

**THE
WAREHOUSE
GROUP**



Helping Kiwis live better every day



NZX virtual investor event – 5 July 2022

Who we are



THE MARKET



251
stores
across
NZ

89

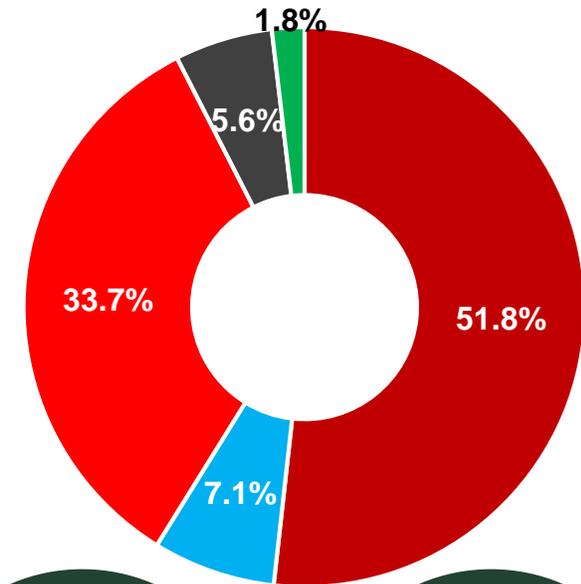
68
(including 33 SWAS)

70

24

Online
marketplace

FY22 H1 Group Sales \$1,730m
(FY21 \$3,415m)



