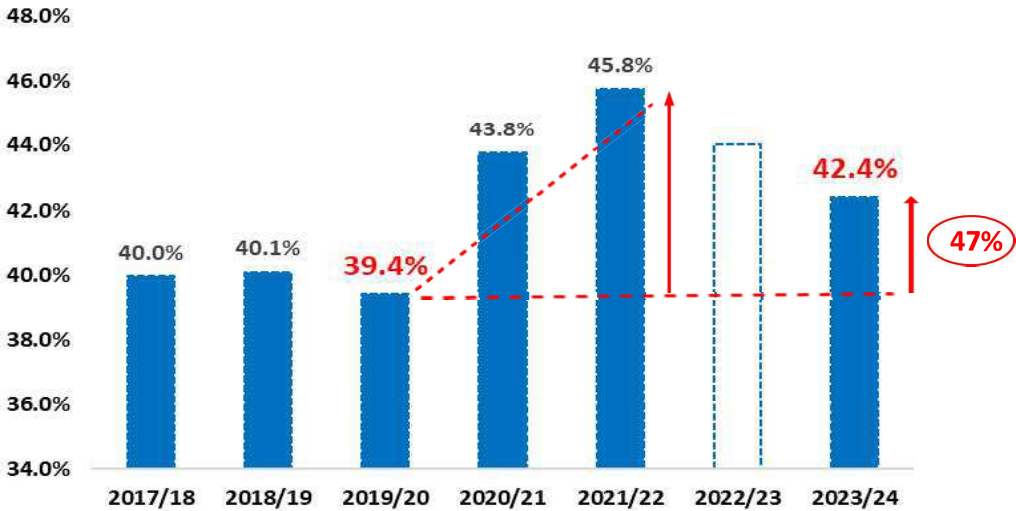
# QUARTERLY SALES GROWTH



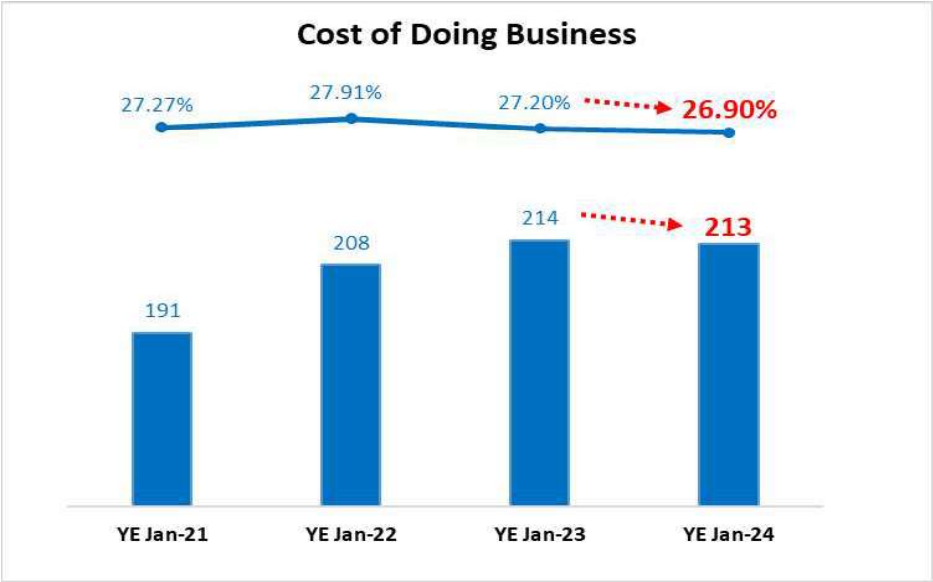
# QUARTERLY SALES GROWTH



# GROSS PROFIT MARGIN %

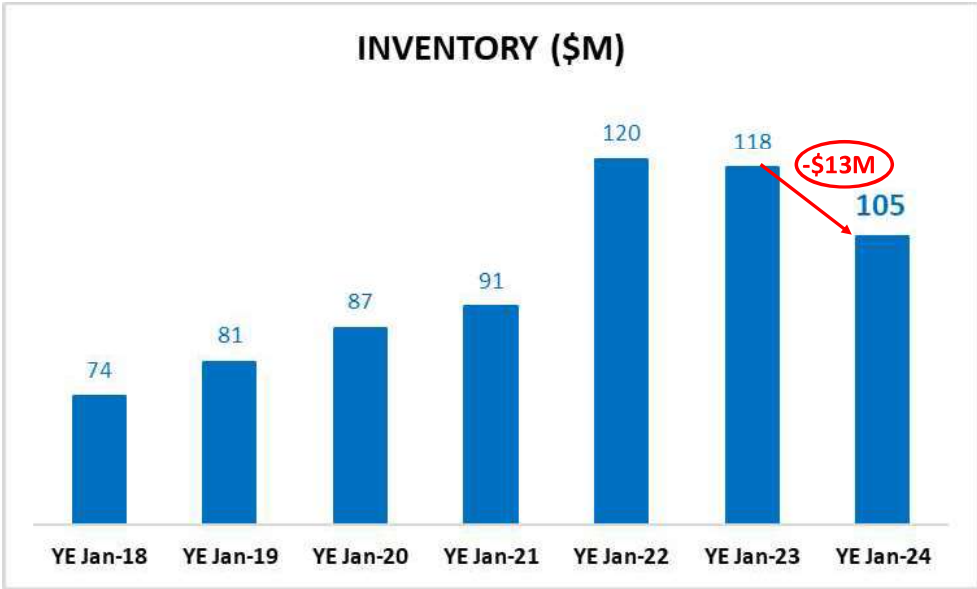


# COST OF DOING BUSINESS

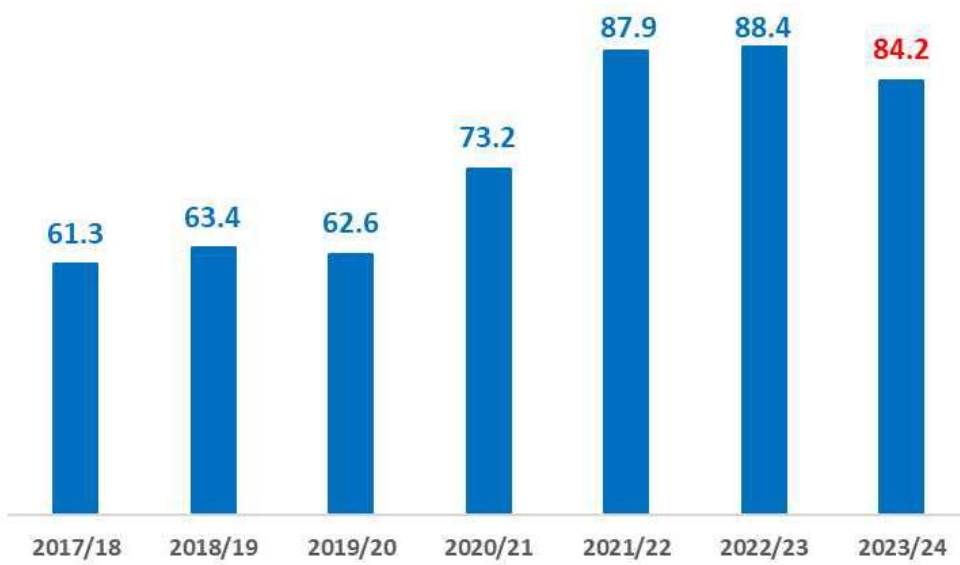




# INVENTORY



## FULL YEAR NPAT (\$M)



# Strategic Plan & Sustainability Update

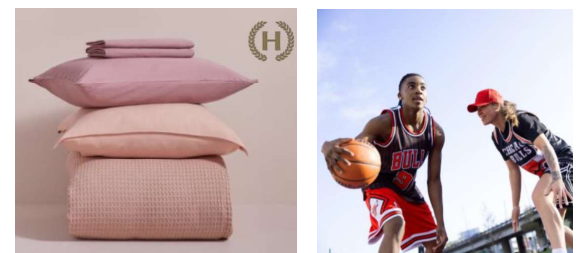
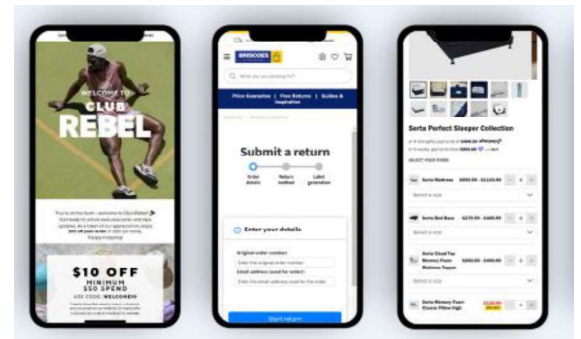
Andrew Scott



## Strategic Plan Achievements 2020 – 2023

**B** BRISCOE  
GROUP LIMITED

- Over 110 projects delivered across the three-year plan
- Step-change in customer satisfaction delivered
- Inventory optimisation a key focus
- New growth channel DTC (Direct to Consumer) now delivering significant sales revenue
- A clear focus on driving customer lifetime value enabled by:
