
**To: Market Information Services Section
NZX Limited**

Auckland, 13 November 2020

The Warehouse Group First Quarter Sales Update

Highlights:

- Group sales of \$738.5 million, up 6.3% on Q1 FY20
- Strong sales growth particularly for Noel Leeming, up 11.5%, and Torpedo7, up 41.8%
- Same store sales growth across all brands
- Online sales growth of 58%, representing 11.3% of Group sales for the quarter

The Warehouse Group today reported sales for the first quarter ending 1 November of \$738.5 million, up 6.3% on the same quarter last year. Gross margin percentage has also been strong, up circa 170 basis points on Q1 last year.

Group CEO Nick Grayston said the result is a positive start to FY21 and continues the sales momentum of the final quarter of FY20.

“The business is trading well, particularly given the uncertain and unpredictable economic environment and we are now focused on continuing this momentum as we head into the second and largest summer trading quarter, said Mr Grayston.

As we saw at the end of the FY20 year, **Group online** demand continued to grow in the first quarter of FY21 with sales of \$83.7 million, up 58% compared to the same quarter last year. Online sales as a percentage of total Group sales increased from 7.6% to 11.3%, with all Group brands experiencing significant online growth.

The Warehouse recorded sales of \$379.5 million in the quarter, up 2.9% on the same quarter last year. Sales increased by 8.1% on a same store sales basis, driven mainly by sales growth in the toys, leisure and outdoor categories. Of all the brands, The Warehouse was the most impacted by the second Auckland lockdown from 12 August 2020 to 30 August 2020. During the quarter, the previously announced store closures of Johnsonville and Dunedin Central occurred. The Dunedin Central store was also converted to a dark store to support online sales fulfilment in the region.

Warehouse Stationery recorded sales of \$61.8 million in the quarter, a decline of 1.9% but up 0.5% on a same store sales basis. The Store-Within-A-Store programme continued, with the six stores completed being Masterton, Whanganui, Oamaru, Riccarton, and Te Awamutu. This brings the total number of SWAS stores to 23.

Noel Leeming reported sales for the first quarter of \$250.8 million, an increase of 11.5% compared to the same quarter last year. Quarterly same store sales increased 9.1%. There was sales growth across all categories, with particular strength in Computers, Communications and Whiteware. During the quarter the previously announced store closure of Tokoroa occurred.

Torpedo7 recorded very strong sales growth, with a 41.8% increase to \$33.8 million on the same period last year and a 39.2% increase on same store sales. These sale numbers do not include 1-day, which has previously been reported as part of the Torpedo7 Group. Categories that performed strongly in the second half of FY20 continue to perform well, including Cycle, Outdoor and Watersports. There were no new store openings in this quarter.

TheMarket.com has now been operating a full year since August 2019. Now hosting over 4,000 brands and more than two million products, sales through the platform for Q1 were in line with expectations. For the quarter, TheMarket.com achieved over 1 million monthly sessions which is up over 300% relative to the same quarter last year.

Group inventory levels have continued to build since the FY20 year end and though our inventory levels are down on this time last year, we remain confident that we can meet our customer needs. As has been the case for most retailers, COVID-19 has required additional measures to be taken to ensure there are sufficient inventory levels to meet customer demand during the peak trading period. However, there may be some specific categories in the Torpedo7 and The Warehouse brands that are impacted by delays in international shipping.

As in previous years, the earnings outlook for FY21 will be dependent on the critical second quarter trading period and earning guidance will be considered on announcement of the Group's interim results.

The Annual Shareholder Meeting will take place on Friday 27 November 2020.

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