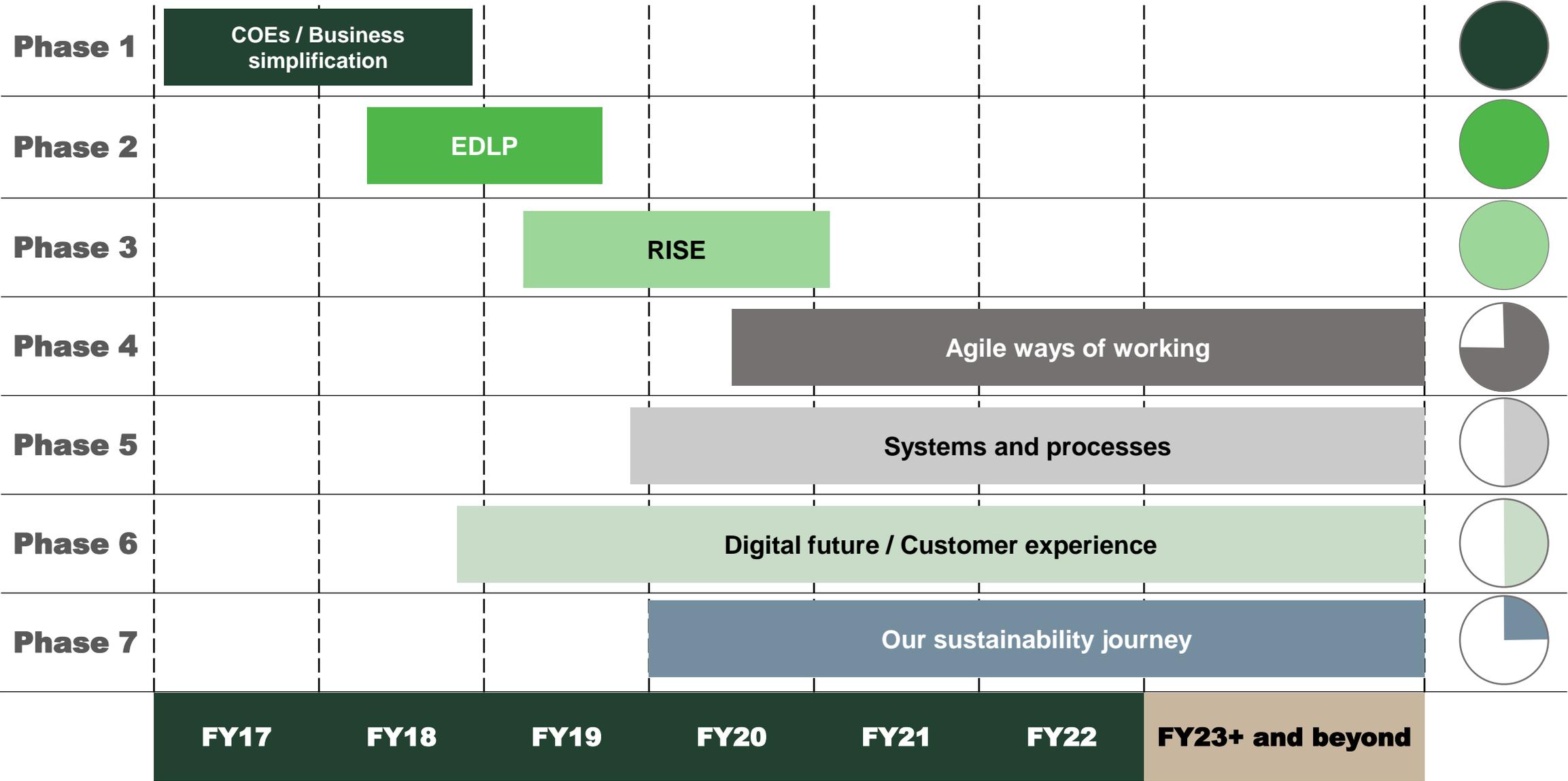
Online
Sales
19.4%
of total
Group sales

Click &
Collect
50.1%
of total
online sales

Our strategic priorities

<p>Our Purpose</p>	<p>Helping Kiwis live better every day</p>		
<p>Our Strategic Priorities</p>	<p>Build a customer ecosystem</p>	<p>Build the future experience</p>	<p>Invest in our infrastructure to excel in retail fundamentals</p>
<p>Recent achievements</p>	<ul style="list-style-type: none"> Engage new and existing customers by solving their needs and wants better Offer a rewarding, seamless and frictionless customer experience 	<ul style="list-style-type: none"> Meet & exceed changing consumer expectations Optimise store footprint and develop supply chain Provide “What I want, where I need it, when I choose” 	<ul style="list-style-type: none"> Material progress on core system replacement Scoping of further core investment Maintained long term financial security
	<ul style="list-style-type: none"> Launched MarketClub – the first steps towards a Group loyalty programme Integrated 1-day.co.nz into TheMarket.com – on track to deliver more than \$100m GTV in FY22 SKU reduction of 12% in the period – 11.0% for TWL and 12.7% for WSL The Warehouse mobile app spent 46 days as the #1 most downloaded shopping app during the half All our mobile apps are rated 4.7+ with over 67k reviews on iOS App Store. 	<ul style="list-style-type: none"> Weighted average in-store net promoter score (NPS) increased by +3.7 points year on year for the Group Online sales increased 67.8% and Click & Collect sales grew 79.1% (FY22 H1) Warehouse Stationery SWAS integrations up to 33 stores. 	<ul style="list-style-type: none"> Significant progress on core system projects – WMS, ERPFI and MDM ERPFI project is on track – ERP finance system released in April 2022 Realtime Inventory available to sell (ATS) for online is on track for release in September Scoping work underway on supply chain network and complete on Group Order Management System (“GOMS”) Liquidity of \$480.0 million (FY22 H1), with no drawn debt.

Our transformation journey



Our broad ecosystem – all about our customers

- Our customer-centric ecosystem is focused on solving customer problems and providing a frictionless shopping experience, creating greater customer value.
- We have strong ecosystem foundations in place with an established physical footprint and market leading digital assets.
- We have confirmed the rollout of a unified loyalty programme across the Group as MarketClub.
- In August 2021, we announced a cornerstone strategic investment in Zoom Health – we have a shared vision to offer convenient and affordable access to healthcare to all Kiwis.
- Further improvements will make customer shopping journeys across all our brands faster, easier and more personalised through unified data, platforms and people – while remaining focused on the fundamentals of delivering exceptional value and new assortments with improved customer fulfilment and payment options in store and online.



