THE WAREHOUSE GROUP

2024 INTEGRATED ANNUAL REPORT

thewarehouse

warehouse stationery

noel leeming

2024

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The Warehouse Group Board and Executive Leadership Team are pleased to present our FY24 Integrated Annual Report

Dame Joan Withers
Board Chair
25 September 2024

Dean Hamilton
Audit and Risk Committee Chair
25 September 2024

Image: Lodestone Energy. Located in the far north near Kaitaia, Kohirā is Aotearoa's first utility-scale solar farm to supply the national grid. The electricity supply for 26 of our stores and sites across Northland, Auckland and Waikato was switched to this solar farm in February 2024.

2024 AT A GLANCE

PERFORMANCE

In a competitive retail market, we have delivered a soft sales result and profitability was compromised with a flat gross profit margin and increased cost of doing business.

$3.0b
Group sales
down 6.2% on prior year

$18.9m
Adjusted NPAT[1]
(FY23: $57.4m)

($54.2m)
Reported NPAT
(FY23: NPAT $29.8m)

$50.7m
Net debt
(FY23: $48.1m)

1. Adjusted NPAT is from continuing operations before unusual items and is a non-GAAP measure. A reconciliation between Adjusted and Statutory NPAT is located in Note 5.0 of the financial statements for the year ended 28 July 2024.

CUSTOMER

We are committed to developing an integrated retail experience across our brands in store, on apps, and online.

$217.0m
Group online sales
(7.2% of total sales)

$122.8m
Group Click & Collect sales
(56.6% of online sales)

218
Stores
New Zealand wide

79.7pts
Group in-store NPS
up 3.4pts from FY23

COMMUNITY

We've been helping Kiwi families and communities thrive since our doors opened in 1982.

Raised
$2.6m
raised for NZ charities and communities in FY24

eNPS
19.6pts

GENDER EQUALITY

Gender equity is a core focus for us, and we're pleased to maintain gender pay equity at Group level.

46.9%
of senior leaders are female

100%
Gender pay equity

SUSTAINABILITY

We are making progress on our vision to make sustainable living easy and affordable for everyone and on our ambition to achieve zero emissions in our operations by 2040.

We have diverted
77.7%
of operational waste from landfill

30.4%
SCOPE 1 & 2 EMISSIONS (market-based)
compared to FY23 and decreased 29.8% compared to FY20 base year

55%
private-label sales with sustainable packaging
(FY23: 43%)

63
STORES & SITES POWERED BY SOLAR

14%
OF OUR MARKET-BASED SCOPE 2 EMISSIONS
reduced to zero through solar generation

CHAIR'S REPORT

DAME JOAN WITHERS

"As we look ahead, we are redoubling our efforts to regain our market position in key categories for The Warehouse."

Our 2024 financial year has been one of the most challenging in our 42–year history.

New Zealand's deteriorating economic conditions have significantly impacted the retail sector in the past year, with Kiwis tightening their belts and consumer spending falling dramatically. However, it's clear that our trading performance and operational execution have exacerbated the challenges of a difficult environment. This is evident by the decline in market share we have experienced in some key categories.

During the early part of the calendar year, it became apparent to the Board that we needed to make significant changes to address the issues we were confronted with. We faced the fact that we were not able to fulfil the ambitions we had for our ecosystem strategy and also called time on our investments in Torpedo7 and TheMarket.com as we have sought to get the company back to its core retail brands. In addition, we recognised that our products and pricing were not meeting expectations, and this was having a significant impact on our performance at The Warehouse.

The poor financial performance we've reported this year is not acceptable, and both the Board and Executive Leadership Team are acutely aware of the disappointment shareholders will be experiencing due to this result and the big job ahead of us to get the company back on track. We are on that journey.

We have made substantial changes to our leadership with the appointment of John Journee as Group Interim CEO following the departure of Nick Grayston in May. I would like to acknowledge Nick, along with several other members of the executive team who have left.

My sincere thanks to John Journee who has quickly made a significant difference. He retains his position on the Board, as an Executive Director, until we make a permanent appointment to the CEO role, after which John will resume his role as a non-executive director.

We've also made some changes to the Board. We have welcomed Tony Carter, who brings wide-ranging retail, commercial and governance experience to complement the capability already in place around the board table. I want to thank outgoing Director Julia Raue for her leadership during her seven-and-a-half-year tenure on the Board, particularly as Chair of our Health, Safety and Wellbeing Board Committee.

As we look ahead, we are redoubling our efforts to regain our market position in key categories for The Warehouse. We're focused on delivering:

- great products at great prices
- outstanding customer experiences
- growth in shareholder value and sustainable shareholder returns over the long term.

Together with our team of 10,000, we are absolutely focused on simplifying our business, reducing our cost of doing business, and sharpening the focus on our core brands.

I want to thank all our shareholders, our customers, our team members and my fellow Directors for their continued support as we navigate these challenges, rebuild our brands, and continue towards helping Kiwis live better every day.

Ngā mihi,

Dame Joan Withers – Chair

INTERIM CEO'S REPORT

JOHN JOURNEE

"We have simplified our business to focus on The Warehouse, Warehouse Stationery and Noel Leeming as our three core retail brands."

$3.0b
Group sales
down 6.2% on prior year

$28.9m
Operating profit
down 65.3% on prior year

I would like to start by recognising how incredibly tough this year has been.

I also want to thank our shareholders, customers, and teams for sticking with us. Your support means a lot to us because we know our performance impacts you and your families.

The Warehouse is an iconic New Zealand retailer known for a bargain, and we should be the go-to choice for Kiwis navigating the cost-of-living crunch. Instead, we made things overly complex and lost clarity on our mission to deliver great products at affordable prices. We held onto Torpedo7 and TheMarket.com for too long, reacted too slowly to changing market conditions, and fell out of step with what Kiwi families want.

During FY24, we made tough decisions that have set us up for the future and turnaround our performance. We have reset the Group strategy, divested unprofitable businesses, and moved away from the ecosystem strategy to focus on our core retail brands, The Warehouse, Warehouse Stationery and Noel Leeming. We have also restructured our senior leadership team and redesigned our operating model to support this change.

A disappointing financial performance

There are no two ways about it: our FY24 financial performance is disappointing and a long way from where we need to be.

For the year ending 28 July 2024, the Group reported total sales of $3.0 billion (down 6.2% compared to FY23). The Warehouse sales were $1.8 billion (down 5.3%), Warehouse Stationery sales were $231.9 million (down 6.7%), and Noel Leeming sales were $1.0 billion (down 5.3%).

Adjusted Net Profit After Tax (NPAT)[1] was $18.9 million, compared with $57.4 million in FY23.

In March 2024, we sold the underperforming business, Torpedo7. The loss on sale has resulted in the first loss for The Warehouse Group in our listed company history. Reported Net Loss After Tax for FY24 was $54.2 million compared with Reported NPAT of $29.8 million in FY23.

Strategic reset

Our shift from a Group-led ecosystem strategy to a brand-led strategy is centred on strengthening each brand's specific customer value propositions.

A significant refresh of The Warehouse product offer and price position across all our core categories, which is already under way, will drive more relevant, on-trend assortment and competitive customer value proposition for Kiwi families. Our expanded Market Kitchen pantry essentials range, and improvements to our health and beauty, baby and pet care offer are proving very popular and are driving increased customer engagement and more frequent shopping visits.

With the twin challenges of the rising cost of living and increasing pressure on our planet's resources, it's never been more important that we strive to make the products we sell affordable and sustainable, and this will continue to be our ambition.

We have re-established a dedicated Warehouse Stationery leadership and retail team within the Warehouse operation to enable us to improve the execution of our offer to the SME and education sectors.

With 85% of Kiwis living within 20 minutes of The Warehouse, our network of Red Sheds remains crucial to our success. Our 86 stores are at the heart of many communities across New Zealand and offer a national footprint that our competitors cannot match. We're busy resetting store layouts in key locations to improve our customer experience and highlight the improved product offer. E-commerce and Click & Collect remain important shopping options for customers and we have recently increased our network of store-based fulfilment hubs to service this demand more efficiently.

A dedicated Noel Leeming leadership and retail team will enable them to strengthen the brand's market leadership position more effectively and assertively in a highly competitive and fast-moving market.

The multi-year investments we have made to modernise our core systems across the Group have progressively come on stream over the last year and are increasingly being used to leverage our significant network, inventory, data, and people assets to support decision making and improve operational effectiveness and efficiency.

Getting fighting fit

Our financial results serve as a stark reminder of the challenges we face as a business and of our poor operational execution in the face of those challenges. While we're not where we need to be, we have made tough calls to act quickly and decisively to get the company fighting fit.

To support the shift from the Group's ecosystem strategy we have recently completed an organisational redesign that has moved us away from the Agile operating model that the business used to execute its strategy for the past four years, to one that is brand-led, built around the critical retail buy-move-sell functions, with clear accountability.

Our primary focus in the short term is turning around The Warehouse's performance and reasserting its customer value proposition and market position.

The Warehouse is the cornerstone of our business, and its success will always be led by great products and prices and supported by outstanding customer experiences. We are reinvigorating our category strategy to more consistently deliver the range, value, trend, and excitement our customers expect from us. These changes will be supported by improvements to our instore and online customer experience, marketing and supply chain performance.

We have made significant reductions in both our operating expenses and project spend going into FY25, and the pressure on reducing our cost of doing business will continue to be a critical part of us getting fighting fit.

We will be equally focused on fighting for profitable sales and getting our cost base leaner and fitter as we turnaround our performance.

Getting on with the job

I have been clear my key role as Interim CEO is to get The Warehouse back on track and to set the groundwork for a return to profitable growth.

To support this, I've also made changes to the Executive Leadership Team to ensure there is clear accountability for the performance of each of our brands.

Ian Carter is the Executive General Manager Operations, looking after store operations across The Warehouse and Warehouse Stationery. We have brought merchandising and planning for these brands under one role, which is headed by Tania Benyon as Executive General Manager Merchandise. Mark Anderton has expanded responsibility for supply chain as Executive General Manager Supply Chain and Sourcing.

We have also appointed Jason Bell as Chief Operating Officer for Noel Leeming.

Richard Parker remains as Chief Human Resources Officer supporting all our brand store and support teams.

We welcomed Mark Stirton as our new Chief Financial Officer in April. Having joined us from Mr Price in South Africa, Mark has quickly set about zeroing in on our costs and getting our financial house in order with precision. He now has an expanded role in our new structure, looking after our information technology and corporate development teams.

I want to acknowledge our departing leaders, Jonathan Waecker, Edwin Gear and Sarah Kearney, for their service and contribution to the Group.

We have a team of 10,000 passionate and committed retailers working across our three market-leading brands. From our buying teams designing and sourcing the best value on-trend products, to our logistics team who pack and sort thousands of orders a day, to our support teams who serve our frontline teams, to our store teams helping the 1.5 million customers who walk through our doors every week. I'm proud of how energised our team are to help Kiwi families live better every day.

Into the future

Our strategy reset for FY25 may sound simple, but it is this simplicity and focus that will enable our team to excel at the craft and science of retail to deliver greater value to our customers and reclaim our market leadership.

Turning around our performance will be challenging. But we are determined to succeed.

I am very conscious that words are not what our shareholders, customers or team members want in the year ahead. Rather, they want action and improved performance. With our focus firmly back on trading our retail brands and delivering the bargains our customers expect and deserve from us, the team and I look forward to showing meaningful progress in the year ahead.

Ngā mihi,

John Journee – Interim CEO

1. Adjusted NPAT is from continuing operations before unusual items and is a non-GAAP measure. A reconciliation between Adjusted and Statutory NPAT is located in Note 5.0 of the financial statements for the year ended 28 July 2024.

FINANCIAL REVIEW

MARK STIRTON

Overview

It's clear that FY24 has been one of the most challenging years in our Group's history. We've faced significant internal and external pressures, and our financial results reflect those difficulties. They also provide a clear picture of the work that lies ahead.

Tough economic conditions in New Zealand prevailed throughout the financial year, creating strong headwinds for the retail industry. Consumer sentiment and Kiwi households' budgets have been under pressure with high interest rates and the cost-of-living crunch, draining the spending power of customers' wallets.

Many New Zealand businesses have likewise been dealing with a rising cost of doing business (CODB) with compressed margins and muted top-line growth. This has impacted earnings, resulting in low wage growth and increased redundancies, both negative for retail spending.

While these economic conditions have had a significant impact on us, as a low cost retailer we should have been able to weather these economic conditions better. The Board and Management acknowledge that our performance is well below expectation. Our inability to execute on our plan allowed the competition to strengthen over the period at our expense. Our core customers did not find sufficient value in our key higher margin categories, and this resulted in lost market share. As an everyday low-price retailer, we did not get our pricing and value right in key product areas, leading to a decline in customer spending.

This combination of these external and internal factors has resulted in the Group's poor financial performance.

The Board and Management have taken steps to refocus and simplify the business during the period. We sold Torpedo7 at the end of March 2024 and closed TheMarket.com in June 2024. These were large investments into the Group's future, intended to provide diversification and be new growth streams for the Group. Unfortunately, these two businesses were not performing to expectations and in the existing economic environment continuing to invest capital and resources to support their growth was untenable.

The Group went live with the replacement of our Enterprise Retail Planning Finance and Inventory (ERPFI) System in April 2024. This has been a material investment into modernising our legacy environment which had not been updated in over 30 years. This multi-year project has had a difficult implementation. However, this platform investment will provide the necessary foundations to bootstrap the Group's core systems for at least the next decade and further allow us to introduce new retail capabilities.

The Group, under the leadership of our newly appointed Interim CEO John Journee has embarked on a strategic reset to get our core retail brands performing, by delivering on our retail fundamentals in a more disciplined and consistent way. This will be evident in better products and prices and with an experience our customers are looking for.

Revenue

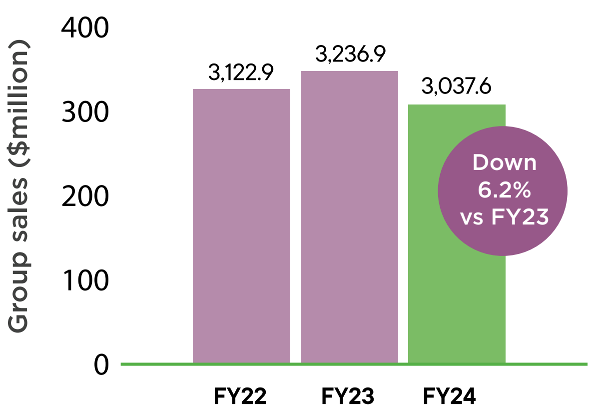
Unless otherwise noted, information is stated on a continuing basis only. The Group disposed of Torpedo7 during the financial period which has been classified as a discontinued operation.

Group revenue for the year was $3.0 billion, a decline of 6.2% on the prior year.

Group weighted average retail selling price decreased 50 basis points in FY24, compared to FY23, due to material changes in basket mix and promotional discounts. Units sold in the year decreased 4.7% from the prior year.

Our retail year had two distinct halves. Retail sales in the first half declined 4.9% while producing more profitable sales through margin expansion. However, this worsened in the second half, decreasing 7.6% on last year as customer spending, particularly after the Christmas peak, saw a material pull back as discretionary income became constrained.

$3.0b
REVENUE
(down 6.2% on prior year)



The Group's sales density declined 3.7% on a total retail sales revenue per square metre basis, slower than the top-line decline, which is a positive for productivity of space utilisation.

Gross Profit Margin

The Group gross profit margin was robust in the first half at 34.3%, increasing 160 basis points compared to FY23 H1. A favourable category mix, higher rebates and lower freight costs supported the rise, only slightly offset by promotional and markdown activity.

In the second half, the retail market became highly promotional with strong pricing pressure from competitors which negatively impacted margins as we were forced to respond to remain competitive. The situation was aggravated by products in key margin categories not resonating with customers, resulting in increased markdown activity to clear inventory. These declines could not be offset to the same level through cost savings which resulted in negative operating profit leverage.

Brand Performance

Despite these economic headwinds, our foot traffic conversion was up against prior year across all our brands. However, basket sizes have declined. This has adversely impacted the Group's results, particularly due to the mix of product categories within these baskets versus the prior year.

The Warehouse

Following a strong year in FY23 where The Warehouse recorded its highest sales in its history of $1,892.4 million, FY24 sales dropped to $1,792.3 million – a decline of 5.3%. Our increased product offering in grocery resulted in category sales up 12.5% on FY23. This materially impacted category sales mix, with grocery now contributing 25.8% of total sales for the period. While this growth is pleasing, it was offset by decreases in higher margin categories of Home and Apparel.

Despite the decreased sales, The Warehouse gross profit margin remained steady, increasing 10 basis points. While we saw pleasing gains in gross profit margin in the first half of 250 basis points, compared to the FY23 first half, category mix, promotional burn, and higher-than-normal markdown activity saw this decrease by 260 basis points compared to the FY23 second half.

The Warehouse operating profit declined 75.3% to $17.7 million, at an operating margin of 1.0%, down 280 basis points on the prior year.

Warehouse Stationery

Warehouse Stationery sales declined 6.7% to $231.9 million in FY24. Our Print & Copy Centre products and service continued to be our highest growth category, up 14.0% in FY24 and at strong margins, although the brand saw customers decrease spending in other core categories including Consumables, Stationery, Study Equipment and Office Furniture.