  - The Briscoes Club and Rebel Club
  - Omni-Channel vouchers
- The business health is very strong



# 2024-2027 Briscoe Group Strategy



**GOAL**  
*Deliver the Best Retail Experience in New Zealand*

## STRATEGY

### LONG TERM GROWTH ACCELERATION

Explore New Business opportunities to drive significant growth  
Direct to customer sales acceleration  
Commercial opportunity

### RETAIL EXPERIENCE EVOLUTION

Flagship store concepts  
Electronic Shelf Label  
Roll out - all stores  
Rebel & Briscoes product range optimisation  
Cross-sell and up-sell focus  
Loyalty

### SUPPLY CHAIN TRANSFORMATION

New Auckland Distribution centre  
Improved allocation and replenishment of inventory  
Rebel inventory optimisation  
Optimisation of store space

### BUILDING BLOCKS

Tech Architecture  
People capability and capacity  
Automation and the use of AI to simplify processes  
Increase positive impact through sustainability

## FUTURE STATE

The best retail experience in NZ

World class supply chain to empower NZ's best store network & team

Curated ranges with the best sports and homewares offer in NZ

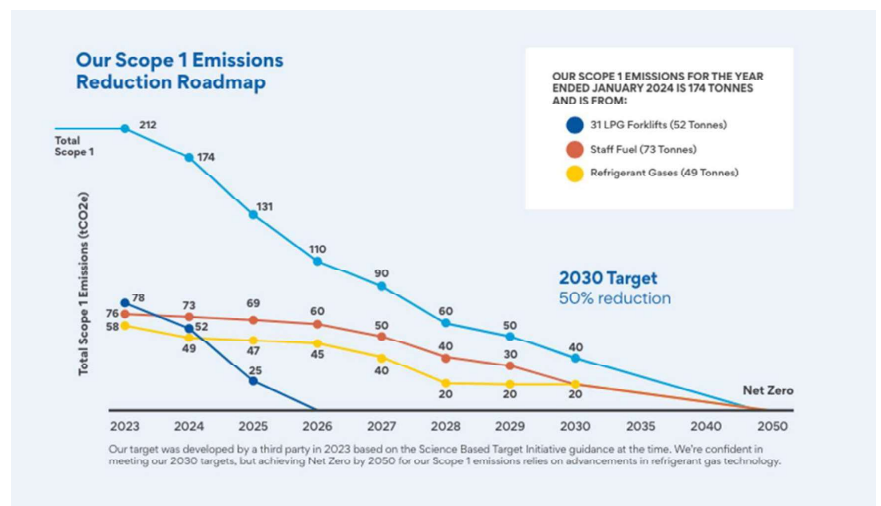
Operating sustainably for growth

May 2024 - May 2027

## Sustainability – Scope 1 Reduction Timeline



- Defined our sustainability strategy, outlining are key areas of focus for Governance, Community, our People and the Environment
- First ever climate related disclosures completed and filed
- Emission reduction targets:
  - Scope 1
  - Scope 2
- Scope 3 targets will be finalised by the end of 2024