Sustainability

We are committed to our sustainability journey. In the six months to January 2022:



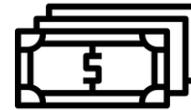
Work progressed with the Board-level **Environmental and Social Sustainability Committee** to govern the Company's environmental, social and sustainability responsibilities.



Carried over **17,500 unique products with sustainable features**, accounting for over \$111 million in sales during the half year.



Diverted 75.8% of operational waste from landfill in FY22 H1.



Raised **\$1.3 million** for New Zealand charities and communities in FY22 H1 including \$111k in support of The New Zealand Red Cross Tonga Tsunami relief.



Reduced Scope 2 emissions⁽¹⁾ by an estimated 2.8% in FY22 H1.

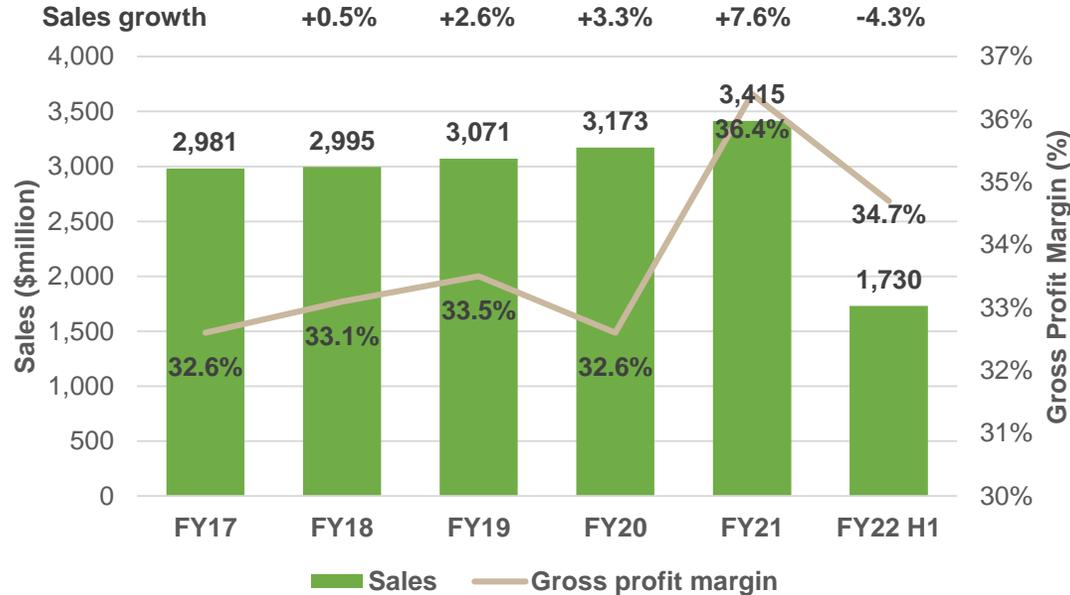


Refinanced \$140 million of bank facilities into **Sustainability Linked Loans** including sustainable packaging, carbon emissions and gender targets.

1. Scope 2 emissions relate to the consumption of electricity used in the operation of our store portfolio, Distribution Centres and Store Support Office. Scope 2 emissions typically account for 25% of total The Warehouse Group emissions. Numbers are yet to be Toitū CarbonZero certified.