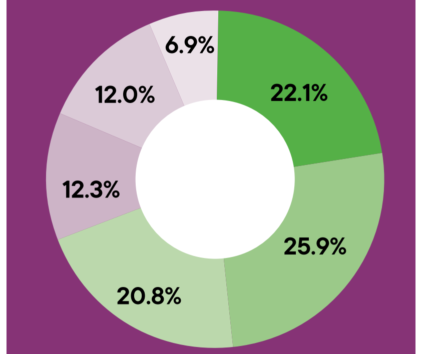
Gross profit margin increased 70 basis points in the first half but decreased 370 basis points in the second half, resulting

33.6%
GROUP GROSS PROFIT MARGIN

($54.2m)
Reported NPAT
(FY23: NPAT $29.8m)

85%
CASH CONVERSION RATIO
(from 81% in FY23)

CAPITAL EXPENDITURE
$39.0m
(FY23: $113.2m)



in a full year gross profit margin decline of 150 basis points.

Warehouse Stationery operating profit declined 44.0% to $12.9 million, at an operating margin of 5.6%, down 370 basis points on the prior year.

Noel Leeming

Noel Leeming sales were impacted by customers' reduced discretionary income spending on high ticket items, combined with higher promotional and markdown activity as competitors chased market share. Sales declined 5.3% on the prior year to $1,005.2 million. The first half showed small declines but accelerated with 8.6% sales drops in the second half.

Despite decreased sales, gross profit margin held up well, driven by a favourable change in mix to higher margin categories specifically Audio and Small Appliances.

Noel Leeming operating profit declined 36.6% to $17.3 million, at an operating margin of 1.7% – down 90 basis points on the prior year.

Operating Profit

Operating profit[1] (EBIT) from continuing operations was $28.9 million, down from $83.4 million in FY23. While gross profit margin percentage remained consistent with the prior year at 33.6%, operating profit was significantly impacted by the Group's inability to remove costs at the pace of sales and margin decline. This resulted in operating margins declining 160 basis points to 1.0%.

Group CODB declined in dollar terms by 1.3% to $992.0 million; however, the decline in revenues of 6.2% increased the CODB percentage of sales by 160 basis points from 31.0% to 32.6% in FY24, which squeezed the operating margin noted above.

Employee expenses decreased 4.4%, with reduced Store Support Office (SSO) headcount through restructures and closures, lower Management incentive payments, combined with operational efficiencies in labour productivity across stores and distribution and fulfilment centres.

Lease expenses (excluding the impact of NZIFRS16) continued to increase, up 2.6% despite the constrained retail environment, spurred by rates – which rose 4.8% on the prior year.

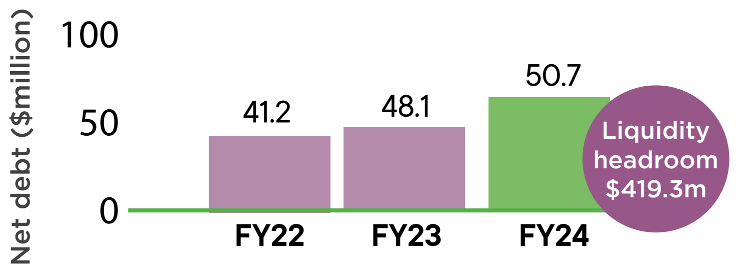
Due to the Group's investment into new systems and platforms, technology running costs increased 18.0% on the prior year. The Group has invested significant capital to modernise our retail platforms, and while this has come at a cost to the Group, it has set us up for the future. The change in accounting standards, meaning that some of this information system capital expenditure is expensed through the Income Statement, has come at a time of peak information systems development for the Group. Due to these accounting standard changes, $18.6 million which would have previously been capitalised has been fully expensed in FY24. Our project investment in recent years has caused depreciation to increase 6.5%.

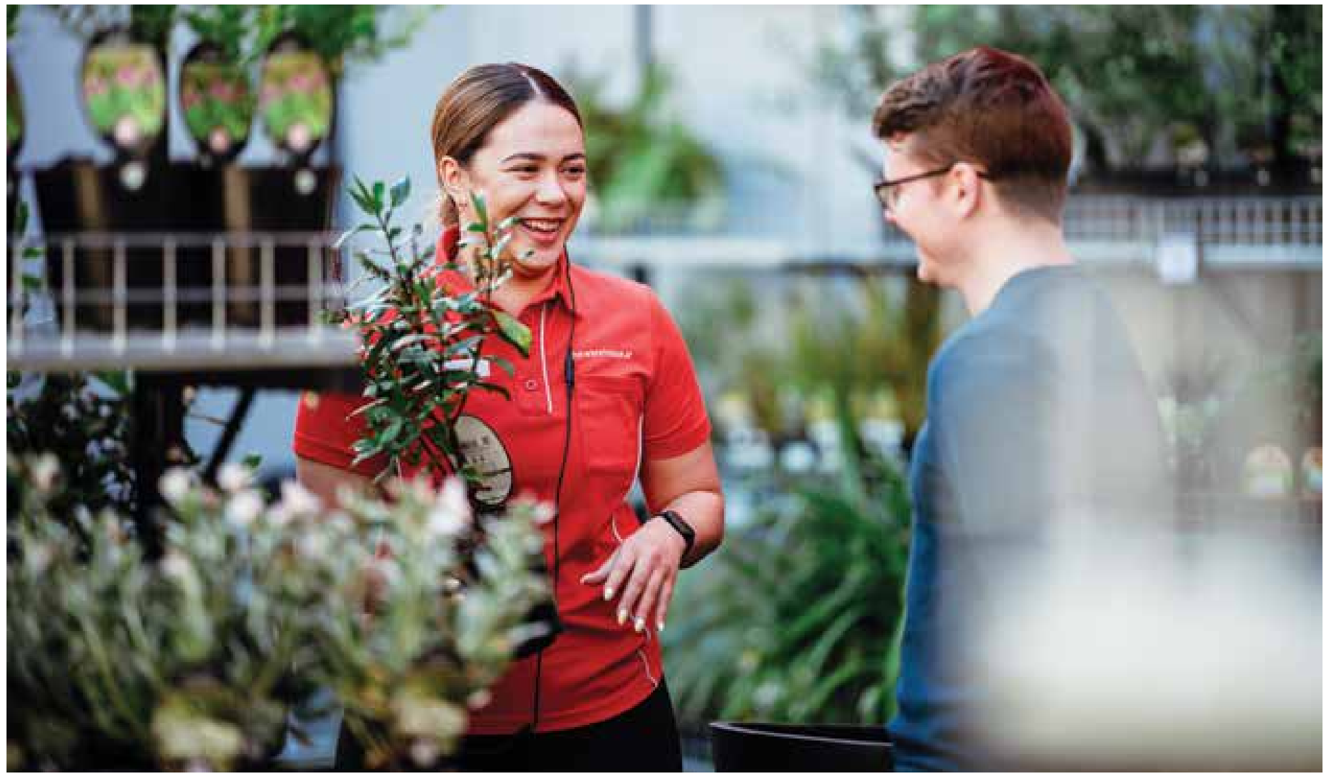
Net Profit

Adjusted Net Profit After Tax (NPAT)[2] was $18.9 million, compared with $57.4 million in FY23.

In March 2024 we sold the underperforming business, Torpedo7. This loss on sale has resulted in the first loss for The Warehouse Group in our

[1] Operating Profit excludes the impact of NZIFRS16 (Leases).
[2] Adjusted NPAT is before unusual items and is a non-GAAP measure. A reconciliation between Adjusted and Statutory NPAT is located in Note 5.0 of the financial statements for the year ended 28 July 2024.





listed company history. Reported Net Loss After Tax for FY24 was $54.2 million compared with Reported NPAT of $29.8 million in FY23.

Cash Flow

Operating cash flows (including discontinued operations) ended at $185.9 million, down 13.2% or $28.3 million, compared with the prior year.

Trading EBITDA from continuing operations was $226.4 million, down 17.4% compared to FY23. This was offset by a favourable net tax refund received in FY24 compared to tax paid in FY23, and lower restructuring costs paid in FY24 compared to prior year.

Dividend payments of $45.5 million were made in FY24, which included the FY23 final dividend (8.0 cents per share) and the FY24 interim dividend (5.0 cents per share). The FY24 interim dividend equates to a 92% payout ratio of FY24 Adjusted NPAT, significantly above the Group's dividend policy of 70%, brought about by the loss incurred in the second half.

Balance Sheet

The Group recognises that its Return on Invested Capital (ROIC) is well below its weighted average cost of capital. A key focus is operating margins and asset productivity to improve our return on assets while simultaneously improving leverage to boost Group ROE. The removal of loss-making entities with high capital requirements and a brand-focused approach driven by key metrics will rebuild the balance sheet strength. A greater focus on the science of retail, driving key retail metrics, will be a major contributor to our reset.

The above cash flows resulted in net debt of $50.7 million at FY24 year-end, compared to $48.1 million at FY23 year – end. The Group met its debt covenants throughout the period.

The cash conversion ratio improved this year from 81% in FY23 to 85% in FY24, while free cash flow (operating cash flow less capital expenditure) grew from $99.2 million in FY23 to $146.5 million in FY24.

Working capital reduced in FY24, due to lower inventory on hand as a result of the disposal of Torpedo7, and higher payables at year-end. Both inventory and trade receivables are sufficiently provided for compared to the prior year and will be a key focus area in FY25 to improve capital efficiencies.

The prior year saw elevated levels of capital expenditure as we came to the end of a number of large investment programmes addressing our core systems, store development, SSO refurbishment and North Island Distribution Centre facilities.

In FY23 the Group stated that total project expenditure would be capped at $80 million in FY24. Total project expenditure, including capital expenditure, prepayments, SaaS spend and project-related operating expenditure, in FY24 was $73.4 million, of which $39.0 million was capital expenditure, which is within guidance. Capital expenditure as a percentage of depreciation and amortisation was 56% in FY24, compared with 170% in FY23.

In FY24 we opened a new retail centre in Wānaka, which included The Warehouse, Warehouse Stationery SWAS store and Noel Leeming. The Group is laser focused on optimising our existing store footprint by enhancing sales density, through increased shopping missions, conversion, and basket value across our physical and online channels.

It's been a challenging period, but I'm confident we're taking the right steps to rebuild our financial performance. With a sharper focus on our core brands and stronger operational discipline, I look forward to working with the team to restore the Group's financial strength.

Mark Stirton – Chief Financial Officer

OUR PURPOSE

Helping Kiwis live better every day

Ia tangata, ia rā

OUR VISION

To make sustainable living easy and affordable for everyone

Kia ngāwari, kia utu māmā hoki te noho tiaki taiao a te katoa

OUR VALUES

DO GOOD

Mahi i nga mahi pai

We are one team, standing up for our people, our planet and our communities.

THINK CUSTOMER

Whakaarohia te kaiutu

We put the customer first in everything we do.

OWN IT

Kia haepapa

We walk the talk and make things happen.

OUR STORES

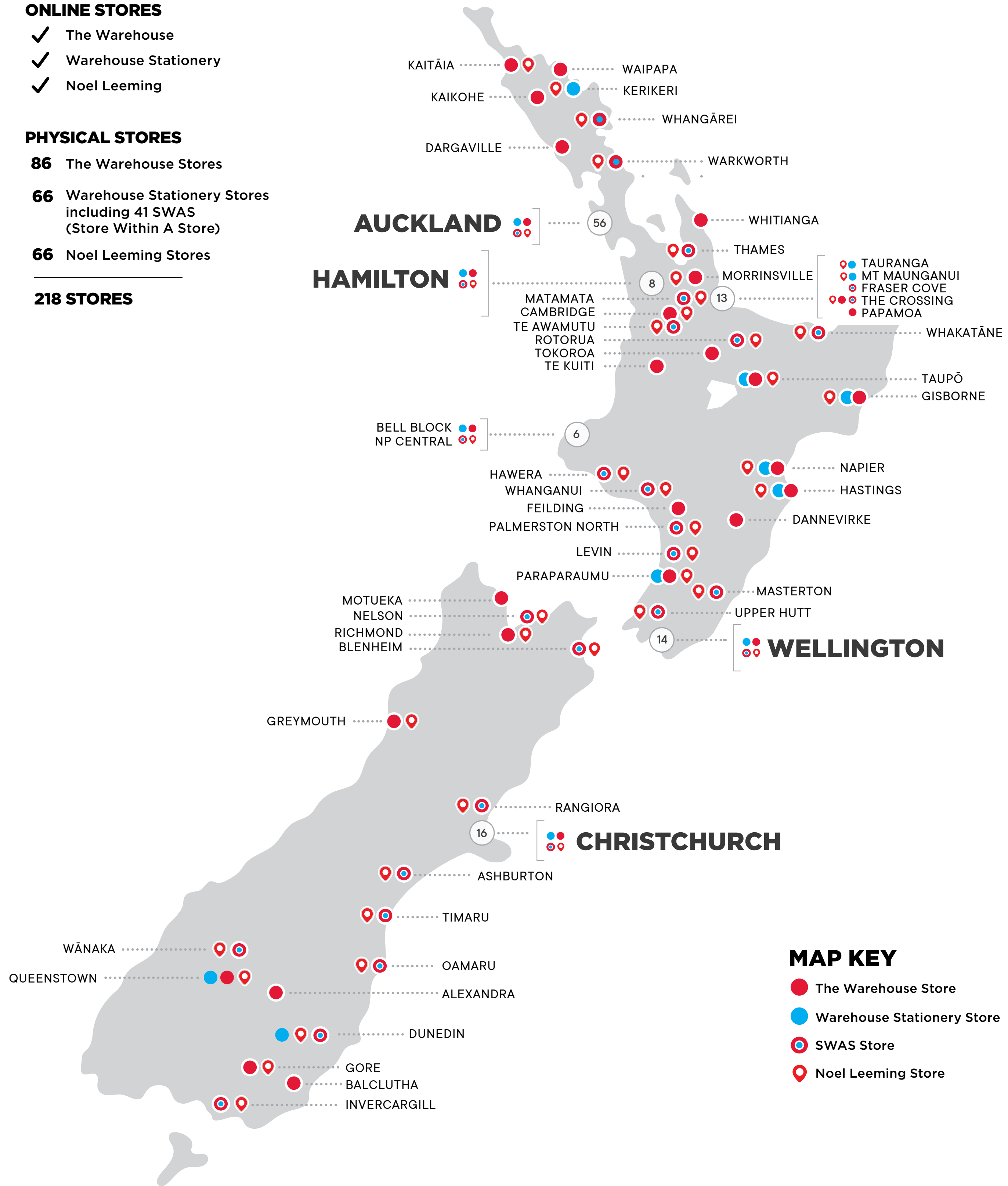
ONLINE STORES

- ✓ The Warehouse
- ✓ Warehouse Stationery
- ✓ Noel Leeming

PHYSICAL STORES

86	The Warehouse Stores
66	Warehouse Stationery Stores including 41 SWAS (Store Within A Store)
66	Noel Leeming Stores

218 STORES



OUR BRANDS

thewarehouse

For over four decades, our iconic Red Sheds have been a familiar sight in New Zealand communities, offering Kiwis great value.

The Warehouse has always been a barometer for how New Zealand is doing and it's clear that this has been a tough year for many Kiwis. The perfect storm of rising costs, interest rates, and inflation has squeezed our customers and put pressure on their wallets. This, inevitably, has impacted consumer spending and presented significant challenges for our business.

This year, The Warehouse recorded sales of $1.8 billion, down 5.3% on FY23. Gross profit of $672.9 million, was down 5.0% on FY23 with gross profit margin up 10 basis points on FY23.

To navigate these headwinds, we focused our efforts on core categories that remain top of mind for Kiwi families and where we could deliver value.

Our new Allie the Alien campaign was a huge hit with our customers and team members during our Mega Toy Sale in July 2024, highlighting our extensive range of toys and an in-store activation encouraging Kiwis to get into store to find Allie.

As Kiwis look for more affordable groceries, we have seen Grocery category sales increase as our range of everyday essentials resonates strongly across the country. In FY24 we launched 51 new Market Kitchen SKUs, including milk, bacon and ham, as well as further expanding our Pantry and Dry Goods range. Our Market Kitchen Dark Roast Coffee Beans won the Golden Bean Australasia Bronze Award in November 2023.

We continue to review our store footprint to make sure we're in the right locations to best serve customers. We opened a brand-new The Warehouse in Wānaka, offering more affordable options in the growing South Island community, creating more than 30 local jobs. We reopened our Tory Street store in central Wellington in March, after a fire in 2023 forced the store to close. We closed our Belfast and Tauranga Central stores in response to lower foot traffic and we closed our Milford store on Auckland's North Shore after 28 years when our lease was not renewed.

As we see customers make more purposeful shopping journeys, we have seen The Warehouse store foot traffic decrease 2.3% in FY24 compared to FY23. The Warehouse online sales were 5.1% of total sales in FY24 and Click & Collect remains popular with customers, increasing to 54.0% of online sales in FY24 from 52.6% in FY23.

The Warehouse team members continue to offer high levels of customer service for our customers, and we were pleased to receive an in-store Net Promoter Score (NPS) of 80.5 in FY24, up from 77.3 in FY23.

Our Be the Joy Christmas campaign helped raise money for Women's Refuge, Variety the Children's Charity, and Kindness Collective, with The Warehouse customers donating $155,800 to these charities to make sure Kiwi kids in need received a gift at Christmas.

"We've done a lot of work to bring more trend and newness into our FY25 product range, and there's more to come as we expand our offering to customers."

Tania Benyon – Executive General Manager Merchandise

$1.8b Sales
(down 5.3% on FY23)

86 Stores

$91.8m Online sales
5.1% of sales

$672.9m Gross profit
(down 5.0% on FY23)

OUR BRANDS

warehouse stationery

Warehouse Stationery has been helping Kiwis work, study, create and connect for more than 30 years. We have all the essentials to keep customers organised, creative and productive.

In FY24, Warehouse Stationery recorded sales of $231.9 million, down 6.7% on FY23. Gross profit of $105.4 million was down 9.6% with gross profit margin down 150 basis points on FY23.

