

**CEO's address to Shareholders on 12 December 2018
Results for the full year to 1 August 2018.**

I am extremely proud of the excellent performance that the Group has delivered through the Financial Year ended 1 August 2018. The results follow an impressive performance in Glassons Australia and strong growth in New Zealand across Glassons and Hallenstein Brothers. Both brands, in both countries, are operating in increasingly challenging retail conditions, which makes the results achieved even more pleasing – they are a credit to the amazing teams we have in place across the Group.

Our success last financial year is attributable to several key strengths - the continued improvement of our buying strategies, our focus on being fashion forward, our investment and engagement in digital and an unwavering emphasis on customer service. These, together with our agility and increasing ability to accelerate change, and our willingness to challenge ourselves to be different, set us apart from our competition.

Our strength is our people and teams

We are very proud and protective of our culture that values empowerment, creativity, innovation and agility. Our passion and drive comes from a shared belief in an entrepreneurial spirit, and one that values and believes in the power of the team. Whether in our offices, our distribution centres or in our stores, we know each person plays a key and an important role – their passion, dedication and commitment is directly reflected in the financial results delivered for the year.

Building the skills of our people and teams and their future leadership development is a priority. The board and management are absolutely committed to this. Within each business, the management teams continue to work on skills development, coaching and succession planning of their teams. Additionally, to support this, we also send key team members on development courses to some of the top international business schools.

Across the Group, we are customer obsessed

Over the last twelve months, we have continued investment in improving service to our customers. We continue to differentiate ourselves from our competition in our service levels, particularly in the quality of our store teams and our in-store environment. Whilst our online sales continue to grow in both volume and as a percentage of our sales, we recognise the importance of our physical stores and the exciting role they play in our current and future growth plans.

I continue to spend considerable time in our stores across New Zealand and Australia. No matter how many times I visit stores, I find them an exciting and vibrant experience, there is always tremendous amounts to learn, and of course, most importantly, I get to spend time with our store teams. I am incredibly impressed with our store teams and their passion for our customers, our products and our service. Their input is invaluable in shaping our business.

Brand experience and engagement is increasingly important

As a Group, and within each brand, we continue to invest in unlocking and supporting future growth.

We have seen our investment in technology and digital continue to drive and support growth in both countries, and whilst online grows and represented 12.8% of our sales in the last financial year, it is particularly pleasing to see that our physical stores grew last financial year despite the challenging markets that they are in. This supports our view that the use of technology, digital and our online presence is about engaging with our customers and connecting them to our brands, and our stores, as much as it is about online sales.

Like last year, we have continued working to improve the customer experience and how we engage with our customers, both in store and online.

We have introduced two new “virtual” team members who have and will continue to add a new dimension to the ways we can assist and serve our customers online. Charlie, who works for Glassons, and Benny, who works for Hallenstein, are two “conversational chat bots” using the latest artificial intelligence and natural language processing platforms. With their help, we can now answer many typical customer questions immediately, online, 24/7.

Additionally we have a number of new and innovative customer facing technologies in store. “Be the D.J.” where customers can choose their own music whilst they shop. Interactive and service-focused fitting rooms in our new and recently refurbished stores and we are currently trialling “mobile hand held” payment devices that negate the need for the customer to go to a counter, and enables the team member who has served the customer to complete the transaction straight away.

We have continued to expand our “click and collect service” and “endless aisles” strategies, which are available in all our stores and ensure all our customers, have access to our full range regardless of where they shop. We have also introduced for customers a number of new delivery options for online orders including weekend and evening delivery.

And whilst we have invested in customer facing and engaging technologies, we have looked to technology to help our store teams become less operationally focused allowing them more time to do what they do so well, focus on customer service.

Our Digital and IT team has been outstanding in its execution in the last twelve months. However, we live in a dynamic and highly competitive market where technology is changing the way customers and retailers interact and engage. The pace of change and disruption is increasingly fast and transparent, and there is a need for continuous innovation.