Historical performance

5-year sales performance

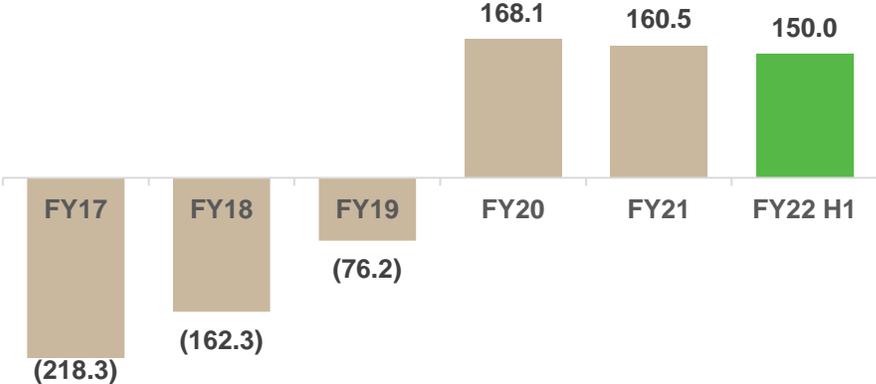


	FY20	FY21	FY22 H1
Online Sales	\$374.5 million (11.8% of sales)	\$393.1 million (11.5% of sales)	\$335.9 million (19.4% of sales)
Click and Collect Sales	\$118.8 million (32.8% of online)	\$143.9 million (40.4% of online)	\$151.8 million (50.1% of online)

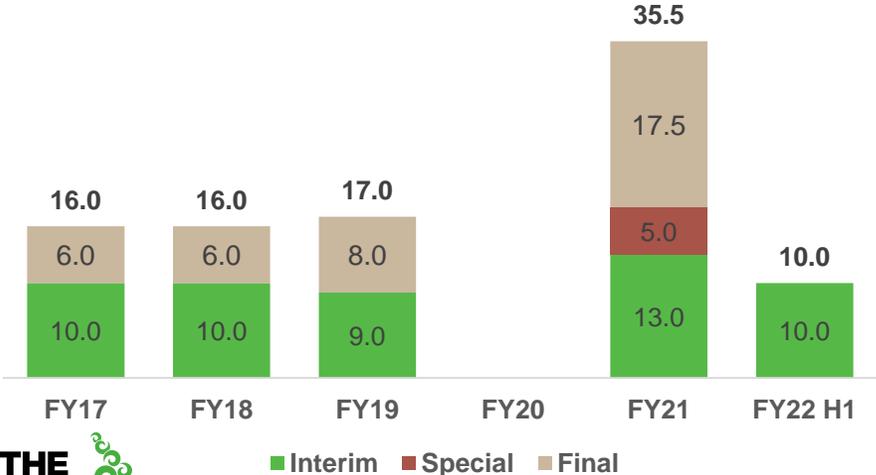
- Sales momentum was upheld even in the midst of COVID-19 disruption – with FY22 H1 hardest hit as our stores were forced to close for 23% of normal trading days during Aug to Dec 2021.
- Gross profit margin was impacted during peak of COVID-19 in FY20 due to increased operating costs, store closures, and product sales mix.
- Gross profit grew at a faster rate than sales in FY21 due to better margin management and sell through rates requiring lower clearance and promotional activity. However, gross profit decreased in FY22 H1 due to increased supply chain and freight expenses.
- Strong online sales proposition across all brands. Online sales continues exponential growth – making up 19.4% in FY22 H1, up 67.8% on prior half year.
- Click & Collect is also growing as customers' preferred choice of easy collection of their online orders – making up half of all online sales in FY22 H1.

Strong Balance Sheet and Dividends

Cash Balance (\$million)



Dividend History (cps)



- Strong cash balance sheet with no debt, \$150 million as at 31 January 2022.
- Supported by committed, unused, bank facilities available of \$330 million providing total liquidity of \$480 million. This is slightly above the Group’s target liquidity requirement of \$350 million - \$450 million.
- Available bank facilities include Sustainability Linked Loans totalling \$140 million with Westpac and ANZ.
- We have a high dividend pay-out ratio policy – to distribute at least 70% of the Group’s full year adjusted net profit, at the discretion of the Board and subject to trading performance, market conditions and liquidity requirements.





Thank You

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