Warehouse Stationery Print & Copy Centres were a key growth category for the brand with sales growing 14.0% in FY24. We saw record sales for Father's Day, Christmas and Mother's Day, as Kiwis snapped up personalised gifts, images and more for their loved ones. The number one category continues to be Print Consumables, with $53.9 million in sales for FY24, alongside Stationery with $40.6 million in sales. However, these categories did see a decline in demand in FY24, as did Study Equipment and Office Furniture.

Warehouse Stationery continues to achieve high customer satisfaction ratings, and we are thrilled to see this improve again this year, with our in-store NPS at 86.0 in FY24, up from 77.0 in FY23.

"Customers love our friendly, expert team members who help make work, study and creativity more enjoyable and productive."

Ian Carter – Executive General Manager Operations

Our Warehouse Stationery stores within The Warehouse format are proving to be a successful model to meet the evolving needs of our customers under one roof. During FY24 we opened a Store Within a Store (SWAS) in Wānaka, closed our Belfast Warehouse Stationery store, and relocated our popular Manukau Warehouse Stationery store to a new site next to the Manukau Noel Leeming.

BizRewards continues to be a strong sales channel for Warehouse Stationery, and a great way to engage with our business customers. Around 30,000 members shopped with us across more than 400,000 transactions in FY24.

Warehouse Stationery online sales were 8.0% of total sales in FY24 with Click & Collect sales increasing to 22.8% of online sales in FY24, from 20.8% in FY23.

We continue to support our communities. In the spirit of Christmas, Warehouse Stationery partnered with The Blues on their 'Fill the Blues Bus' campaign.

Every year, we also run our own Back to School campaign, and in FY24 we partnered with The Salvation Army once again, with customers donating $18,400 to help Kiwi kids start the school year right.

$231.9m
Sales
(down 6.7% on FY23)

66
Stores
with 41 SWAS

$18.4m
Online sales
8.0% of sales

$105.4m
Gross profit
(down 9.6% on FY23)

OUR BRANDS

noel leeming

> "I'm incredibly proud of our team of passionate experts who, despite tough trading conditions, have delivered exceptional end-to-end service to our customers and consistently maintained our high standards throughout the year."
>
> *Jason Bell – Noel Leeming Chief Operating Officer*

Noel Leeming is New Zealand's leading electronics and appliance retailer. We offer a wide range of products from the top brands with expert advice and services to help Kiwis get the most out of technology.

This year customers looked to Noel Leeming with their discretionary spend focused on deals during major trading events like Black Friday, Boxing Day, our annual Massive Sale, and the brand's 51st birthday in June 2024.

Momentum slowed down between these moments with overall sales of $1.0 billion for FY24, down 5.3% on FY23. Gross profit of $219.5 million was down 5.8% on FY23 with gross profit margin down 20 basis points on FY23.

We've seen customers' shopping gravitate towards value-driven, lower-priced items, which has impacted sales across all categories. We saw a small increase in Audio sales of 2.9% compared to FY23, and the Communications category remains steady as the biggest category for the brand.

Our Tech Services offering increased 1.5% in sales compared to the prior year, providing customers with a team of passionate experts ready to help set up purchases correctly, provide advice on new technology and more.

Noel Leeming online sales were 10.2% of total sales in FY24 with Click & Collect sales increasing to 67.2% of online sales in FY24 from 59.0% in FY23, boosted by Noel Leeming's 1-hour Click & Collect service.

We opened a brand-new Wānaka store in October 2023 alongside The Warehouse and Warehouse Stationery SWAS. The store has traded well since opening. We relocated our Greymouth store to 450sqm of retail space that is delivering 130% of sales growth and includes 85% of fixtures that are pre-loved, helping deliver on our sustainability commitments. We closed our Clearance Centre in Penrose, Auckland, at the beginning of 2024, helping support the brand to return to focus on its core retail business. The Northwood store in Christchurch closed in late 2023 also.

In FY24, we rolled out in-store experience initiatives across our Noel Leeming stores. These included customer demonstrations, interactions and experiences including Dyson and Samsung floorcare, DJI drones, and Live cellular benches.

Keeping up to date with the latest technology and innovation is a focus for us, so in FY24 over 400 store team members and passionate experts attended one of five learning academies, focused on computing, whiteware, TV and audio, and smart homeware.

We are super proud of our Noel Leeming team members and the knowledge and service they provide to our customers – with Noel Leeming's in-store NPS increasing to 76.8 in FY24, up from 75.1 in FY23.

During the back-to-school period, we partnered with Life Education and Harold the Giraffe to provide parents with the tools and knowledge to keep tamariki safe online, while also raising money for the charity in store. As part of our annual Be the Joy campaign at Christmas, which raises money for Women's Refuge, Variety the Children's Charity, and Kindness Collective, Noel Leeming customers donated $45,690.

Alongside our community relationships, Noel Leeming supports key sustainability initiatives to help Kiwis live more sustainable lives. Noel Leeming's long-standing partnership with Tech Collect New Zealand offers free e-waste collection and recycling for our customers. In FY24, together with Warehouse Stationery, the programme helped Kiwis recycle 133.3 tonnes of e-waste across 34 Noel Leeming and Warehouse Stationery stores.

In FY24, we launched a new trade-in programme for customers to hand in their smartphones, laptops, tablets and smart watches in exchange for a Noel Leeming gift card to spend in store or online. This not only helps customers get one step closer to their next device, but also extends the life of electronic devices. This initiative has been very popular since its launch in April 2024, as it helps reduce the amount of post-consumer waste going to landfill.

$1.0b
Sales
(down 5.3% on FY23)

66
Stores

$102.7m
Online sales
10.2% of sales

$219.5m
Gross profit
(down 5.8% on FY23)

INTEGRATED REPORT

Welcome to The Warehouse Group's sixth Integrated Report. Our Integrated Report is designed to report on how our resources contribute through our retail value creation model to deliver our vision to make sustainable living easy and affordable for everyone. These are demonstrated through our six capitals – Our Networks, Our Customers, Our Relationships, Our People, Financial Capital, and Our Environment – to support the long-term sustainable value for all our stakeholders, including:

- Our customers
- Our team members
- Our suppliers
- Our communities
- Our shareholders

OUR INPUTS → FY24 OUTCOMES

Capital	Our inputs	FY24 outcomes
OUR NETWORKS	• Portfolio of brands • Integrated sales offering across our stores and online • High performing supply chain network and enterprise systems	• 218 stores • Online sales 7.2% of total group sales • Click & Collect 56.6% of online sales
OUR CUSTOMERS	• Provide world-class customer experiences – centred around five key strategic customer themes • Offer the best products at the best price with the best customer experience	• Group in-store NPS up 3.4 points to 79.7 • Core retail market share 17.6% (down 20bps on FY23)
OUR RELATIONSHIPS	• Build relationships to deliver long-term sustainable value to: – Our communities – Our suppliers – Our shareholders	• Raised $2.6m for NZ charities and communities • Conducted 232 supplier environmental and labour best-practice audits • Engaged with suppliers to measure and monitor Scope 3 emissions
OUR PEOPLE	• Create a dynamic, purpose-driven organised team • Enable, equip and empower our people • Develop and support our people to be the best they can be – for themselves, the Company and our customers.	• Female leaders hold 46.9% of senior leadership roles (FY23: 50.0%) • 100% gender pay equity (FY23: 101%) • eNPS 19.6 • TRIFR: 23.0 per million hours worked (FY23: 32.8 per million hours worked)
FINANCIAL CAPITAL	• Ensure financial resilience • Deploy capital in a disciplined manner to execute strategy • Provide long-term sustainable returns for shareholders	• Free cash flow $146.5 million, up 47.7% • Capital expenditure $39.0m (FY23: $113.2m) • Annual dividend 5.0cps (92% of Adjusted NPAT) • $145.0m in sustainability linked loans • Liquidity $419.3m (FY23: $421.9m)
OUR ENVIRONMENT	• Make sustainable living easy and affordable for everyone • Increase sustainability of our own operations • Help our customers buy sustainable products at an affordable price with minimum waste	• 40% of sales from private-label products with sustainable attributes • 55% of sales from private-label products with sustainable packaging • 30.4% reduction in Scope 1 and 2 market-based emissions, compared to FY23 • 77.7% of operational waste diverted to recycling • Recycled 257.1 tonnes of post-consumer waste

FY24 ECOSYSTEM STRATEGY

Our 2024 financial year was operating under the ecosystem strategy for most of the reporting period, representing our retail value creation process during the year.

We moved away from the Group's ecosystem strategy in April 2024. We have divested unprofitable businesses to focus on trading our core brands, and reshaped our senior leadership team and support structure around a more fit for purpose retail operating model.

The Group's Board and Management have established internal quality control processes to ensure the quality and integrity of this report. While we have not sought external audit or assurance for the non-financial information contained throughout this Integrated Report, we have received external limited assurance on selected standards of the Group's GRI reporting including emissions, energy and waste disclosures in this Integrated Report and the accompanying Climate-related Disclosures Report.

RISK AND MATERIALITY

Risk management

The Group risk management framework has been designed to identify, assess, control and monitor its key risks. The identification and ongoing management of these key risks assists the business in achieving its objectives and goals.

The Group has defined its risk appetite and recognises four main categories of risk:

- Strategic Risk – the consequence of an event occurring which will damage the Group's business model, undermining its value proposition which attracts customers and generates revenue
- Financial Risk – referring to the Group's ability to manage its debt and financial obligations and includes credit, liquidity, market, and capital project risk
- Operational Risk – summarising the risks the Group undertakes when it operates within the retail environment which includes people, legal and compliance, business continuity, data and security
- Business Risk – risk to earnings arising from developing consumer trends, supply chain risk, pricing volatility and product risk.

Risk management framework

Our risk management framework allows the Group to identify and manage risk, and provides it with a mechanism to adapt and respond to the dynamic environment retail operates within.

Responsibility for operational risk management sits with our Leadership Team, assisted by specialised risk functions and other functional teams within the Group who identify and document significant risks identified within their respective areas of expertise.

Identified risks are actively managed through the implementation of appropriate mitigation measures, which are incorporated within the strategic, financial, operational and business processes in place throughout the Group. Responses to risk may include accepting, avoiding, reducing, sharing or transferring risk, all with the objective of managing those risks within the Group's risk appetite.

The Group, as part of its ongoing risk governance programme, operates a management Enterprise Risk Management Committee, which comprises senior leaders from across the Group. The Committee meets quarterly to ensure there is a balanced view of risk and that critical risks are understood, reviewed, appropriately managed, and reported.

Rapid change and increased technological innovation within the retail sector provide challenges for the Group to compete effectively. This greater velocity poses new challenges to risk and compliance functions as we strive to provide complementary practices which enable insight and value.

To combat this rapid rate of change, the Group empowers its team members at all levels to manage risk. All team members are expected to follow group policies, identify risks relevant to their areas of work, and appropriately manage those risks.

Key risks

The Group periodically reviews key risks with its Leadership Team to identify those risks which, if realised, would materially impact the success of the business. These risks have been assigned sponsors and are carefully managed through the implementation of suitable control measures. These risks are as follows:

RISK	DESCRIPTION	CATEGORY	INHERENT RISK RATING	RESIDUAL RISK RATING	RISK APPETITE
Purchasing decisions	Failure of the business to deliver a range of products and services which the market needs and demands	Business	Very high	High	Medium
Cost of doing business	Inflationary pressures and/or inadequate productivity management cause costs to rise and depress the Group's profitability	Strategic	Very high	High	Low
Cost of living	Customers face an increasing cost of living affecting their ability to transact with the Group	Business	Very high	Medium	Medium
Sourcing/ retention of key talent	Inability to source/ retain key team members with appropriate capabilities to deliver initiatives and strategy	Operational	High	Medium	Low
Legacy IT	Legacy IT infrastructure inhibits the Group's ability to transform at pace	Operational	High	Medium	Low
Logistics and supply chain disruption	Global interruption of supply chain affects the Group's ability to maintain stock availability – affecting sales	Business	High	Medium	Low
Pace of change (execution)	Failure to execute on key deliverables impedes other activities and may mean loss of market-leading position	Operational	High	Medium	Low
Global competition and disruption	Acceleration of global competition and customer experiences could reduce Group market share, increase customer acquisition costs and/or decrease profitability	Strategic	High	Medium	Medium
Funding and liquidity risk	Failure to be able to raise capital or meet existing funding obligations as and when they fall due	Financial	Very High	High	Low
Health, safety and wellbeing	Failure to adequately protect our people and customers from harm which could result in serious injury	Operational	High	Low	Very low

SUSTAINABILITY

We're all about making life easier and more affordable for Kiwis. And that means looking after Aotearoa New Zealand too.

We're working hard to make a difference in the way we buy, move and sell our products that benefits our customers, the communities we operate in and the natural environment of Aotearoa New Zealand.

Improving our products and packaging

Our first and foremost priority is to provide value through affordable products that our customers want and need. If we can provide affordable products which are also sustainable – in both product attributes and packaging – that's a win win for everybody.

Our focus is on our private-label products, where we directly control product specifications, processes and packaging.

In FY24, over 40% of our private-label sales in The Warehouse and The Warehouse Stationery were from products with one or more approved sustainability features, up from 33% in FY23. This represents over 37,000 individual product lines and $428 million in sales. During the year we became Rainforest Alliance certified for our own label coffee and cocoa products and became members of Textiles Exchange.

We are part of the largest cotton sustainability programme in the world. Around 88% of the cotton for our private-label apparel and home textiles products was sourced as Better Cotton in FY24. That's better for farmers and the planet, and our customers love it too.

We remain committed to removing unnecessary packaging as much as possible. Where packaging is needed, we are making it easier for it to be recycled at home or in one of our stores. By the end of FY24, 55% of the product packaging associated with our private-label range met our packaging sustainability requirements, up from 43% in FY23. This is a year ahead of our target. In January 2024, we signed up to the Australasian Recycling Label scheme to help customers make the right decision on how to dispose of or recycle packaging.

Emissions reporting

In measuring GHG emissions, we employ an operational control and consolidation approach.

Our base year is FY20 in accordance with our Sustainability Linked Loan (SLL) agreement, which aligns our Scope 1 and 2 emissions reduction targets to 1.5°C Science Based Targets initiative (SBTi) criteria.

In FY24, our absolute Scope 1 and 2 emissions (market based) for our New Zealand sites decreased 30.4% compared to FY23 and 29.8% compared to our 2020 market based equivalent base year. Our reduction was primarily due to a consolidation of our sites and our partnership with Lodestone Energy.

Scope 1 emissions increased by 18.4% this year and 3.6% compared to our 2020 base year. Some of our refrigerants have a high Global Warming Potential (GWP) relative to the impact of the same quantity of carbon dioxide and required servicing during this financial year, contributing to this increase.

More detail about our climate-related emissions and initiatives is available in Appendix 2 in our inaugural Climate-related Disclosures Report. This includes:

- All Standards, methodologies, assumptions, calculation tools and exclusions;
- Source of emission factors and the GWP rates used;
- Emissions data for all GHGs; and
- Exclusion of Biogenic emissions.

GHG EMISSIONS (tCO_2e)	This year FY24	Last year FY23	Base Year FY20	% Change since last year	% Change since base year
Scope 1	2,773.9	2,342.42	2,678.3	18.4%	3.6%
Scope 2 (Location-based)	6,011.3	5,314.7	10,161.8	13.1%	-40.8%
Scope 2 (Market-based)[1]	5,548.1	9,622.1	9,174.7	-42.3%	-39.5%
Sub-total: Scope 1 and 2 (Location-based)	**8,785.2**	**7,657.2**	**12,840.2**	**14.7%**	**-31.6%**
Sub-total: Scope 1 and 2 (Market-based)	**8,322.0**	**11,964.5**	**11,853.0**	**-30.4%**	**-29.8%**
Scope 3					
Category 3: Fuel and Energy Related Activites	446.2	754.1	Not reported	-40.8%	n/a
Category 4: Upstream transportation and distribution	15,212.9	15,844.6	16,849.1	-4.0%	-9.7%
Category 5: Waste Generated in Operations	467.3	653.7	1,117.7	-28.5%	-58.2%
Category 6: Business Travel	1,109.3	1,814.4	1,707.8	-38.9%	-35.0%
Category 9: Downstream transportation and distribution	864.7	1,966.4	4,651.1	-56.0%	-81.4%
Sub-total: Scope 3	**18,100.4**	**21,033.3**	**24,325.7**	**-13.9%**	**-25.6%**
Total: Scope 1, Scope 2 (Location-based) & Scope 3 emissions	**26,885.5**	**28,690.4**	**37,165.9**	**-6.3%**	**-27.7%**
Total: Scope 1, Scope 2 (Market-based) & Scope 3 emissions	**26,422.3**	**32,997.8**	**36,178.7**	**-19.9%**	**-27.0%**
Emissions intensity ratio (tCO_2e / $million of Revenue)[2]	**8.6**	**8.4**		**1.7%**	

CASE STUDY

SWITCHING TO SOLAR

A cornerstone of our sustainability strategy is reducing our carbon footprint. From February 2024 we started sourcing some of our electricity through our contractual arrangement with Lodestone Energy (Lodestone), which operates utility scale solar farms.

Our partnership with Lodestone supports the development of 'additional' renewable generation, supporting New Zealand's goal to achieve 100% renewable electricity generation by 2030. Lodestone's electricity provided to The Warehouse Group is certified 100% renewable through the NZ Energy Certificate System maintained by Brave Trace.

By the end of FY24, a total of 63 of our stores and sites had been transitioned. Our goal is to have all stores and sites in New Zealand switched over to Lodestone by the start of 2026. To understand the size of this partnership, if all the solar panels assigned to us were placed next to each other they would cover just over 35 rugby fields.
We are already seeing the benefits of our switch: 14% of our market-based Scope 2 emissions reduced to zero through solar generation. This delivered an overall $929tCO_2e$ reduction in market-based emissions and significant cost savings to our business in FY24. See our Climate-related Disclosures Report for more information about how we measure and report our emission reductions from our partnership with Lodestone.