## Sustainability – Increasing our Positive Impact on Communities:



- Another Record year of fundraising for our partners Cure Kids – \$1.15m
- Total to date over \$11m in fundraising
- Over 500x applications for Rebel Sport grants from local community sports clubs
- First 10x grants have been issued
- Enhanced our partnership with the Tania Dalton foundation to provide Rebel Sport funded scholarships for young female athletes in need



**REBEL**  
SPORT

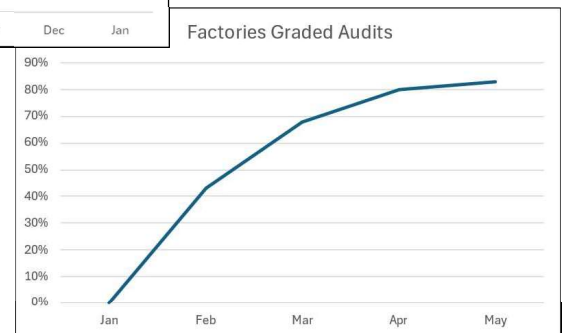
# REBEL SPORT GRANTS

As the Home of Sport, we recognise the importance of sport and are passionate about helping all kiwis access it. So, every year we're giving away \$160,000 via Rebel Sport Grants, a programme designed to help deserving grass roots clubs across New Zealand provide the means for more kiwis to get involved in and play sport.

Find out more or apply now at  
[www.rebelsport.co.nz/grants](http://www.rebelsport.co.nz/grants)

## Sustainability – Supplier Compliance

- Using the Verisio and their ethical software we have mapped our direct Import supply chain
- Over 280x direct import factories now vetted
- Local onshore product and services suppliers will now follow the process
- Target is to have over 90% of 400+ suppliers (overseas & local) vetted by the end of 2024





# Delivering the Best Retail Experience

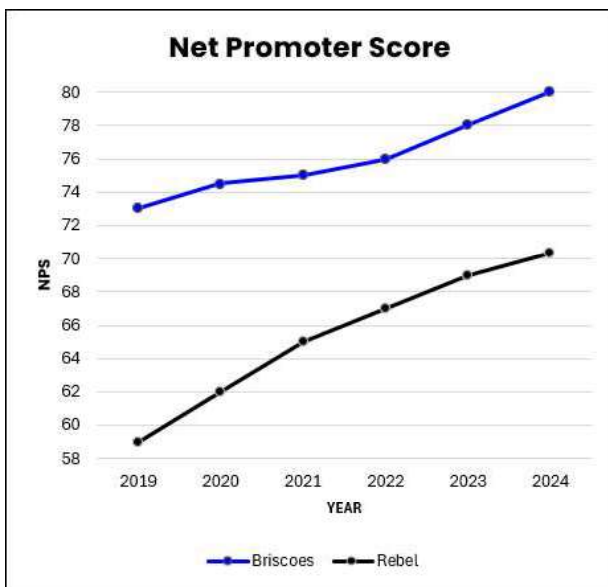
Nick Turner



# Retail Experience



# Step Change in Customer Service



- 81** NPS for April 2024  
▲ 6.1% Increase on the same month of 2023 (76)
- 81** NPS for all 2024 so far  
▲ 3.2% Increase on all 2023 (78)
- 24K** pieces of feedback for 2024 so far (23,979)  
▲ 13.3% Increase on the same period of 2023 (21,156)
- ❤️ 9.4 Average Rating Per Visit

