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To: **NZX Limited**

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Auckland, 29 December 2022

### **The Warehouse Group – FY23 Q2 year to date trading update**

The Warehouse Group (“the Group”) has today provided a trading update for the FY23 second quarter period to date from 31 October to 26 December 2022.

On 11 November the Group announced FY23 Q1 sales up 21.2% compared to FY22 Q1. For the FY23 Q2 period to date from 31 October to 26 December 2022 total Group sales have decreased 5.5% compared to the same period in FY22. (The comparable period was an unusual trading period in FY22, as Q1 and Q2 sales were impacted by COVID-19 lockdown levels which were in place from 18 August 2021, with Auckland the last region to re-open stores from 10 November 2021).

FY23 sales for the Q2 period to 26 December 2022 by brand:

- The Warehouse sales were down 1.3% compared to the same period last year
- Warehouse Stationery sales were down 9.2% compared to the same period last year
- Noel Leeming sales were down 11.8% compared to the same period last year
- Torpedo7 sales were down 8.5% compared to the same period last year

Year to date Group sales in FY23 were \$1,506m compared to \$1,414m in the same period in FY22, an increase of 6.4%.

Group gross profit margin for the FY23 Q2 period to date was down approximately 300 basis points compared to the same period in FY22. Year to date Group gross profit margin in FY23 is down approximately 200 basis points on the same period in FY22.

The Warehouse brand continues to bear most of this decrease due to the continued strength of lower margin grocery and the current mix of seasonal sell through. Increased promotional activity has also impacted margin, in particular due to purposeful investment in the Group’s MarketClub membership programme, which has now generated more than 900,000 active members.

“With cost of living pressures impacting discretionary spend, we are focused on providing the best value essentials for Kiwi families at the lowest prices,” said Group CEO Nick Grayston.

“We’ve continued to see the relative strength in The Warehouse as customers seek out value, however we haven’t had sales momentum across our other brands. We’ve seen softer trading at Noel Leeming after a strong couple of years and some categories like bike and water at Torpedo 7 have not performed at the level we would expect at this time of year.”

“For FY23 H1 we expect gross profit dollars to be broadly in line with FY22 H1, however cost of doing business (“CODB”) including depreciation, to be \$20m - \$27m higher than FY22 H1. The higher CODB and depreciation largely reflects the investment in core systems and digital platforms the Group is currently undertaking and will continue to be monitored relative to trading conditions.”

The Group's FY23 half year result will be released on Tuesday 21 March 2023.

**ENDS**

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