14%

OF OUR MARKET-BASED SCOPE 2 EMISSIONS

reduced to zero through solar generation

ENERGY CONSUMPTION WITHIN THE ORGANISATION

	FY24 consumption (litres/kWh)	FY24 consumption (GJ)	GJ increase/ (decrease) vs FY23
Diesel	495,418	18,929,913	-2.7%
LPG	168,476	4,471,358	-1.2%
Petrol – Premium	10,854	384,017	-22.0%
Petrol – Regular	49,250	1,732,137	-2.8%
Scope 1 Fuel Consumption	**723,998**	**25,517,425**	**-2.8%**
Electricity Consumption	82,539,630	297,140	-5.0%
Scope 2 Electricity Consumption	**82,539,630**	297,140	**-5.0%**
Total Scope 1 and 2 Energy Consumption	**83,263,628**	**25,814,565**	**-2.8%**

FY24 Energy intensity ratio[4]

8,242 GJ/$m of revenue
a deteriation from 7,814 GJ/$m in FY23

1. More detail about our GHG Inventory, including limitations, methodology and exclusions is available in our 2024 inaugural Climate-related Disclosure Report.
2. The Warehouse Group has historically only presented performance using location-based method for calculating Scope 2 emissions. Now with our partnership with Lodestone we have switched to dual reporting. The market-based method is shown in accordance with the Greenhouse Gas Protocol Scope 2 Guidance. FY23 and base year data has been provided for comparative purposes.
3. GHG emission intensity has been calculated using Scope 1, Scope 2 (Market-based) & Scope 3 total measured emissions . We have also included revenue for our discontinued operations (Torpedo7) as their emissions are included in our inventory up until 31 March 2024.
4. Energy intensity ratio includes energy consumption within the organisation only; it excludes any Scope 3 energy consumption.We have calculated this to include revenue from our discontinued operations (Torpedo7) as their emissions are included in our inventory up until March 31 2024.

SUSTAINABILITY FRAMEWORK

OUR PRIORITIES	**Product and packaging sustainability leadership**	**Sustainable living solutions**	**Circularity solutions for customers**	**Running a sustainable operation**
OUR FOCUS AREAS	Increasing the number of more sustainable products and packaging and helping our suppliers reduce their GHG emissions	Enabling sustainable living solutions that help our customers live a healthy, low-carbon lifestyle	Providing circularity solutions that reduce the amount of post-consumer waste going to landfill	Increasing the sustainability performance of our operations and decreasing our operational carbon emissions (Scope 1 and 2) to zero by 2040
OUR TARGETS	Increase the share of private-label sales from more sustainable products, or products with circularity solutions to 50% by 2025 and 100% by 2035 Increase the share of private-label sales from products with more sustainable packaging to 50% by 2025 and 100% by 2035 **NOTE:** We have taken the decision in FY24 to supersede our Scope 3 supplier emissions target with a revised target which we will set and publish in FY25. Further detail is available in our Climate-related Disclosures Report	Install electric vehicle (EV) charging stations at all possible stores by 2030	Enable 2.5 million customers to use our waste recycling or circular reuse solutions by 2030	Reduce Scope 1 and 2 emissions, aligned to a 1.5°C trajectory, by 42% by 2030 compared to our 2020 base year and with the pathway to zero emissions by 2040 Become a zero-waste status organisation by 2025 **NOTE:** We have taken the decision in FY24 to supersede our domestic and international freight emissions target with a revised target which we will set and publish in FY25. Further detail is available in our Climate-related Disclosures Report
OUR PROGRESS	40% of private-label sales were derived from products with one or more sustainable material or production features (FY23: 33%), accounting for $428m in sales 55% of private-label sales derived from products with packaging that can be recycled via New Zealand's kerbside recycling infrastructure or via scaled in-store solutions (FY23: 43%), accounting for $584m in sales and exceeding our 2025 target	13 of the 28 The Warehouse stores which offer free EV charging have been upgraded to 25kW DC rapid chargers. This is the same number as reported last year	**Soft-plastic recycling:** 51 locations (The Warehouse + Store Support Office) Recycled 111.1 tonnes of soft plastic waste (up 26.1% from FY23) **e-waste recycling:** 34 locations (Noel Leeming and Warehouse Stationery stores). Recycled 133.3 tonnes of e-waste (up 45.6% from FY23) **Ink and toner cartridge recycling:** 131 locations (Noel Leeming and Warehouse Stationery stores). Recycled 12.7 tonnes (up 22.7% from FY23) Diverted a total of 257.1 tonnes of post-consumer waste from landfill disposal in FY24 (up 29.2% from FY23)	Our market-based Scope 1 and 2 emissions for our NZ sites decreased 30.4% compared to FY23 and decreased 29.8% compared to our 2020 market-based equivalent base year. This was due to a consolidation of our sites and our partnership with Lodestone Energy Diverted 77.7% of operational waste from landfill in FY24 (FY23: 72.9%)

Reducing waste in our business and for our customers

With the help of our waste and recycling partners we diverted 77.7% of our operational waste from landfill in FY24, up from 72.9% in FY23. Operational waste comprises waste generated from shipping and freight packaging, and general waste generated across our distribution centres, stores and Store Support Office. It also includes items collected as part of services to customers (for example, removal of unwanted appliances when new ones are installed). All operational waste is generated on site. Our waste data is consolidated from individual reports, provided by our waste and recycling service providers. Total non hazardous waste for the Group was 12,700.3 tonnes.

We believe we have a big role to play in helping our customers reuse or recycle the items we sell. We continue to offer, and look to expand, our solutions for helping customers recycle items that cannot be accepted in home recycling – this includes soft plastics, certain electricals (for example laptops, monitors, tablets, cables), used ink and toner cartridges, mobile phones and Nespresso compatible coffee capsules. In FY24, stores with soft plastics increased to 51 (up from 44 in FY23) and we supported The Packaging Forum and their partners to launch the scheme in Whanganui and Invercargill.

More customers are using our post-consumer recycling initiatives, resulting in the collection of 257.1 tonnes of material in FY24 (up from 198.9 tonnes in FY23), helping to divert what otherwise would have gone to landfill.

Operational waste	Waste generated (tonne)	Waste diverted from landfill (tonne)	Waste directed to landfill (tonne)
General waste	2,835.3	-	2,835.3
Paper, cardboard and plastic wrap	9,036.9	9,036.9	-
Mixed recycling, including recovery and preparation for reuse	828.1	828.1	-
Hazardous waste	<1 tonne	-	<1 tonne
Total operational waste	**12,700.3**	**9,865.0**	**2,835.3**
FY24 operational waste diverted and directed to landfill		**77.7%**	**22.3%**

Engaging with our suppliers

The Warehouse Group has had a comprehensive Ethical Sourcing Programme for more than 20 years, focused on the private-label products in The Warehouse and Warehouse Stationery. This is not only better for business and trade, but also gives our customers confidence that our products have been ethically sourced.

We have increased the engagement with our suppliers even more this year to better understand, and start to measure, our Scope 3 (our suppliers' Scope 1 and 2) emissions.

Our Ethical Sourcing Programme is underpinned by our Ethical Sourcing Policy. This policy outlines our requirements in 10 dimensions, comprising: Management Systems; Child Labour; Voluntary (Forced) Labour; Health and Safety; Wages and Benefits; Working Hours; Freedom of Association and Collective Bargaining; Environment; Subcontracting and Business Integrity; and Greenhouse Gas (GHG) management.

In FY24, The Warehouse Group's private-label products were sourced from around 730 factories primarily located in China, New Zealand, Australia, Bangladesh, India, Vietnam, USA, Thailand, Malaysia, Indonesia and the United Kingdom involving more than 200,000 workers. Our private-label factories must undergo ethical, labour, and environmental assessments before entering our supply chain.

In FY24, 158 new factories (88% of applicants) qualified to enter our supply chain via the recognition of existing third-party credentials, validated self-assessments or independent third-party labour and environmental audits. In addition to important labour rights, these assessments include a review of our suppliers' actions to monitor wastewater discharge, control air pollutants, dispose of solid waste, enable recycling, and deal with any hazardous waste.

In FY24, we conducted 232 labour and environmental third-party onsite audits and maintained internal continuous improvement oversight, working with 120 factories on average each quarter, to assist them in achieving compliance with our standards and local regulations.

Out of our 730 active private-label factories, we found that 21 factories (2.9%) we assessed had actual or potential negative social impacts which they failed to address, resulting in us ceasing trading with them. Decisions to

SOFT-PLASTIC RECYCLING

51 The Warehouse stores and Store Support Offices recycled 111.1 tonnes of soft-plastic waste (up 26.1% from FY23)

E-WASTE RECYCLING

34 Noel Leeming and Warehouse Stationery stores recycled 133.3 tonnes of e-waste (up 45.6% from FY23)

INK AND TONER CARTRIDGE RECYCLING

All ink and toner brands

131 Noel Leeming and Warehouse Stationery stores collected 12.7 tonnes (up 22.7% from FY23)

TOITŪ
CARBON REDUCE
ISO 14064-1 ORGANISATION

55%
(up from 43% in FY23)
PRIVATE-LABEL SALES
with packaging that can be recycled via New Zealand's kerbside recycling infrastructure or via scaled in-store solutions

13
THE WAREHOUSE STORES WHICH OFFER FREE EV CHARGING
upgraded to 25kW DC rapid chargers

Diverted
257.1 tonnes
OF POST-CONSUMER WASTE
from landfill disposal in FY24

terminate relationships with suppliers are not taken lightly. The 21 factories we ceased trading with consistently failed to participate transparently during assessments or did not meet the baseline criteria set by our Ethical Sourcing Policy.

The primary issue we identified during on-site assessments was a lack of transparency. This was evident in 14% of those audited this year. Another common actual or potential negative social impact we observed was maintaining legal limits on working hours and compensation.

These findings emphasised the need for ongoing monitoring and remedial action, which we always require. Our commitment remains firm: to ensure that every partner in our supply chain operates with the highest ethical and social standards.

In FY24, we moved to the Responsible Sourcing Assessment ERSA for supplier workplace standards. Our suppliers were rated from A (minimal issues across assessment pillars) to D (many issues across assessment pillars).

Overall rating distributions across all assessments were: A 1%, B 49%, C 29%, D 21%.

The percentage of non-compliance scores across each assessment pillar was Business Ethics 2.6%, Environment 2.2%, Health and Safety: 39.5%, Labour: 54.3%, Management Systems: 1.3%.

Training remains a critical part of our engagement with suppliers. To help our factories achieve The Warehouse Group's ethical sourcing expectations and develop new capabilities such as carbon management, or the use of more sustainable materials and packaging, suppliers participated in 233 on-site or virtual training sessions and completed 2,247 e-learning lessons on various labour, environment and GHG management topics.

730
NUMBER OF FACTORIES PRIVATE-LABEL PRODUCTS WERE SOURCED FROM

Our supplier scorecard guides our sourcing decisions and supplier selection, and looks at labour and environmental audit outcomes, alongside commercial performance measures. There were no known cases of forced, compulsory or child labour in FY24.

Looking ahead

We're always looking for ways to do better. Our 2024 Sustainable Living Plan is a good start, but we know there's more to do. That's why we're continuing to use the Tomorrow Test to check if what we're doing is actually going to make a difference.

We're giving our team the tools and knowledge they need to make good choices so we can pass those on to our customers. It's all about making sure we're on the right track to create a better future for everyone.

Since launching our Sustainable Living Plan two years ago, we've achieved and learned much. We know change is possible, and we're optimistic that this can deliver better outcomes for our customers, communities, business and the planet. It's important we reflect and remain responsive to the ever-evolving environmental and social landscape. We are currently reviewing our sustainability plans and goals to ensure they remain aligned with our Group's business model and strategy, and expectations of our stakeholders.

For full details of our emissions and emissions inventory, as well as governance, strategy, risk management and metrics and targets in relation to emissions and climate reporting, please refer to our Climate-related Disclosures Report, which can be found on our website: https://www.thewarehousegroup.co.nz/investor-centre/company-reports.

77.7%
in FY24
DIVERTED OPERATIONAL WASTE

TRIFR
23.0
per million hours worked
(FY23: 32.8)

178
Lost Time Injuries
(FY23: 197)

Critical risk events
4
(FY23: 8)

100%
gender pay equity
(FY23: 101%)

eNPS
19.6pts

GROWING AND DEVELOPING OUR PEOPLE

Ensure everyone gets home healthy and safe every day

Team members' health, safety and wellbeing remains a top priority for us. We continue to focus on our four pillars of wellbeing: physical, mental, financial, and ways of working.

As an ACC-accredited Employer, Safety Assurance Reviews play an integral role in managing our hazards and risks and ensuring best-practice and legal requirements are applied across all our sites. This year, we conducted 104 safety assurance reviews.

In FY24, there were four recorded critical risk events related to traffic management and product storage. This is down 50.0% from FY23 when we had eight critical risk events.

Our key performance safety metric is Total Recorded Injuries and in FY24 we recorded 298. While still higher than we would like, this is a significant decrease of 36.6% compared to 470 recorded in FY23. The Total Recorded Injury Frequency Rate (TRIFR) reduced in FY24 also, at 23.0 per million hours worked, compared to 32.8 per million hours worked in FY23.

Our Lost Time Injuries reduced by 9.6% from 197 in FY23 to 178 in FY24, while our Lost Time Injury Frequency Rate (LTIFR) was 13.7, the same as in FY23 due to a reduction in total hours worked.

There have been zero workplace fatalities for the seventh year in a row.

Crime continues to be challenging for the retail industry across New Zealand and sadly in FY24 we recorded 279 events related to Violent Aggressive Behaviour towards our store teams, an increase from 224 in FY23. We have continued to invest in safety measures and support services for our teams - such as training on situational incident management, body cams and vests, and reviewing our top 20 high-incident sites.

We have provided a range of activities to support the mental and financial wellbeing of our team members including: Health Awareness Week, team step challenges, flu vaccinations, fatigue management, and healthy eating initiatives. We also provide access to financial advisors, as well as our employee assistance programme, TELUS Health, which provides confidential support and counselling.

Unlock productivity and performance through leadership capability

We aim to create a caring, dynamic, customer-driven organisation by empowering our people through leadership capability and learning and development opportunities.

We have two leadership programmes, Evolve and Emerge, which focus on developing personal leadership skills, while also supporting team members in delivering for customers.

Our Emerge leadership programme is for team members who are working towards a store manager role and our Evolve leadership programme is for those working towards becoming a high-performing store manager.

In FY24, a total of 16 team members completed our Emerge programme, with more than six team members moving from Assistant Managers to Store Managers so far and 15 team members completing the Evolve programme with three participants promoted to date.

This year we implemented the Dare to Lead leadership programme too, developed by Brené Brown, with nearly 200 leaders participating to cultivate braver, more-daring leadership and develop high-performing teams.

CASE STUDY: HE TANGATA, HE TANGATA, HE TANGATA

Gihan Fernando is one of our team members who completed the Emerge programme in FY24, moving from a trading manager at The Warehouse Takanini to the store manager of The Warehouse St Lukes.

Gihan started with The Warehouse as a Christmas casual in 2014 and has worked at four different stores across our Auckland network. He was excited by the chance to be part of the Emerge programme to reach his goal of becoming a store manager, while also developing new skills and abilities to support his team and our customers.

"I wanted to get out of my comfort zone and develop my growth mindset during the Emerge programme," says Gihan.

"I wanted to learn how best to empower and engage my team and learn from leaders around the business to help me find capabilities and strengths I wasn't using. I learnt so many important things during the Emerge programme, so being able to bring that back to my team in my new leadership role is very rewarding for me."

Gihan Fernando (middle) store manager of The Warehouse St Lukes.

The Personal Effectiveness programme continued, with 36 team members participating. This initiative equips participants with essential skills and strategies like time management, prioritisation, and effective communication.

We recognise the critical importance of adhering to a strong Code of Ethics in maintaining the integrity and trustworthiness of our organisation. Our Code of Ethics training is essential to ensure team members understand and uphold our ethical standards, fostering a culture of honesty, accountability and respect.

Overall, we spent more than 48,200 hours training our team members in FY24, which equates to 5.0 hours training per person and includes our Code of Ethics training.

Celebrating our diversity

At The Warehouse Group, we strive to create a workplace where our people feel they can bring their whole selves to work. We believe a diverse team and an inclusive workplace leads to more innovation, better decision-making, greater opportunities for our people and better performance outcomes for the business.

In FY24, our focus was on our four Diversity, Equality and Inclusion pillars: Te Ao Māori, Belonging, Gender Equality, and Future of Work.

In a first for the Group, we appointed our first Māori Development Lead, marking a significant step in our journey to embrace and integrate te ao Māori into our core operations. As an organisation and team, we've taken important steps to understand and participate in te ao Māori, such as including te reo Māori on our products, to teams learning, using and encouraging te reo Māori and tikanga at work. We focused on increasing understanding of te ao Māori by rolling out internal Word of the Week videos, and celebrating Matariki/Puanga, and Te Wiki o te Reo Māori/Māori Language Week.

In other diversity, equality and inclusion activities, we celebrated International Women's Day and recognised Neurodiversity Week by launching neurodiversity workshops and creating a dedicated neurodiversity hub on our internal knowledge library. We celebrated Pride Awareness and maintained our Rainbow Tick status for another year.

We continued to support new mums and dads with our 26-week paid parental leave, with 147 team members making use of this policy in FY24.

