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**To: NZX Limited**

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Auckland, 12 May 2023

### **The Warehouse Group – FY23 Q3 trading update**

The Warehouse Group Limited (“the Group”) has today provided a trading update for the 13 weeks ending 30 April 2023 (“FY23 Q3”).

Total Group sales were \$801.3 million in FY23 Q3, an increase of 3.8% on the same period in FY22<sup>1</sup>.

- The Warehouse sales were \$444.1 million, up 10.5% compared to the same period last year.
- Warehouse Stationery sales were \$65.7 million, down 2.5% compared to the same period last year.
- Noel Leeming sales were \$247.8 million, down 3.4% compared to the same period last year.
- Torpedo7 sales were \$35.4 million, down 3.0% compared to the same period last year.

The Warehouse Group ended the third quarter showing some improvements in its trading performance, despite a challenging consumer environment.

The third quarter brought year to date sales to \$2.6 billion, up 4.5% compared to the prior period year.

Group gross profit was \$272.2 million in FY23 Q3, down 0.9% on prior period, resulting in \$865.6 million gross profit year to date, down 1.0% compared to prior period year to date. Group gross profit margin was 34.0% in FY23 Q3, down 160 basis points compared to FY22 Q3, however an improvement on the gross profit margin of 32.7% reported in the half year.

“We have reprioritised our focus on trading in response to the current economic conditions. Our attention remains on managing costs and delivering gross profit across the Group,” said Group Chief Executive Officer, Nick Grayston.

The Warehouse delivered a strong quarter with sales growth of 10.5%, resulting in year to date sales of \$1.5 billion, up 12.4% compared to prior period year to date. The Warehouse gross profit increased 5.0% to \$169.6 million in the quarter, with gross profit growth year to date of 12.4% to \$539.1 million. The Warehouse gross profit margin was down 200 basis points compared to FY22 Q3, an improvement on the 370 basis point decline reported at half year.

Torpedo7 sales and margins were particularly impacted by a continued significant weakness in the bike category, with total sales down 3.0% and gross profit margin down 440 basis points compared to FY22 Q3. This compares to a decline of 1.1% in sales and decline of 440 basis point in gross profit margin at the half year.

Both Noel Leeming and Warehouse Stationery gross profit margins were similar in FY23 Q3 to those reported in the half year.

“We are beginning to see improvements in our gross profit margin at Group level following the actions we have taken. We will continue to be extremely vigilant with both operating and capital expenditure,” said Mr Grayston.

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<sup>1</sup> Prior period refers to the 13 weeks to 1 May 2022.

The economic outlook continues to be challenging and New Zealanders looking for great value has driven continued sales growth at The Warehouse this quarter. Other Group brands remain challenged as customers continue to control disposable income while cost of living remains elevated and interest rates continue to rise.

“We are pleased to confirm the opening of our newest stores in Warkworth later this month. The Warkworth location, which will open on 25 May, will feature a new The Warehouse, Warehouse Stationery store-within-a-store, and a Noel Leeming store. This will replace The Warehouse Snells Beach and the existing Warkworth Noel Leeming and Warehouse Stationery stores. The premises will be one of New Zealand’s most energy efficient retail buildings, with 252 solar panels on the roof, smart technology to reduce energy consumption, and the use of engineered wood instead of steel for the structure, which produces 90% less carbon than conventional steel framing,” said Mr Grayston.

**ENDS**

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