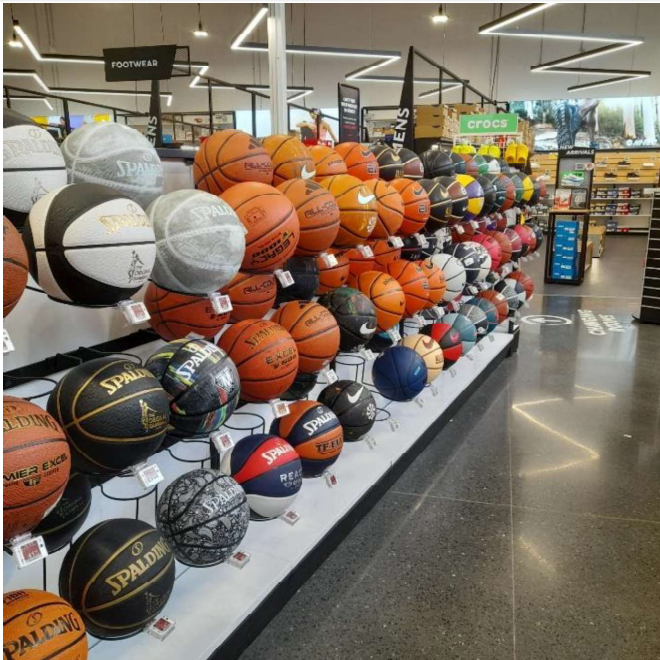


- 71** NPS for April 2024  
▲ 11.6% Increase on the same month of 2023 (64)
- 71** NPS for all 2024 so far  
▲ 2.3% Increase on all 2023 (70)
- 16K** pieces of feedback for 2024 so far (15,714)  
▲ 16.6% Increase on the same period of 2023 (13,480)
- ❤️ 9.1 Average Rating Per Visit



# Introducing Electronic Shelf Labels

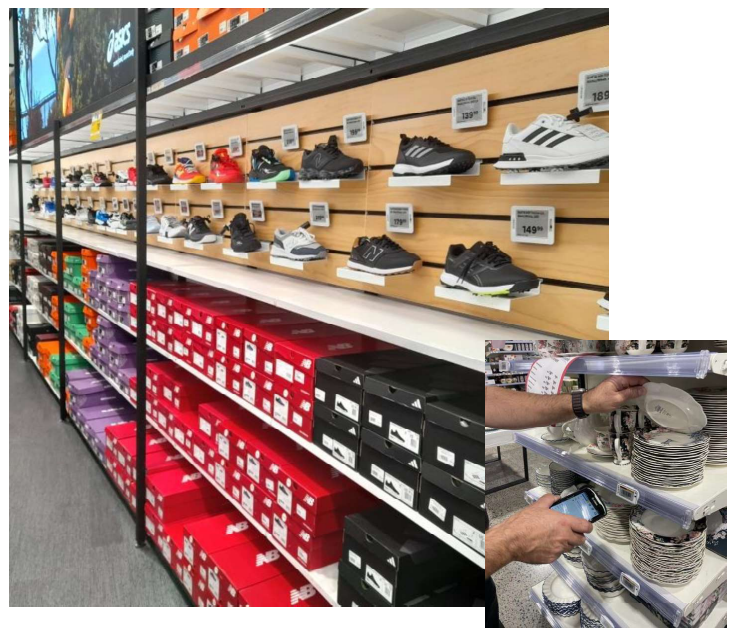
**B** BRISCOE  
GROUP LIMITED



## Introducing Electronic Shelf Labels

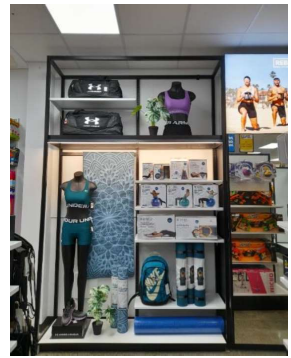
**B** BRISCOE  
GROUP LIMITED

- Successfully trialed in 8x stores last year
- Installing into ALL stores by August 2024
- Improved sales
- Enhanced customer experience
- More efficient promotional event execution
- Roadmap of initiatives for future benefits
- Large investment in retail operations