37.5%
of Board members are female Directors
(FY23: 50.0%)

46.9%
of senior leaders are female
(FY23: 50.0%)

23.7%
employee turnover
(FY23: 26.9%)

CASE STUDY

SUPPORTING KIWI KIDS IN OUR COMMUNITIES OVER WINTER

The Warehouse Group worked closely with our national charity partner, Kindness Collective, on their annual PJ Project, which aimed to provide 20,000 warm PJs to Kiwi kids across New Zealand. Kiwis were able to drop off pyjamas at any The Warehouse store nationwide, and were able to donate money to this worthy cause at The Warehouse, Warehouse Stationery or Noel Leeming.

Helping Kiwi kids keep warm during winter resonated with our team members, so we held an inaugural Warm Fuzzies Day on 24 May, where our team members across our store network dressed in their PJs, dressing gowns and slippers to help raise awareness.

Thanks to the incredible generosity of our customers and hard work of our store teams across our brands, $137,200 was raised to help Kindness Collective provide PJs, blankets and winter essentials to Kiwi kids, ensuring they would be cosy and healthy throughout winter. Over 4,200 pairs of PJs and 185 blankets were donated through The Warehouse drop-off points.

Raised
$2.6m

For our charity partners and community groups around New Zealand including through customer donations instore and Market Club.

CASE STUDY

GOOD ONE BRINGS AFFORDABLE HEALTH & BEAUTY TO RED SHELVES

In FY24, The Warehouse launched its first private-label health and body brand, Good One, a new cruelty-free body and hair care range, locally made with natural ingredients like kawakawa and mānuka honey.

Exclusive to The Warehouse, the Good One range delivers value that's not only kind to skin but also to wallets. All Good One products cost between $6 and $8, ensuring Kiwi families can purchase New Zealand-made products at affordable prices.

Feeling good is also about doing good, so Good One also gives back through an ongoing partnership with Women's Refuge, providing products to women and children in its care. With Women's Refuge locations from Kaitaia to Invercargill, those in need often leave their homes with only the clothes on their back; so when Kiwis purchase Good One, they are helping us provide essentials like shampoo, body wash and more to over 2,000 families seeking assistance from Women's Refuge every year.

All Good One product is crafted locally in New Zealand, and made without harmful chemicals like parabens, SLS or SLE, triclosan, formaldehyde, synthetic fragrances, or mineral oils. Good One is also approved under the Cruelty Free International's Leaping Bunny Programme – the global gold standard for cruelty-free products.

>2,000

Good One helps provide essentials like shampoo, body wash and more to over 2,000 families seeking assistance from Women's Refuge every year.

CASE STUDY

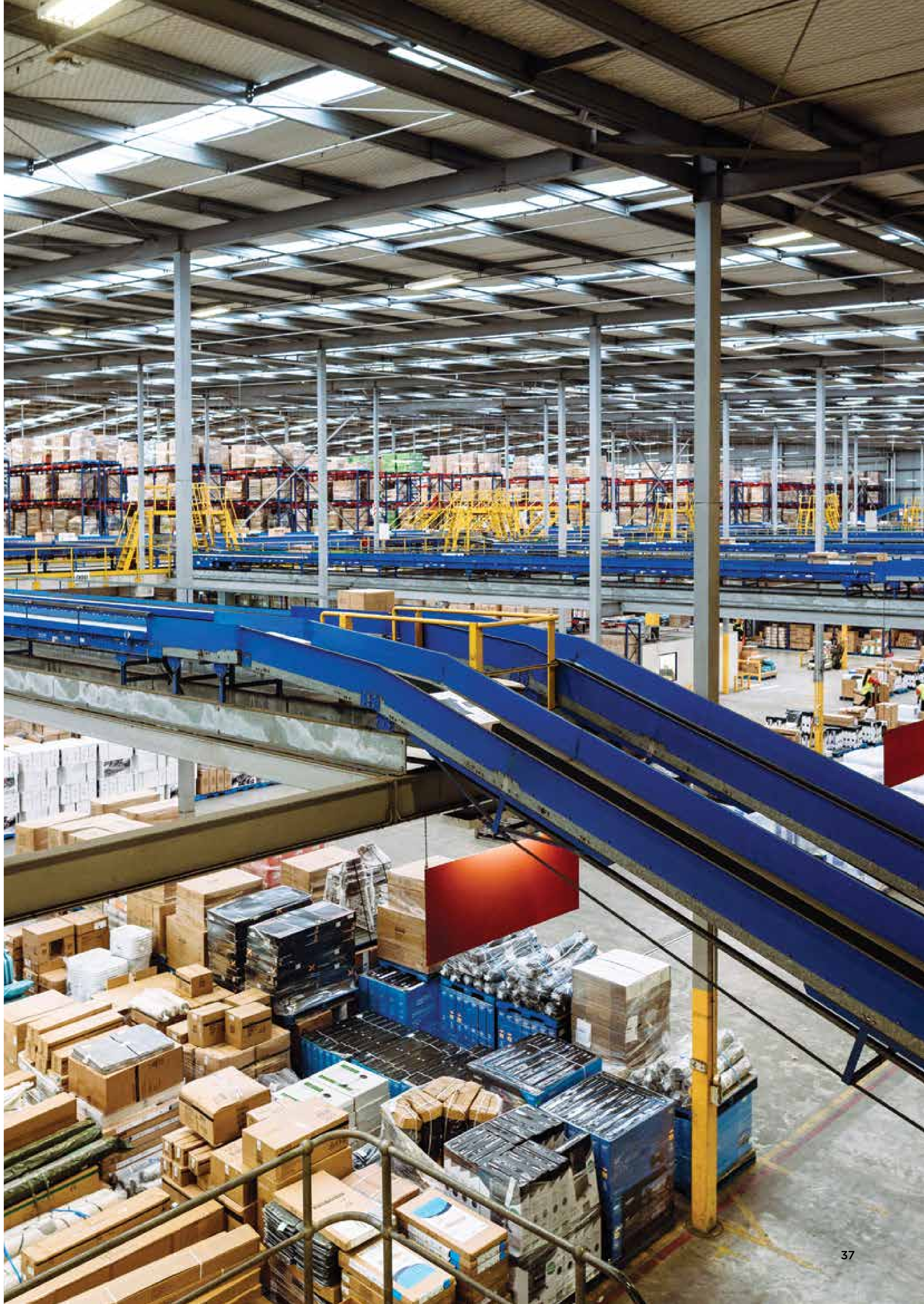
IMPROVING PROCESSES IN OUR STORES AND DISTRIBUTION CENTRES

Pick-By-Store is a new picking method we use in our distribution centres to help teams work smarter while improving our processes. With Pick-By-Store, we streamline our distribution centre operations, enhance the picking process, optimise storage, decrease transport costs, use smart allocation for more space for fast-selling products, increase picking productivity, and minimise product touchpoints to reduce potential damages.

Our distribution centres can now deliver better-franchised pallets from the Grocery, General Merchandise, Stationery, Apparel, and Shoes categories. With this new system, 80% of the pallets arrive organised by these franchises. For example, all homeware, stationery, or shoes are together, making it simpler to manage inventory when items arrive in store.

Pick-By-Store is supported by a smart picking system, which is seamlessly integrated with our Warehouse Management System enabling our pickers to work more efficiently, accurately and effectively. The Warehouse Management System maps the route for the picker, making picking faster and more efficient. Once items are picked, they are packed directly onto a pallet designated for a specific store, ready to be shipped without unnecessary sorting.

This innovation has now been successfully implemented in our North and South Island distribution centres.



MARKET MEDIA MAKING MOVES

Our Market Media offering allows suppliers and partners to directly engage with New Zealand's largest integrated retail audience across our online stores and millions of weekly customer visits to The Warehouse, Warehouse Stationery and Noel Leeming.

Market Media uses its channels and capabilities to develop smart marketing activities and at-shelf effectiveness.

During FY24, Market Media grew its top-line revenue year on year and rolled out a Direct Out of Home network comprising 3,300 advertising-enabled panels across The Warehouse and Noel Leeming, which is proving to be a very popular channel.

3,300

advertising-enabled panels across The Warehouse and Noel Leeming.

We have launched retail media partnerships with brands like Contact Energy, Flu NZ, ANZ and Disney+ while deepening relationships with key suppliers including Samsung, Griffin's, Microsoft, Henkel and Mattel. We have also expanded our product offering to include in-store point-of-sale and off-site partnerships.

Just one example of Market Media's partnership success from FY24 is with Vogel's, integrating product stickers on The Warehouse's Living & Co toaster range to help customers understand which toaster setting is right for their preferences. Alongside the product stickers, Vogel's utilised point-of-sale and in-store screens at The Warehouse to drive the message to full effect, with the initial increase in Vogel's sales up 100% year on year.

GRI REPORT

GLOBAL REPORTING INITIATIVES (GRI)

The Warehouse Group has reported in accordance with the GRI Standards for the period 31 July 2023 to 28 July 2024. We have applied the 2021 GRI reporting principles, including Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability Context, Timeliness and Verifiability when determining what material topics and disclosures to include in this report.

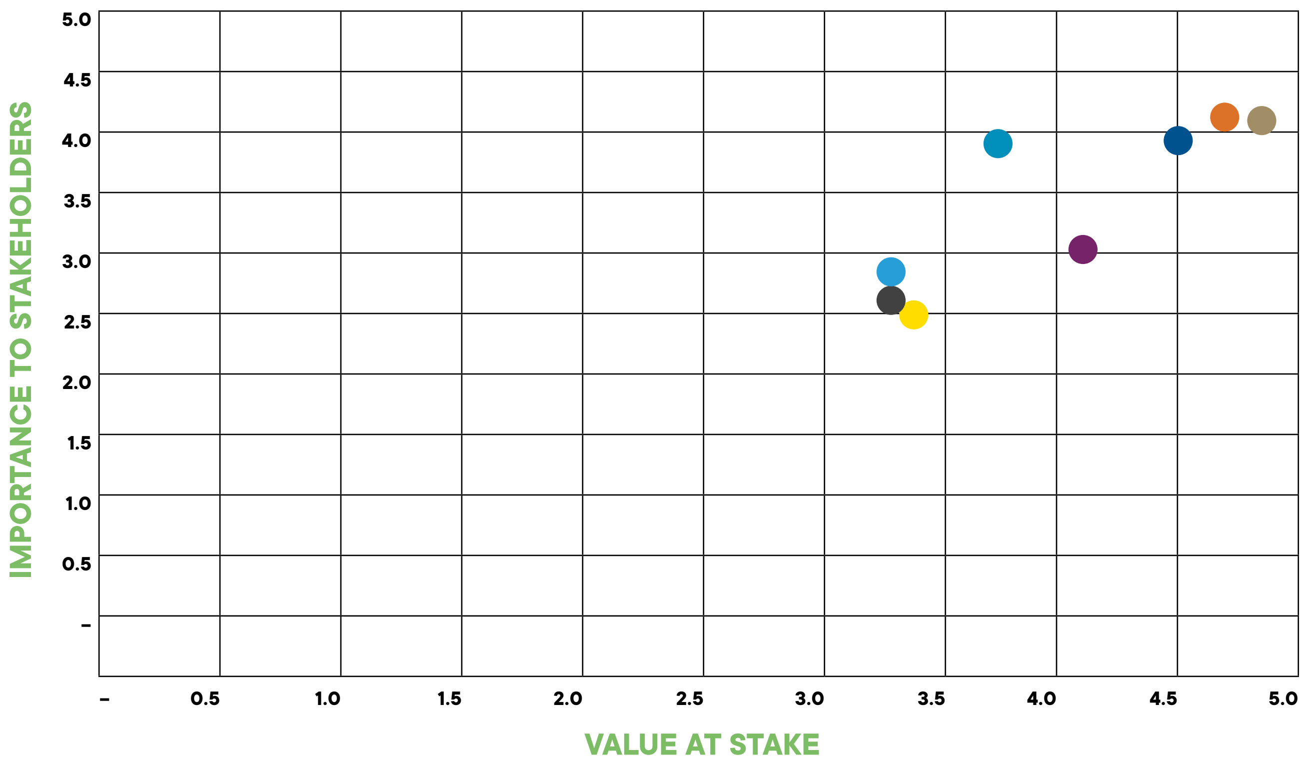
In 2021 we undertook an in-depth internal and external stakeholder mapping exercise, assessment, and interview process. In 2024 we completed an internal materiality assessment, undertaken by the Executive Leadership Team and their direct reports, to inform the reporting under GRI and this Integrated Report. This process reaffirmed the materiality and importance of our material topics, both in terms of our stakeholders' point of view, and from a value at stake on the operational and financial impact of the Group.

This review concluded that there have been no significant changes in the material topics this year – those which have the highest importance to stakeholders, the highest value at stake and therefore the highest impact on the environment, economy and our people.

This process has informed and developed our list of material topics in accordance with the requirements under 2021 GRI Standard 3: Material Topics – determining the impacts of these issues on the business and how the Group manages these issues.

The Warehouse Group is active in the New Zealand retail sector. A GRI sector-specific standard is not yet available for the retail sector. Refer to pages 92–97 for the GRI Content Index.

MATERIAL TOPICS



- Sustainable products and packaging
- GHG emissions
- Responsible and ethical sourcing
- Employee engagement, diversity and inclusion
- Supply chain management
- Waste reduction
- Employee health, safety and wellbeing
- Business ethics and human rights

MATERIAL TOPICS – ASSESSMENT AND REPORTING

Material Topic	Impact / Commitment	How we measure performance	GRI Reporting Standard	Section in this Annual Report
1. Sustainable products and packaging	Increase the share of private-label sales from products and packaging which are more sustainable, or which have a circularity solution, to 50% by 2025 and 100% by 2035	• Percentage of private-label sales derived from products with one or more sustainability features • Percentage of private-label sales were derived from products with packaging which can be recycled via New Zealand's kerbside recycling infrastructure, or circularity solutions	N/A	Sustainability
	Enable 2.5 million customers to use our waste recycling or circular reuse solutions by 2030	• Number of tonnes of post-consumer waste recycled	N/A	Sustainability
2. Supply chain management	To build a reliable and sustainable supply chain network	• Store availability • Number of new and existing suppliers screened using environmental audits	N/A GRI 414–2	Engaging with suppliers
3. GHG emissions	Reduce Scope 1 and 2 emissions by 42% by 2030, and zero emissions by 2040	• Scope 1 and 2 reduction in emissions year on year and compared to 2020 base year	GRI 305–1 GRI 305–2 GRI 305–3 GRI 305–4 GRI 305–5	Sustainability
4. Waste reduction	Become a zero-waste status organisation by 2025	• Percentage of waste diverted from landfill year on year.	GRI 306–1 GRI 306–2 GRI 306–3 GRI 306–4 GRI 306–5	Sustainability
5. Responsible and ethical sourcing	To build a reliable and sustainable supply chain network	• Percentage of private-label sales derived from products with one or more sustainability features • Number of new and existing suppliers screened using environmental audits • Supplier audit and results	GRI 407–1 GRI 408–1 GRI 409–1 GRI 414–1 GRI 414–2	Sustainability
	Work with suppliers, associations and initiatives for sustainable sourcing and materials e.g. BCI, FSC	Membership of sustainable material initiatives	GRI 2.28 (2021)	Sustainability Corporate Governance - Statutory Disclosures
6. Employee health, safety and wellbeing	Build a strong and effective high-performance and agile culture that gets everyone home healthy and safe at the end of their day	Critical risk management and safety assurance reviews, including: • Number of violent and aggressive behaviour incidents • Number of critical risk events related to traffic management • Total Recordable Injury Frequency Rate (TRIFR) • Lost Time Injury Frequency Rate (LTIFR)	GRI 403–9	Growing and developing our people
7. Employee engagements, diversity and inclusion	Be the best place to work by creating an environment of belonging and connection	• eNPS • Promotion of worker health	N/A GRI 403–6	Growing and developing our people
	Provide learning pathways and career development	• Average training hours per year per employee • Programmes for upgrading employee skills and transition assistance programmes	GRI 404–1 GRI 404–2	Growing and developing our people
	Celebrate diversity and provide equal opportunities for everyone	• Percentage of senior leaders who are female • Gender pay equity • Rainbow Tick accreditation • Diversity, inclusion and wellbeing initiatives and objectives	GRI 405–1 GRI 405–2	Growing and developing our people Diversity and Inclusion Report
8. Business ethics and human rights	Be committed to fostering the highest standards of ethical behaviour and good conduct	• Adherence to NZX Corporate Governance Code, Principle 1 • Compliance with Code of Ethics, Financial Products Trading Policy, and Market Disclosure Policy • Supplier and factory labour and environmental audits	GRI 2.23 – 2.27 GRI 205–2 GRI 205–3 GRI 206–1 GRI 407–1 GRI 408–1 GRI 409–1	Corporate Governance

2024 THE WAREHOUSE GROUP

FINANCIAL STATEMENTS

Financial Statements

For the 52 week period ended 28 July 2024

The financial statements have been presented in a style which makes them less complex and more relevant to shareholders. The note disclosures have been grouped into six sections: 'basis of preparation', 'financial performance', 'operating assets and liabilities', 'financing and capital structure', 'financial risk management' and 'other disclosures'. Each section sets out the significant accounting policies in grey text boxes applied in producing the relevant notes, along with details of any key judgements and estimates used. The purpose of this format is to provide readers with a clearer understanding of what drives financial performance of the Group.

These financial statements have been approved for issue by the Board of Directors on 25 September 2024.

Dame Joan Withers
Board Chair
25 September 2024

Dean Hamilton
Audit and Risk Committee Chair
25 September 2024

CONTENTS

The Warehouse Group Limited is a limited liability company incorporated and domiciled in New Zealand.
The address of its registered office is Level 4, 4 Graham Street, PO Box 2219, Auckland.