As exciting as the developments I have outlined are, we continue to develop a strong pipeline for the future, ensuring we continue to innovate and develop a global class online and digital environment, as well as engagement, ensuring it is achieved, and achieved at pace.

Our physical stores have an exciting role in our current and future growth plans

Warren has already highlighted the investment we have made in new stores and refurbishments during the 2018 financial year, as well as this year to date. As you can see, the stores look fantastic. These plans continue for the balance of the financial year, reflecting a strong and steady investment in our physical stores.

Following the success of the store concept in Glassons Australia, we are bringing the design to more of our stores in New Zealand. In the first half of next calendar year, we currently have plans for new stores to replace our old formats in both Bayfair and Palmerston North and we will refurbish Newmarket and Te Rapa. Ensuring we continue to bring the New Zealand stores up to date.

Hallenstein Brothers, which continues to evolve and innovate it's in store experience, will have new store openings in Frankton, Queenstown, an improved site in Bayfair and a refurbishment of the Botany Downs Store.

Importantly though as strong as our new concept stores are, we are not standing still. We are constantly looking for ways to improve, innovate and evolve our stores, ensuring we deliver the most exciting and engaging experience for our customer.

Supply Chain. Serving our Stores and Customers

As has already been discussed, we continue to invest in our supply chain. The expansion of the Hallenstein Brothers Distribution Centre in Auckland is complete, adding additional capacity to support our growing online business. This was our first step.

Looking forward we are reviewing options for Glassons Distribution Centres in New Zealand and Australia to ensure that they will allow us to meet customer demand, online, and in store, well into the future.

Sustainability and Ethical Sourcing

As a Group, we are committed to delivering better outcomes for our customers, communities and the environment. Whilst there is much more to do, we are proud of the achievements so far. In April 2018, we were pleased to receive a B+ rating from Baptist, however many challenges remain and we understand our ability to drive and maintain change is critical to our future success. As a business, we are working to improve sustainability in everything we do. In November this year, we introduced paper bags into stores, and we intend to eliminate plastic shopping bags by early 2019. The impact we have on the world around us will continue to be a focus as we strive to integrate initiatives and policies into our everyday business.

Each Individual Business

Last year I spent time speaking about each individual business, as you have just heard, the Group, and each business within it, has similar strategies and have executed those well, ensuring that the opportunity to benefit from the developments, synergies and talent across the Group have been maximised, particularly in our investment areas of technology and online.

However, and importantly, each brand continues to work on its own respective and unique market and customer proposition and identity.

Glassons

Glassons continues to build its fashion forward credentials within Australia and New Zealand. Our model of bringing to market the products our customers want, when they want, is constantly evolving and improving, as does the ability to respond to market conditions with speed and agility.

Glassons continues to innovate in digital marketing with its influencer events engaging and connecting our customers to their influencers in fashion.

Hallenstein Brothers

Hallenstein Brothers continues to build on its market leadership position in New Zealand. Focus in the last twelve months has been on driving key categories of brand ownership through the business.

The Team continue to work on innovative product, offering value, backed with engaging marketing campaigns that take menswear to a far more exciting position in the market.

And in Australia, we are encouraged with the progress being made in the three stores in Queensland, and remain positive about the opportunity that exists and will review their performance following the busy Christmas and New Year trading period.

Outlook

Whilst the new financial year started well, the outlook for the balance of this season and into the new calendar year remains unpredictable. Australia and New Zealand continue to be increasingly challenging retail markets. Consumers on both sides of the Tasman face ever-increasing pressures and challenges on their discretionary spend, and businesses in both countries are experiencing legislative change as well as challenging exchange rates and cost increase pressures.

However, as a Group, we remain focused on those things that are within our control. Our inventory levels are well controlled. We continue to build and develop our teams, to focus and build on our customer experience and service, and to develop and deliver the best product, whilst closely managing

our cost base. With these strategies and our team in place, we are striving for continuous improvement across our business.

I would like to take this opportunity to thank the team that I work with, for their and their team's outstanding contribution to the business over the last twelve months, the results as outlined are a credit to them and theirs to be proud of.

Mark Goddard
Group CEO
12 December 2018