# Store Refurbishments

**B** BRISCOE  
GROUP LIMITED





## Store Refurbishments

- Brand new Rebel Ashburton last year
- 7x full store refurbishments 2023
- 7x full store refurbishments 2024-2025
- Enhanced customer experience
- Provide retail environments that reflect the quality international brands we sell
- Fit for multi-channel delivery
- Flagship store under design for Rebel Panmure for delivery first half 2025
- Flagship store design will commence for Briscoes late 2024



# Supply Chain Transformation

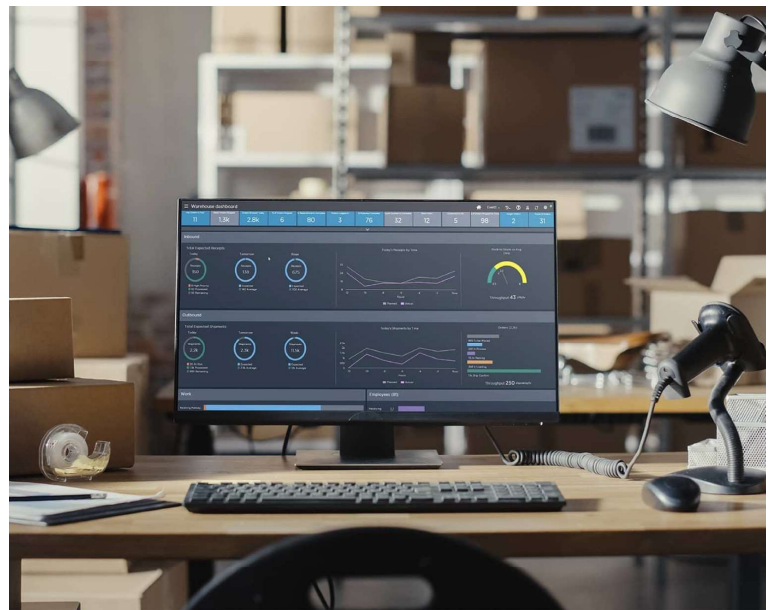
Darren Porteous





# Warehouse Management Technology

- We have selected the Warehouse Management System (WMS) to drive our future supply chain
- Implementation is underway in our current warehouse and will be completed by July 2024
- This WMS will orchestrate how our new site will operate from inbound planning through to outbound picking of full cartons and split case picking using our goods to person automated storage and retrieval system (ASRS)



## New North Island Distribution Centre

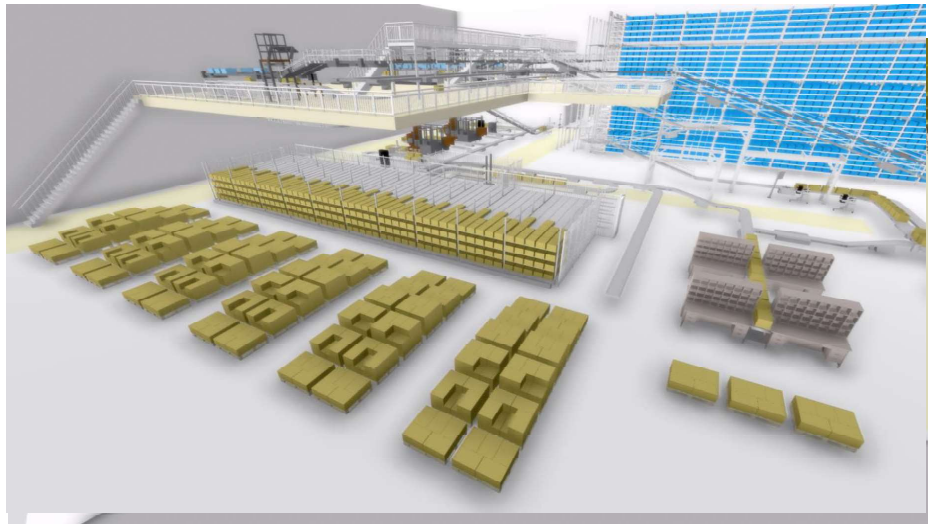


- We have selected the site for our new North Island Distribution Centre
- Ten-year design level
- Housing more than 17,000 pallets in storage, plus almost 40,000 totes for storage of smaller items in the Automated Storage and Retrieval System
- The site offers a flowthrough design to ensure easy handling of goods into and out of the warehouse
- Extensive container storage provides a practical buffer supporting the efficient flow of import containers to and from ports and container depots