Consolidated Income Statement

For the 52 week period ended 28 July 2024

	Note	2024	2023
		$ 000	$ 000
Continuing operations			
Retail sales	2.1	3,037,597	3,236,912
Cost of retail goods sold	8.1	(2,016,731)	(2,148,681)
Gross profit		1,020,866	1,088,231
Other income	3.1	7,943	8,328
Employee expense	3.2	(512,146)	(535,770)
Depreciation and amortisation expense	3.3	(158,558)	(151,891)
Other operating expense	3.4	(290,284)	(286,615)
Operating profit from continuing operations	2.1	67,821	122,283
Unusual items	5.0	(8,883)	(13,561)
Earnings before interest and tax from continuing operations		58,938	108,722
Interest on leases	3.6	(36,527)	(34,374)
Other net interest		(1,850)	(2,818)
Profit before tax from continuing operations		20,561	71,530
Income tax expense	4.1	(14,021)	(21,468)
Net profit for the period from continuing operations		6,540	50,062
Discontinued operations			
Loss from discontinued operations (net of tax)	17.1	(60,304)	(20,125)
Net profit/(loss) for the period		(53,764)	29,937
Attributable to:			
Shareholders of the parent		(54,181)	29,810
Minority interest	11.5	417	127
		(53,764)	29,937
Profit/(loss) attributable to shareholders of the parent relates to:			
Profit from continuing operations		6,123	49,935
Loss from discontinued operations		(60,304)	(20,125)
		(54,181)	29,810
Basic and diluted earnings per share attributable to shareholders of the parent:			
Earnings per share	6.0	(15.7) cents	8.6 cents
Earnings per share from continuing operations	6.0	1.8 cents	14.5 cents
Earnings per share from discontinued operations	6.0	(17.5) cents	(5.8) cents

Consolidated Statement of Comprehensive Income

For the 52 week period ended 28 July 2024

	Note	2024	2023
		$ 000	$ 000
Net profit/(loss) for the period		(53,764)	29,937
Items that may be reclassified subsequently to the income statement			
Movement in foreign currency translation reserve		247	(206)
Movement in derivative cash flow hedges		9,900	(18,510)
Tax relating to movement in hedge reserve		(2,772)	5,183
Other comprehensive income/(loss)		7,375	(13,533)
Total comprehensive income/(loss)		(46,389)	16,404
Attributable to:			
Shareholders of the parent		(46,806)	16,277
Minority interest	11.5	417	127
Total comprehensive income/(loss)		(46,389)	16,404

Comparative amounts for the 2023 financial year were restated to classify discontinued operations as a single amount (refer note 17).

Consolidated Balance Sheet

As at 28 July 2024

	Note	2024	2023
		$ 000	$ 000
ASSETS			
Current assets			
Cash and cash equivalents	11.2	32,204	28,330
Trade and other receivables	8.2	72,901	76,274
Inventory	8.1	472,128	493,308
Derivative financial instruments	12.2	10,786	5,208
Current taxation	4.2	2,779	5,038
Total current assets		590,798	608,158
Non current assets			
Trade and other receivables	8.2	26,321	20,747
Property, plant and equipment	9.1	187,208	222,289
Intangible assets	9.2	159,112	168,239
Right of use assets	10.1	601,610	661,025
Deferred taxation	4.3	89,824	88,476
Total non current assets		1,064,075	1,160,776
Total assets		1,654,873	1,768,934
LIABILITIES			
Current liabilities			
Borrowings	11.2	82,900	76,400
Trade and other payables	8.3	461,453	407,339
Derivative financial instruments	12.2	78	7,320
Lease liabilities	10.2	100,098	98,996
Provisions	8.4	42,553	49,292
Total current liabilities		687,082	639,347
Non current liabilities			
Lease liabilities	10.2	636,714	704,162
Provisions	8.4	20,342	22,405
Total non current liabilities		657,056	726,567
Total liabilities		1,344,138	1,365,914
Net assets		310,735	403,020
EQUITY			
Contributed equity	11.3	360,235	360,235
Reserves	11.4	6,581	10
Retained earnings		(57,265)	41,825
Total equity attributable to shareholders		309,551	402,070
Minority interest	11.5	1,184	950
Total equity		310,735	403,020

Consolidated Statement of Cash Flows

For the 52 week period ended 28 July 2024

	Note	2024	2023
		$ 000	$ 000
Cash flows from operating activities			
Cash received from customers		3,137,910	3,409,163
Payments to suppliers and employees		(2,911,346)	(3,139,848)
Income tax paid	4.2	(4,582)	(11,033)
Income tax refunded	4.2	7,995	-
Interest paid		(44,107)	(44,099)
Net cash flows from operating activities		185,870	214,183
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		355	30,667
Purchase of property, plant, equipment and computer software		(39,284)	(115,088)
Torpedo7 disposal costs		(4,720)	-
Purchase of minority interest		-	(691)
Net cash flows from investing activities		(43,649)	(85,112)
Cash flows from financing activities			
Proceeds from borrowings		6,500	10,250
Lease principal repayments		(99,532)	(101,171)
Treasury stock dividends received		180	138
Dividends paid to parent shareholders		(45,312)	(34,907)
Dividends paid to minority shareholders		(183)	(50)
Net cash flows from financing activities		(138,347)	(125,740)
Net cash inflow		3,874	3,331
Opening cash position		28,330	24,999
Closing cash position	11.2	32,204	28,330

Reconciliation of Operating Cash Flows

For the 52 week period ended 28 July 2024

	Note	2024	2023
		$ 000	$ 000
Net profit/(loss) for the period		(53,764)	29,937
Non cash items			
Depreciation and amortisation expense - continuing operations	3.3	158,558	151,891
Depreciation and amortisation expense - discontinued operations	17.1	5,423	10,805
Right of use asset impairment	10.1	-	226
Share based payment expense	3.2	(804)	804
Movement in deferred tax	4.1	(4,119)	5,934
Total non cash items		159,058	169,660
Items classified as investing or financing activities			
Loss on disposal of plant, equipment and software		4,027	2,634
Loss on disposal of Torpedo7 business assets	17.2	60,547	-
Loss from investment in associate		-	3,839
Gain on lease terminations	2.2	(160)	(977)
Supplementary dividend tax credit	4.2	223	223
Total investing and financing adjustments		64,637	5,719
Changes in assets and liabilities			
Trade and other receivables		(3,567)	2,496
Inventories		(28,034)	69,005
Trade and other payables		54,083	(59,802)
Provisions		(8,802)	701
Income tax		2,259	(3,533)
Total changes in assets and liabilities		15,939	8,867
Net cash flows from operating activities		185,870	214,183

Consolidated Statement of Changes in Equity

For the 52 week period ended 28 July 2024

	Note	Share Capital	Treasury Shares	Hedge Reserves	Foreign Currency Translation Reserve	Employee Share Benefits Reserve	Retained Earnings	Minority Interest	Total Equity
		$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
For the 52 week period ended 28 July 2024									
Balance at the beginning of the period		365,517	(5,282)	(767)	(27)	804	41,825	950	403,020
Profit/(loss) for the period		-	-	-	-	-	(54,181)	417	(53,764)
Movement in foreign currency translation reserve		-	-	-	247	-	-	-	247
Movement in derivative cash flow hedges		-	-	9,900	-	-	-	-	9,900
Tax relating to movement in hedge reserve		-	-	(2,772)	-	-	-	-	(2,772)
Total comprehensive income/(loss)		-	-	7,128	247	-	(54,181)	417	(46,389)
Contributions by and distributions to owners									
Share rights charged to the income statement		-	-	-	-	(804)	-	-	(804)
Dividends paid	7.1, 11.5	-	-	-	-	-	(45,089)	(183)	(45,272)
Treasury stock dividends received		-	-	-	-	-	180	-	180
Balance at the end of the period		365,517	(5,282)	6,361	220	-	(57,265)	1,184	310,735
		(note: 11.3)	(note: 11.3)	(note: 11.4)	(note: 11.4)	(note: 11.4)		(note: 11.5)	
For the 52 week period ended 30 July 2023									
Balance at the beginning of the period		365,517	(5,282)	12,560	179	-	48,940	(815)	421,099
Profit for the period		-	-	-	-	-	29,810	127	29,937
Movement in foreign currency translation reserve		-	-	-	(206)	-	-	-	(206)
Movement in derivative cash flow hedges		-	-	(18,510)	-	-	-	-	(18,510)
Tax relating to movement in hedge reserve		-	-	5,183	-	-	-	-	5,183
Total comprehensive income/(loss)		-	-	(13,327)	(206)	-	29,810	127	16,404
Contributions by and distributions to owners									
Share rights charged to the income statement		-	-	-	-	804	-	-	804
Minority put options exercised	11.5	-	-	-	-	-	(2,379)	1,688	(691)
Dividends paid	7.1, 11.5	-	-	-	-	-	(34,684)	(50)	(34,734)
Treasury stock dividends received		-	-	-	-	-	138	-	138
Balance at the end of the period		365,517	(5,282)	(767)	(27)	804	41,825	950	403,020
		(note: 11.3)	(note: 11.3)	(note: 11.4)	(note: 11.4)	(note: 11.4)		(note: 11.5)	

1. BASIS OF PREPARATION

1.1 Reporting entity

The Warehouse Group Limited (the Company) and its subsidiaries (together the Group) trade in the New Zealand retail sector. The Company is a limited liability company incorporated and domiciled in New Zealand. The Group is registered under the Companies Act 1993 and is an FMC Reporting Entity under Part 7 of the Financial Markets Conduct Act (FMCA) 2013. The address of its registered office is Level 4, 4 Graham Street, PO Box 2219, Auckland. The Company is listed on the New Zealand Exchange (NZX).

1.2 Compliance statement

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP), FMCA 2013 and NZX listing rules. They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), other applicable Financial Reporting Standards, and authoritative notes as appropriate for a for-profit entity. The financial statements also comply with International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

1.3 Basis of preparation

The measurement basis adopted in the preparation of these financial statements is historic cost, as modified by the revaluation of certain assets and liabilities at fair value. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand, unless otherwise stated.

The material accounting policy information and other explanatory information applied in the preparation of these financial statements are set out in the accompanying notes where an accounting choice is provided by NZ IFRS, is new or has changed, is specific to the Group's operations or is material. Where NZ IFRS does not provide any accounting policy choice, the Group has applied the requirements of NZ IFRS but a detailed accounting policy has not been specifically included. The Group's accounting policy for discontinued operations (note 17) is applicable this year, following the sale of the Torpedo7 business and included as part of the note disclosure. Certain comparative amounts reported for the previous year have been restated to reclassify the Torpedo7 business from continuing to discontinued operations and conform with the current year presentation.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Material subsidiaries at year end are listed below.

Name of entity	Principal activity	Percentage ownership 2024	2023
The Warehouse Limited	Retail	100	100
Eldamos Investments Limited	Property	100	100
The Warehouse Nominees Limited	Investment	100	100

Group structure
In February 2024 the Group entered into an agreement to sell the business assets of Torpedo7 Limited (refer note 17) and transfer control of the business to Tahua Partners Limited from the end of March 2024. It was also decided to close TheMarket.com Limited, which was completed in June 2024. The former Torpedo7 Limited company is now a shell company and has been renamed (Altitude NZ Limited). At the commencement of the 2025 financial year the Group legally amalgamated TheMarket.com Limited with The Warehouse Limited.

1.4 Changes in accounting policy information and interpretations

The Group applied the following new amended standards in this year's financial statements:

(a) Narrow scope amendments to NZ IAS 1, IFRS Practice statement 2 and NZ IAS 8
(b) Amendment to NZ IAS 12 - deferred tax related to assets and liabilities arising from a single transaction (refer notes 4.3, 4.4 and 4.5)
(c) Amendment to NZ IAS 12 - international tax reform - pillar two model rules (refer note 4.1).

The application of the new amendments did not impact any amounts recognised in the financial statements, but required the Group to provide some enhanced disclosures.

There are no new accounting standards, amended standards or interpretations that become effective after balance date that would have a material impact on the Group's financial statements or likely to affect recognition or measurement principles. In May 2023 the International Accounting Standards Board issued amendments to NZ IAS 7 'Statement of Cash Flows' and NZ IFRS 7 'Financial Instrument Disclosures', which requires the Group to provide specified disclosures regarding its supplier financing arrangements. The new disclosure requirements which the Group will apply are mandatory for the Group's 2025 financial year. In May 2024, the External Reporting Board of New Zealand (XRB) issued a new accounting standard NZ IFRS 18 'Presentation and Disclosure in Financial Statements' as a replacement for NZ IAS 1. This new standard, which is mandatory for the Group in the 2028, financial year is expected to change the presentation of the Group's primary financial statements. The Group is currently assessing the impact of this new standard and will disclose more detailed assessments in the future.

Climate change reporting
The Warehouse Group is a climate-reporting entity under the Financial Markets Conduct Act 2013. In December 2022, the XRB released the Aotearoa New Zealand Climate Standards (NZCS), setting the mandatory requirements for the reporting of climate-related risks and opportunities. In 2023, the Group participated in, and was instrumental in, setting the New Zealand retail sector scenarios for the purposes of NZCS. The Group reported under the new NZCS requirements for the first time this year and a separate Climate-related Disclosure Report was released with the annual report.

1.5 Reporting period

These financial statements are for the 52 week period 31 July 2023 to 28 July 2024. The comparative period is for the 52 week period 1 August 2022 to 30 July 2023. The Group operates on a weekly trading and reporting cycle which means most financial years represent a 52 week period. A 53 week catch-up year occurs once every 5 to 6 years and next occurs in the 2025 financial year.

1.6 Material accounting judgements, estimates and assumptions

The preparation of the financial statements requires the Group to make judgements, estimates and assumptions that effect the reported amounts of assets and liabilities at balance date and the reported amounts of revenues and expenses during the year. Judgements and estimates which are material to the financial statements are found in the following notes:

(a) Lease liabilities and right of use assets (notes 10.1 and 10.2)
(b) Inventories (note 8.1)
(c) Derivative financial instruments (note 12.2).

The Group has also considered the impact of climate change on the amounts recognised in the financial statements as part of the work undertaken this year to complete the Group's inaugural Climate-related Disclosure Report. On the basis of the work undertaken to date, considering the Group's disaggregation in product range, location spread and adaptability, the Group concluded that there was no material effect on the recognition and measurement of its assets and liabilities or any items that would require specific disclosure in the financial statements.

1.7 Non-GAAP financial information

The Group uses operating profit, earnings before interest and tax, unusual items and adjusted net profit to describe financial performance as it considers these line items provide a better measure of underlying business performance. These non GAAP measures are not prepared in accordance with NZ IFRS and may not be comparable to similarly titled amounts reported by other companies. The Group's policy regarding unusual items and adjusted net profit is detailed in note 5.0.

2.0 SEGMENT INFORMATION

2.1 Operating performance	Note	Retail sales 2024	Retail sales 2023	Operating profit 2024	Operating profit 2023	Retail operating margin 2024	Retail operating margin 2023
		$ 000	$ 000	$ 000	$ 000		
The Warehouse		1,792,254	1,892,351	17,672	71,596	1.0%	3.8%
Warehouse Stationery		231,907	248,629	12,886	23,004	5.6%	9.3%
TheMarket.com		4,061	33,652	(8,513)	(22,001)		
Warehouse segment		2,028,222	2,174,632	22,045	72,599	1.1%	3.3%
Noel Leeming		1,005,217	1,061,026	17,342	27,342	1.7%	2.6%
Other Group operations		11,164	8,395	(10,453)	(16,549)		
Inter-segment eliminations		(7,006)	(7,141)	-	-		
Group		3,037,597	3,236,912	28,934	83,392	1.0%	2.6%
Adjustments for NZ IFRS 16	2.2			38,887	38,891		
Operating profit from continuing operations				67,821	122,283		
Unusual items	5.0			(8,883)	(13,561)		
Earnings before interest and tax from continuing operations				58,938	108,722		

Retail sales
Retail sales are recognised when the customer receives the goods which typically occurs at the point of sale for in-store sales, or where the goods are purchased online, when the goods have been delivered to the customer. Revenue from the sale of goods is recognised at the amount of the transaction price when all performance obligations have been met and the customer obtains control of the goods.

Operating segments
The Group has three retail brands trading in the New Zealand retail sector, and previously had an online marketplace which was wound up in June 2024. These brands form the basis of internal reporting used by senior management and the Board of Directors to monitor and assess performance and assist with strategy decisions. Brand trading performance is assessed using operating profit, which is a non-GAAP measure that excludes the impacts of NZ IFRS 16 Leases, and is considered a better measure of underlying brand performance. Assets are not allocated to operating segments and the balance sheet is managed and internally reported on a consolidated basis to the senior management and the Board of Directors.

Customers can purchase product from the three main retail chains either online or through the Group's physical retail store network. At year end the Group's physical store network consists of 86 The Warehouse stores, 66 Warehouse Stationery stores (including 41 stores trading within The Warehouse stores) and 66 Noel Leeming stores. The Warehouse predominantly sells general merchandise and apparel, Noel Leeming sells technology and appliance products, and Warehouse Stationery sells stationery products.

The Torpedo7 business was previously included as a separate retail brand, but has been reclassified as a discontinued operation this year. The Torpedo7 results, cash flows and details of its sale are found in note 17. Other Group operations include a property company, a chocolate factory and the residual cost of unallocated support office functions.

2.2 Adjustment for NZ IFRS 16 (Leases)	Note	2024	2023
		$ 000	$ 000
Pre NZ IFRS 16 rent expense		129,060	125,742
Right of use asset amortisation	10.1	(90,333)	(87,828)
Gain on lease terminations		160	977
Impact on operating profit from continuing operations	2.1	38,887	38,891
Lease liability interest	3.6	(36,527)	(34,374)
Impact on net profit before tax on continuing operations (excluding unusual items)	5.0	2,360	4,517
Lease impairments classified as unusual items	5.0	-	(226)
Impact on net profit before tax from continuing operations		2,360	4,291

3.0 INCOME AND EXPENSES

3.1 Other income	2024	2023
	$ 000	$ 000
COVID-19 leave support	-	1,581
Tenancy rents received	1,847	1,991
Other	6,096	4,756
Other income from continuing operations	7,943	8,328

3.2 Employee expense	Note	2024	2023
		$ 000	$ 000
Wages and salaries		511,318	522,887
Directors' fees	13.0	930	936
Performance based compensation		702	11,143
Equity settled share based payments expense	13.0	(804)	804
Employee expense from continuing operations		512,146	535,770

3.3 Depreciation and amortisation expense	Note	2024	2023
		$ 000	$ 000
Property, plant and equipment	9.1	43,586	42,259
Computer software	9.2	24,639	21,804
Right of use assets	10.1	90,333	87,828
Depreciation and amortisation expense from continuing operations		158,558	151,891
		-	-

3.4 Other operating expense	2024	2023
	$ 000	$ 000
Other operating expenses from continuing operations include:		
Bad debt and movement in provision for doubtful debts expense	1,633	(24)
Loss on disposal of plant and equipment	1,381	1,791
Donations	40	168
Net foreign currency exchange loss/(gain)	64	(125)

3.5 Auditors' fees	2024	2023
	$ 000	$ 000
Auditing the Group financial statements	858	878
Reviewing the half year financial statements	140	120
Audit of overseas subsidiary	12	12
Other non-audit or review services:		
- Agreed upon procedures	21	27
- Other services	-	41
Total fees paid to PricewaterhouseCoopers	1,031	1,078

Audit Fees - Corporate Governance
In accordance with the Group's policies regarding audit governance and independence, other non-audit services are approved by the Group's Audit and Risk Committee. The Group's policy permits the audit firm to provide non-audit services that are not considered to be in conflict with the preservation of the independence of the auditor, subject to Audit and Risk Committee approval.

3.6 Net interest expense	Note	2024	2023
		$ 000	$ 000
Interest on deposits and use-of-money interest received		(1,001)	(748)
Interest on borrowings		2,851	3,566
Interest on leases	10.2	36,527	34,374
Net interest expense from continuing operations		38,377	37,192
Interest on borrowings		4,686	5,504
Interest on leases	10.2	958	1,825
Net interest expense from discontinued operations	17.1	5,644	7,329
Total net interest expense		44,021	44,521

4.0 TAXATION

A reconciliation between the tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate is detailed below.

4.1 Taxation - income statement	Note	2024	2023
		$ 000	$ 000
Profit before tax from continuing operations		20,561	71,530
Loss before tax from discontinued operations	17.1	(79,375)	(27,936)
Profit/(loss) before taxation		(58,814)	43,594
Taxation calculated at 28%		(16,468)	12,206
Adjusted for the tax effect of:			
Associate investment		-	1,075
Non deductible building depreciation expense	5.0	8,046	-
Non deductible Torpedo7 asset disposal costs		3,139	-
Other non deductible expenditure		242	302
Income tax under/(over) provided in prior year		(9)	74
Income tax (benefit)/expense		(5,050)	13,657
Reclassify income tax benefit attributable to discontinued operations	17.1	19,071	7,811
Income tax expense from continuing operations		14,021	21,468
Income tax expense comprises:			
Current year income tax payable/(recoverable)	4.2	(931)	7,723
Deferred taxation	4.3	(4,119)	5,934
Income tax (benefit)/expense		(5,050)	13,657

Income taxation
The income tax expense for the period is the tax payable on the current year's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and associates where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised in equity are similarly recognised in equity.

Goods and services tax (GST)
The income statement and statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST with the exception of receivables and payables which include GST invoiced.

Building depreciation
In April 2024, the New Zealand government passed legislation to remove the ability to claim a tax deduction for depreciation on commercial buildings. The result of the legislation changes created a one-off, non-cash accounting adjustment to increase both this year's tax expense and deferred tax liabilities by $8.0 million, with the tax base of the Group's buildings reduced to zero as a consequence of future tax depreciation deductions not being available.

Organisation for Economic Co-operation and Development's Pillar Two
The Organisation for Economic Co-operation and Development's (OECD) has introduced GloBE Pillar Two model rules which aim to implement a minimum global minimum tax rate of 15 percent across all jurisdictions. The New Zealand Government has enacted legislation to implement the OECD Pillar Two Rules but it is not yet in effect. The Group has applied the exemption to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The Group has also undertaken a high-level assessment to determine the Group's potential exposure to Pillar Two top-up taxes, which indicates that no top-up taxes are expected to arise for the Group. The Group is continuing to monitor the developments of the Pillar Two legislation in countries that the Group operates in to assess the impact of Pillar Two legislation on its future financial performance.

The following table details the movement in the current income tax asset during the current and prior year.

4.2 Taxation - balance sheet current taxation asset	Note	2024	2023
		$ 000	$ 000
Opening balance		5,038	1,505
Current year income tax (payable)/recoverable	4.1	931	(7,723)
Income tax paid		4,582	11,033
Income tax refunded		(7,995)	-
Supplementary dividend tax credit		223	223
Closing balance		2,779	5,038

4.3 Taxation - balance sheet deferred taxation asset		Gross deferred tax assets		Gross deferred tax liabilities		Total	
	Note	2024	2023	2024	2023	2024	2023
		$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Opening balance		281,751	291,016	(193,275)	(201,789)	88,476	89,227
Charged/(credited) to the income statement	4.1	(12,025)	(9,564)	16,144	3,630	4,119	(5,934)
Net charged to other comprehensive income		(298)	299	(2,473)	4,884	(2,771)	5,183
Closing balance		269,428	281,751	(179,604)	(193,275)	89,824	88,476
		(note: 4.4)	(note: 4.4)	(note: 4.5)	(note: 4.5)		

The following table details the major gross deferred income tax assets recognised by the Group and the movements during the current and prior year.

4.4 Taxation - balance sheet gross deferred taxation asset	Note	Lease liabilities	Inventory	Property, plant equipment and software	Employee provisions	Derivatives	Other	Total
		$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
For the 52 week period ended 28 July 2024								
Opening balance		224,142	12,306	22,332	15,075	299	7,597	281,751
Charged/(credited) to the income statement	4.3	(18,304)	(1,339)	(15,459)	(1,001)	-	24,078	(12,025)
Net charged to other comprehensive income		-	-	-	-	(299)	1	(298)
Closing balance		205,838	10,967	6,873	14,074	-	31,676	269,428
For the 52 week period ended 30 July 2023								
Opening balance		228,667	10,700	26,931	15,733	-	8,985	291,016
Charged/(credited) to the income statement	4.3	(4,525)	1,606	(4,599)	(658)	-	(1,388)	(9,564)
Net charged to other comprehensive income		-	-	-	-	299	-	299
Closing balance		224,142	12,306	22,332	15,075	299	7,597	281,751

Other deferred taxation assets (2024) include carried forward taxation losses ($24.5 million), arising from the Torpedo7 asset disposal (refer note 17) and closing TheMarket.com which is expected to be fully recovered within the next few years.

The following table details the major gross deferred income tax liabilities recognised by the Group and the movements during the current and prior year.

4.5 Taxation - balance sheet gross deferred taxation liabilities	Note	Right of use asset	Brand	Derivatives	Other	Total
		$ 000	$ 000	$ 000	$ 000	$ 000
For the 52 week period ended 28 July 2024						
Opening balance		185,087	4,340	-	3,848	193,275
Charged/(credited) to the income statement	4.3	(16,636)	-	-	492	(16,144)
Net charged to other comprehensive income		-	-	2,473	-	2,473
Closing balance		168,451	4,340	2,473	4,340	179,604
For the 52 week period ended 30 July 2023						
Opening balance		188,518	4,340	4,884	4,047	201,789
Charged/(credited) to the income statement	4.3	(3,431)	-	-	(199)	(3,630)
Net charged to other comprehensive income		-	-	(4,884)	-	(4,884)
Closing balance		185,087	4,340	-	3,848	193,275

5.0 ADJUSTED NET PROFIT

Adjusted net profit reconciliation	Note	2024	2023
		$ 000	$ 000
Net profit from continuing operations attributable to shareholders of the parent		6,123	49,935
Add back: Unusual items			
Restructuring costs		8,883	10,502
Gain on sale of property		-	(413)
Loss on sale of associate		-	3,472
Unusual items		8,883	13,561
Adjustments for NZ IFRS 16	2.2	(2,360)	(4,517)
Income tax relating to above items		(1,826)	(1,560)
Income tax effect of removing ability to claim tax deductions for building depreciation	4.1	8,046	-
Adjusted net profit		18,866	57,419

Certain transactions can make the comparison of profits between years difficult. The Group uses adjusted net profit as a key indicator of performance and considers it a better measure of underlying business performance. Adjusted net profit makes allowance for the after tax effect of unusual items which are not directly connected with the Group's normal trading activities. The Group defines unusual items as any gains or losses from property disposals, goodwill and brand impairment, costs relating to business acquisitions or disposals, ineffective hedge derivatives and costs connected with restructuring the Group. Following the adoption of NZ IFRS 16 the non-cash impacts relating to the lease accounting standard are also excluded from adjusted net profit.

Restructuring costs
Last year, in response to a decline in profitability caused by customers cutting back their spending in response to higher living costs and a deteriorating economy, the Group restructured its operations to lower its cost of doing business. The restructure included the integration of TheMarket.com within the wider Group and closing the 1-day business (completed June 2023).

During the current year the Group made the decision to dispose of the Torpedo7 business (refer note 17) and close TheMarket.com (completed in June 2024). The Group then reshaped the business around its remaining three core brands of The Warehouse, Warehouse Stationery and Noel Leeming, resulting in a redesign of the support office functions. The restructure costs above, as a result of these actions, represent staff redundancy costs and the write-off of redundant business assets.

Gain on sale of property (2023)
The Group sold its Royal Oak store property (Auckland) in July 2023 for $30.5 million as part of a 'sale and lease back' arrangement, which realised a gain on sale of $0.4 million and a reduction in the right of use asset related to the new leases of $0.5 million (refer note 10.1).

Loss on sale of associate (2023)
In August 2021 the Group invested $4.5 million to acquire a 26% interest in Zoom Healthcare, a health technology company, with a view that the Group could potentially take a controlling interest in the company. Zoom Healthcare did not achieve the outcome anticipated by the Group resulting in the write-off of the carrying amount of the investment, and subsequent sale for a nominal consideration.

6.0 EARNINGS PER SHARE

Earnings per share calculation	Note	2024	2023
Net profit/(loss) attributable to shareholders of the parent ($000s)		(54,181)	29,810
Net profit from continuing operations attributable to shareholders of the parent ($000s)		6,123	49,935
Net loss from discontinued operations attributable to shareholders of the parent ($000s)		(60,304)	(20,125)
Adjusted net profit ($000s)	5.0	18,866	57,419
Basic and diluted			
Weighted average number of ordinary shares (net of treasury shares) on issue (000s)		345,354	345,354
Earnings per share (cents)		(15.7)	8.6
Earnings per share from continuing operations (cents)		1.8	14.5
Earnings per share from discontinued operations (cents)		(17.5)	(5.8)
Adjusted earnings per share (cents)		5.5	16.6

Earnings per share (EPS) is the amount of post-tax profit attributable to each share. Basic EPS is calculated by dividing net profit attributable to shareholders by the weighted average number of ordinary shares (net of treasury shares) outstanding during the year. Adjusted basic EPS is similarly calculated using adjusted net profit as the numerator.

Certain executives held share rights (refer note 13) during the year which were potentially dilutive. These share rights all lapsed prior to balance date when the non-market vesting conditions were not achieved. The Group did not hold any dilutive shares at balance date, and as the share rights were not dilutive in either the current and comparable years, the Group considers the basic and dilutive earnings per share calculations to be the same.

7.0 DIVIDENDS

7.1 Dividends paid	2024	2023	2024	2023
	$ 000	$ 000	Cents per share	Cents per share
Prior year final dividend	27,747	34,684	8.0	10.0
Interim dividend	17,342	-	5.0	-
Total dividends paid	45,089	34,684	13.0	10.0

Dividend policy
In a typical year the Group declares two dividends, the first in respect of the half year (interim dividend) and second in respect of the full year result (final dividend). Dividends are declared at the discretion of the Board and subject to trading performance, market conditions and liquidity requirements. The Group's dividend policy is to distribute at least 70% of the Group's full year adjusted net profit.

The Board has decided not to pay a final dividend, on the basis of the challenging economic outlook and financial performance remaining uncertain.

7.2 Dividends policy reconciliation	Note	2024	2023	2024	2023
		$ 000	$ 000	Cents per share	Cents per share
Interim dividend		17,342	-	5.0	-
Final dividend (declared after balance date)		-	27,747	-	8.0
Total dividends declared in respect of the current financial year		17,342	27,747	5.0	8.0
Group adjusted net profit	5.0	18,866	57,419		
Pay-out ratio (%)		91.9%	48.3%		

7.3 Imputation credit account	2024	2023
	$ 000	$ 000
Imputation credits at balance date available for future distribution	107,795	130,226

The above amounts represent the balance of the Group's imputation credit account at balance date, adjusted for imputation credits that will arise from the payment of the amount of the remaining current year provision for income taxation.

8.0 WORKING CAPITAL

8.1 Inventory	2024	2023
	$ 000	$ 000
Finished goods	428,340	448,895
Inventory provisions	(13,276)	(20,973)
Retail stock	415,064	427,922
Goods in transit from overseas	57,064	65,386
Inventory	472,128	493,308

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using a weighted average method and includes expenditure incurred to purchase the inventory and transport it to its current location. Net realisable value is the estimated selling price of the inventory in the ordinary course of business less costs necessary to make the sale. The cost of inventories consumed during the period are recognised as an expense and included in cost of goods sold in the income statement.

Material accounting judgements, estimates and assumptions
Assessing provisions for inventory obsolescence, net realisable value and shrinkage involves making estimates and judgements in relation to future selling prices and expected shrinkage rates between the most recent store stock counts and balance date. Shrinkage is a reduction in inventory due to shoplifting, employee theft, record keeping errors and supplier fraud. The Group considers a wide range of factors including historical data, current trends and product information from buyers as part of the process to determine the appropriate value of these provisions.

Goods in transit from overseas
Goods in transit from overseas are recognised when title to the goods is passed to the Group. Title to the goods is passed when valid documents (which usually include a 'bill of lading') are received, and terms, as set out in a supplier's letter of credit or in the supplier's terms of trade, are met.

8.2 Trade and other receivables	2024	2023
	$ 000	$ 000
Trade receivables	35,014	31,257
Prepayments	44,679	35,755
Rebate accruals and other debtors	19,529	30,009
Trade and other receivables	99,222	97,021
Less non current prepayments	(26,321)	(20,747)
Current trade and other receivables	72,901	76,274

Trade receivables arise from sales made to customers on credit or through the collection of rebates from suppliers not otherwise deducted from suppliers' payable accounts. Trade receivables are non-interest bearing and are generally on 30 to 60 day terms. Trade receivables are recognised based on the value of the invoice sent to the customer and adjusted for expected credit losses to provide for future unrecovered debts. The expected collectability of trade and other receivables is reviewed on an ongoing basis.

8.3 Trade and other payables	2024	2023
	$ 000	$ 000
Local trade creditors and accruals	289,361	246,059
Foreign currency trade creditors	88,423	72,668
Goods in transit creditors	17,069	23,941
Capital expenditure creditors	1,247	1,109
Goods and services tax	28,395	16,132
Reward schemes, lay-bys and gift vouchers	17,991	27,413
Payroll accruals	18,967	20,017
Trade and other payables	461,453	407,339

Trade payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are normally unsecured and local creditors typically settled within 60 days and foreign creditors up to 120 days after recognition. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Notes to the Financial Statements – Operating Assets and Liabilities
For the 52 week period ended 28 July 2024

8.4 Provisions	Current		Non current		Total	
	2024	2023	2024	2023	2024	2023
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Employee entitlements	37,973	43,298	13,776	16,016	51,749	59,314
Make good provision	807	1,683	6,566	6,389	7,373	8,072
Sales return provision	3,773	4,311	-	-	3,773	4,311
Provisions	42,553	49,292	20,342	22,405	62,895	71,697

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Employee entitlements
(i) Annual leave and sick leave
Liabilities for annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Performance based compensation
The Group recognises a liability and expense for incentives payable to employees where either a contractual or constructive obligation arises to pay an employee based on achieving an agreed level of individual and company performance.

(iii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on New Zealand government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Make good provision
The Group has an obligation to restore certain leasehold sites to their original condition when the lease expires. This provision represents the present value of the expected future make good commitment. Amounts charged to the provision represent both make good costs incurred and costs incurred which mitigate the final liability prior to the lease expiry.

Sales return
The Group provides various guarantees and warranties to replace, repair or refund customers for faulty or defective products sold. This provision represents the estimated sales return obligation at balance date based on historical sale return rates.

9.0 NON CURRENT ASSETS

9.1 Property, plant and equipment		Land and buildings		Plant and equipment		Work in progress		Total	
	Note	2024	2023	2024	2023	2024	2023	2024	2023
		$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Cost		60,590	94,098	734,908	678,732	28,325	47,326	823,823	820,156
Accumulated depreciation		(12,312)	(16,109)	(589,222)	(579,692)	-	-	(601,534)	(595,801)
Opening carrying amount		48,278	77,989	145,686	99,040	28,325	47,326	222,289	224,355
Additions		-	-	37,436	93,620	(17,047)	(19,001)	20,389	74,619
Disposals		-	(28,918)	(10,589)	(2,904)	-	-	(10,589)	(31,822)
Depreciation - continuing operations	3.3	(468)	(793)	(43,118)	(41,466)	-	-	(43,586)	(42,259)
Depreciation - discontinued operations		-	-	(1,295)	(2,604)	-	-	(1,295)	(2,604)
Closing carrying amount		47,810	48,278	128,120	145,686	11,278	28,325	187,208	222,289
Cost		60,590	60,590	716,526	734,908	11,278	28,325	788,394	823,823
Accumulated depreciation		(12,780)	(12,312)	(588,406)	(589,222)	-	-	(601,186)	(601,534)
Closing carrying amount		47,810	48,278	128,120	145,686	11,278	28,325	187,208	222,289

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets inclusive of directly attributable costs incurred to bring the assets to the location and condition necessary for their intended use.