## Warehouse Automation

- An important feature of our new DC will be an Automated Storage and Retrieval System (ASRS)
- The system contains the following features:
  - Decant stations
  - An ASRS holding around 40,000 storage locations
  - Carton erectors, label applicators and carton closers
  - Ergonomically designed goods to person pick stations
  - A 200-chute shuttle sorter and online order repack stations



## Benefits our New Distribution Centre



### Improved on Shelf Availability

Optimised allocation of stock to stores by implementing a model that uses additional data points to provide better results

### Reduced Days of Cover In-store

Reducing excess stock in-store allows us to bring new products and ranges into our stores improving choice for our customers

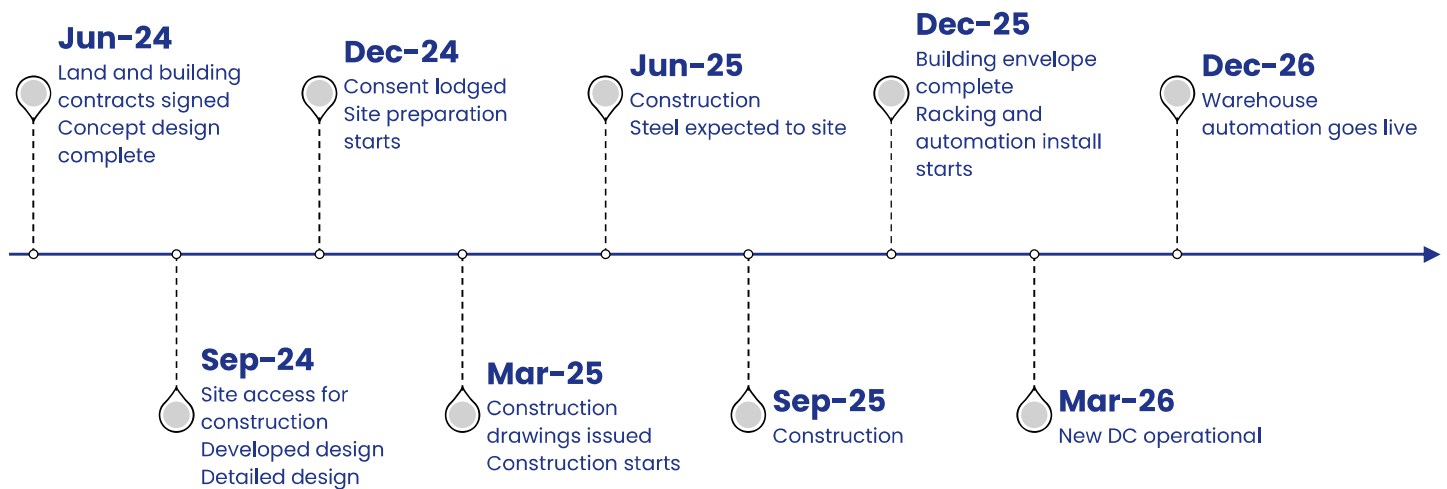
### Key Suppliers Shipping via our DCs

Key local supplier volume can be consolidated with our imported goods and shipped to our stores in quantities matched to sales

### Sustainable Supply Chain

Reduced inter-island transport moves, transport legs from individual suppliers to our stores and local transport and handling upstream in our supply chain

# DC Construction Timeline



**B** BRISCOE  
GROUP LIMITED

Thank You