Property, plant and equipment are depreciated on a straight line basis to allocate the cost, less any residual value, over their useful life. The estimated useful life of property, plant and equipment are as follows:

Freehold land	indefinite
Freehold buildings	50 - 100 years
Plant and equipment	3 - 15 years
Work in progress	not depreciated

The Group annually reviews the carrying amounts of property, plant and equipment for impairment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. In assessing whether an asset is impaired, reference is made to individual store profitability and any other known events or circumstances that may indicate that the carrying amount of an asset may be impaired.

Gains and losses on disposals of assets are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. Costs incurred on repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

9.2 Intangible assets	Note	Goodwill		Brand names		Computer software		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
		$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Cost		94,380	94,380	23,523	23,523	151,367	113,354	269,270	231,257
Impairment and accumulated amortisation		(36,924)	(36,924)	(8,023)	(8,023)	(56,084)	(34,485)	(101,031)	(79,432)
Opening carrying amount		57,456	57,456	15,500	15,500	95,283	78,869	168,239	151,825
Additions		-	-	-	-	18,629	38,584	18,629	38,584
Disposals		-	-	-	-	(3,101)	(341)	(3,101)	(341)
Amortisation - continuing operations	3.3	-	-	-	-	(24,639)	(21,804)	(24,639)	(21,804)
Amortisation - discontinued operations		-	-	-	-	(16)	(25)	(16)	(25)
Closing carrying amount		57,456	57,456	15,500	15,500	86,156	95,283	159,112	168,239
Cost		57,456	94,380	15,500	23,523	147,155	151,367	220,111	269,270
Impairment and accumulated amortisation		-	(36,924)	-	(8,023)	(60,999)	(56,084)	(60,999)	(101,031)
Closing carrying amount		57,456	57,456	15,500	15,500	86,156	95,283	159,112	168,239

Goodwill
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration paid above the fair value of the net identifiable assets, liabilities and contingent liabilities acquired.

Brand names
Brand names acquired in a business combination are recognised at fair value at the acquisition date. Brand names are considered to have indefinite useful lives as the Group have rights to use these names in perpetuity.

Impairment of goodwill and brand names
Assets that have an indefinite useful life are reviewed annually for impairment or whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Computer software (excluding cloud computing arrangements)
Internal and external costs directly incurred in the purchase or development of software controlled by the Group are recognised as intangible assets, including subsequent improvements, when it is probable that they will generate a future economic benefit. Computer software is amortised using the straight-line method over periods ranging from two to ten years.

Cloud computing arrangements
Cloud computing arrangements provide the Group with the right to access a supplier's cloud based software for a specified contract period. If the Group does not control the cloud based software, the related development costs (external and internal) are recognised as either:

(a) an expense when they are incurred for internal costs and the costs of an integrator not related to the software provider, or
(b) as a prepayment and then expensed over the term of the cloud computing arrangement for the costs of the software provider or its subcontractor.

Brand and goodwill impairment testing
The Group performs an annual impairment test of its brand and goodwill intangible assets which involves comparing the recoverable amount of the assets to the carrying values. The recoverable amounts are calculated using the 'fair value less costs to sell' method. The discounted cash flow valuation method is based on five year operating performance projections. The Group considers a wide range of factors including the Group's financial budgets, strategic plans, external benchmarks and historical performance to formulate the future cash flow projections. The Group also engages external advisors to determine appropriate discount rates and long term growth rates, integral to the valuations.

In previous years, the valuations are then typically capped to align with the average values assessed by a selection of the Group's external equity research analysts. This year, however, the valuation was capped to align with a takeover proposal received from Adamantem Capital Management Pty Ltd to potentially acquire all of the Group's shares at a price of between $1.50 to $1.70 per share. The Group received the unsolicited, non-binding, indicative proposal the week before balance date, but the proposal lacked the critical shareholder backing it required to proceed. The Group considered this proposal provided an external benchmark of the Group's fair value at balance date.

The Group's goodwill and brand assets are allocated to cash generating units and form the basis for impairment testing. Cash generating units represent the lowest level within the Group at which the assets are monitored for internal management purposes. Details of the carrying amounts of goodwill and brand assets and the allocation to cash generating units along with the key assumptions used in the impairment tests to extrapolate cash flows beyond the five year projection period are set out in the table below.

Impairment testing	Noel Leeming		The Warehouse	
	2024	2023	2024	2023
	$ 000	$ 000	$ 000	$ 000
Goodwill	31,776	31,776	25,680	25,680
Brand names	15,500	15,500	-	-
Closing carrying amount	47,276	47,276	25,680	25,680
Key assumptions				
Terminal operating margin (%)	3.0	4.5	4.1	4.8
Terminal growth rate (%)	2.1	2.1	2.1	2.1
Pre-tax discount rate (%)	16.2	16.5	14.5	14.8
Post-tax discount rate (%)	11.7	11.9	10.5	10.7

Operating margin represents earnings before interest, taxation, unusual items and the impact of NZ IFRS 16. The Warehouse segment includes the Warehouse Stationery business and support office functions. The annual impairment testing for both Noel Leeming and The Warehouse cash generating units indicated significant headroom and that the carrying amounts of the attributed goodwill and brand assets were not impaired.

10. LEASE LIABILITIES AND RIGHT OF USE ASSETS

10.1 Right of use assets	Note	Cost		Accumulated depreciation		Carrying amount	
		2024	2023	2024	2023	2024	2023
For the 52 week period ended 28 July 2024		$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Opening balance		1,523,537	1,502,650	(862,512)	(829,372)	661,025	673,278
Foreign exchange movement		130	(142)	(85)	55	45	(87)
Additions	10.2	51,891	99,416	-	-	51,891	99,416
Depreciation - continuing operations	3.3	-	-	(90,333)	(87,828)	(90,333)	(87,828)
Depreciation - discontinued operations		-	-	(4,112)	(8,176)	(4,112)	(8,176)
Reassessment of lease terms	10.2	7,026	(11,945)	-	-	7,026	(11,945)
Sale and lease back adjustment	5.0	-	(494)	-	-	-	(494)
Lease impairments	5.0	-	(226)	-	-	-	(226)
Leases assigned as part of the Torpedo7 sale	17.2	(70,216)	-	47,787	-	(22,429)	-
Lease surrenders and terminations		(57,729)	(65,722)	56,226	62,809	(1,503)	(2,913)
Closing balance		1,454,639	1,523,537	(853,029)	(862,512)	601,610	661,025

A 'lease liability' and a corresponding 'right of use' asset is recognised when the Group commences a lease with a term exceeding 12 months and has sufficient value to not be characterised as a low value lease. The initial lease liability and corresponding 'right of use' asset represents the present value of future lease payments discounted using the Group's incremental borrowing rate over the lease term including any contractual lease extension options considered reasonably certain to be exercised. The future lease payments adjust for contractual fixed rate lease payment adjustments but no adjustment is made for inflation-indexed lease payment increases.

Lease payments are allocated between the lease liability and the finance cost. The finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

The Group leases various warehouses, retail stores, equipment and vehicles. Property leases represent around 99% of the carrying value of the Group's 'right of use assets'. The property leases are negotiated on an individual basis, typically for an initial period of 6 to 10 years and usually include extension options, but may also contain a wide variety of other terms and conditions. Extension options provide the Group with operational flexibility in terms of managing the Group's retail intensity within different catchment areas. The majority of extension and termination options may only be exercised by the Group and not by the landlord.

10.2 Lease liabilities	Note	2024	2023
For the 52 week period ended 28 July 2024		$ 000	$ 000
Opening balance		803,158	820,840
Foreign exchange movement		49	(91)
Additions	10.1	51,891	99,416
Interest - continuing operations	3.6	36,527	34,374
Interest - discontinued operations	3.6	958	1,825
Reassessment of lease terms	10.1	7,026	(11,945)
Lease repayments		(137,017)	(137,370)
Leases assigned as part of the Torpedo7 sale	17.2	(24,117)	-
Lease surrenders and terminations		(1,663)	(3,891)
Closing balance	10.3	736,812	803,158

10.3 Lease liability maturity analysis	Gross lease payments		Interest		Carrying amount	
	2024	2023	2024	2023	2024	2023
As at 28 July 2024	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Within one year	136,715	134,934	(36,617)	(35,938)	100,098	98,996
One to two years	118,180	124,959	(27,577)	(31,746)	90,603	93,213
Two to five years	296,956	311,774	(64,353)	(71,811)	232,603	239,963
Beyond five years	352,179	423,847	(38,671)	(52,861)	313,508	370,986
Lease liability	904,030	995,514	(167,218)	(192,356)	736,812	803,158
Current lease liability					100,098	98,996
Non current lease liability					636,714	704,162
Lease liability				10.2	736,812	803,158

Material accounting judgements, estimates and assumptions
To quantify lease liabilities and 'right of use' carrying values requires the Group to use judgement to assess the appropriate lease term and estimates to determine the incremental borrowing rate applied to calculate these amounts. These judgements and estimates can significantly impact the carrying value of both the lease liabilities and right of use asset recognised in the balance sheet and corresponding expenses recorded in the income statement.

The Group uses the judgement of experts within its property department to assess the lease term at the inception of a lease and to reassess a lease term when a significant event or significant change in circumstances within the control of Group affects the prospect that a right of renewal contained in a lease will be exercised.

The Group engages an independent valuation expert to establish the incremental borrowing rates applied to new and modified leases during the year. The average incremental borrowing rate used to calculate the value of lease liabilities at balance date was 5.02% (2023: 4.88%).

11.0 EQUITY

11.1 Capital management

Capital is defined by the Group to be the total equity as shown in the balance sheet. The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern, to provide an appropriate rate of return to shareholders, optimise the Group's cost of capital and maintain a liquidity buffer (refer note 11.2).

The Group reviews its capital structure annually, unless there is a material change requiring an earlier response, and may make adjustments by means including changes to the Group's dividend pay-out ratio, issue of new shares, debt issuance, sale of assets or a combination of these.

Externally imposed capital requirements
The Group has a negative pledge arrangement with its funding providers that requires the parent and its guaranteeing Group companies to comply with certain quarterly debt ratios and restrictive covenants. The calculation of these ratios is adjusted to exclude the impact of the NZ IFRS 16 lease accounting standard. The two principal covenants are:

1) The gearing ratio will not exceed 60% during the four month period ending November or exceed 50% for the remainder of the year;

2) Interest cover will not be less than 2 times operating profit.

The Group was in compliance with all aspects of the negative pledge covenants throughout the current and previous financial year. On the basis of next year's challenging economic outlook and financial performance remaining uncertain the Group has taken pre-emptive action after balance date, with the support of its funding providers to change the interest cover ratio for the next financial year and for the first 3 quarters of the following 2026 financial year. During this period, the revised interest cover ratio will be calculated using operating profit plus depreciation, while the gearing ratio remains unchanged. Depreciation for the purposes of the cover ratio calculation includes software amortisation, but excludes 'right of use asset' amortisation. The revised interest cover ratios are:

1) Interest cover will not be less than 5.0 times operating profit plus depreciation, for the 2025 financial year.

2) Interest cover will not be less than 5.5 times operating profit plus depreciation, for the first 3 quarters of the 2026 financial year.

The interest cover ratio will revert to the previous interest cover ratio (based on operating profit exceeding net interest by at least 2 times) after 21 months, or earlier if the operating profit exceeds net interest by more than 4 times for any two consecutive quarterly balance dates.

11.2 Bank and debt facilities	2024	2023
	$ 000	$ 000
Cash and cash equivalents	32,204	28,330
Borrowings	(82,900)	(76,400)
Net debt	(50,696)	(48,070)
Committed bank credit facilities	470,000	470,000
Liquidity buffer	419,304	421,930

The Group's liquidity policy is to have a minimum liquidity buffer of $250 million (2023: $300 million) and an optimal range of between $300 million to $400 million (2023: $350 million to $450 million). The Group lowered the liquidity policy limits in May 2024 by $50 million following the disposal of the Torpedo7 business (refer note 17) inline with the reduced funding commitments. The Group has $450 million of debt facilities maturing beyond 12 months after negotiating the extension of two debt facilities ($85 million) in September 2024 and cancelling $20 million of facilities, effective from November 2024.

Sustainability Linked Loans
The Group has structured $145 million of its committed bank credit facilities as Sustainability Linked Loans (SLLs) which met the requirements of the Loan Market Association's Sustainability Linked Loan Principles (2021) when they began in October 2021. The facility fee pricing for the SLLs are linked to the achievement of mutually agreed sustainability targets that span a 4 year period. There are five sustainability targets and the facility pricing can be reduced by a maximum of 8 basis points if all the sustainability targets are achieved and increased by the same if the targets are not met.

11.3 Contributed equity	Contributed equity		Ordinary shares	
	2024	2023	2024	2023
	$ 000	$ 000	$ 000	$ 000
Share capital	365,517	365,517	346,843	346,843
Treasury shares	(5,282)	(5,282)	(1,489)	(1,489)
Contributed equity	360,235	360,235	345,354	345,354

There were no changes to the Group's contributed equity during the current year and previous year.

Ordinary shares are classified as equity. Incremental costs, directly attributable to the issue of new shares, are shown in equity as a deduction from the proceeds of the share issue.

Where the Group purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the shareholders until the shares are cancelled or reissued. Where such shares are reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to shareholders.

Ordinary shares on issue are fully paid and carry one vote per share and participate equally in dividends, other distributions from equity and any surplus on a winding up of the Group. The Group retains its own ordinary shares which are used for employee share based payment arrangements. Voting rights attached to the shares are held by the trustees of the employee share plans, and dividends paid on the shares are retained by the trustee for the benefit of the Group.

11.4 Reserves	Note	2024	2023
		$ 000	$ 000
Cash flow hedge reserve		6,361	(767)
Foreign currency translation reserve		220	(27)
Share based payments reserve	13.0	-	804
Reserves		6,581	10

Cash flow hedge reserve
This reserve records the portion of the gain or loss on a hedging derivative in a cash flow hedge that is determined to be an effective hedge. The cumulative deferred gain or loss on the hedge is recognised in the income statement when the hedged transaction impacts the income statement, or depending on the nature of the hedge, is included in a non-financial hedged item when the hedged event occurs. (Refer to the consolidated statement of changes in equity and accounting policies detailed in note 12.2).

Foreign currency translation
Exchange differences arising on translation of the Group's subsidiaries in India and China are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to the income statement when the net investment is sold.

Share based payments reserve
Share rights are granted to employees in accordance with the Group's executive share rights plan. The fair value of share rights granted under the plan are measured at grant date and recognised as an employee expense over the vesting period with a corresponding increase in equity. The fair value at grant date of the share rights are independently determined using an appropriate valuation model that takes into account the terms and conditions upon which they were granted. (Note 13.0 provides further details regarding the plan and fair value calculations).

This reserve is used to record the accumulated value of the unvested shares rights, which have been recognised as an expense in the income statement. Upon the vesting of share rights, the balance of the reserve relating to the share rights is offset against the cost of treasury shares allotted to settle the obligation, with any difference in the cost of settling the commitment transferred to retained earnings. (Refer also to the consolidated statement of changes in equity).

11.5 Minority interest	2024	2023
	$ 000	$ 000
Opening balance	950	(815)
Net profit attributable to minority interest	417	127
Minority put options exercised	-	1,688
Dividends paid to minority shareholders	(183)	(50)
Closing balance	1,184	950

Minority interest reserve
A minority interest is an ownership position in a Group subsidiary where the minority shareholder owns less than 50% of outstanding shares and has no control over decisions. Minority interests are measured based on the minority shareholders proportionate share of the net asset value of the subsidiary.

At balance date minority shareholders held a 50% (2023: 50%) shareholding in ChocolateWorks, a manufacturer of chocolate confectionery located in Waikato.

12.0 FINANCIAL RISK MANAGEMENT

12.1 Financial risk factors

The Group's activities expose it to various financial risks including liquidity risk, credit risk and market risk. The Group's overall risk management programme focuses on the uncertainty of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group enters into forward currency contracts to manage the currency fluctuation risks arising from the Group's overseas purchases.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess cash.

12.2 Derivative financial instruments	2024	2023
	$ 000	$ 000
Forward exchange contract assets	10,786	5,208
Forward exchange contract liabilities	(78)	(7,320)
Derivative financial instruments	10,708	(2,112)
Classified as:		
Cash flow hedges	8,834	(1,066)
Fair value hedges	1,874	(1,046)
Derivative financial instruments	10,708	(2,112)

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. For the purposes of hedge accounting, hedges are classified as:

- Cash flow hedges when they hedge an exposure to a highly probable forecast transaction; or
- Fair value hedges when they hedge the exposure to changes in fair value of a recognised asset or liability.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge transactions. An assessment, both at hedge inception and on an ongoing basis is also documented, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Cash flow hedges
The Group applies cash flow hedge accounting to manage the currency risk associated with purchasing inventory in foreign currencies. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory), the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Fair value hedges
The Group applies fair value hedge accounting for hedging to manage the currency risk associated with foreign currency trade creditors. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributed to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, or the hedge is not fully effective, then the hedge or portion of the hedge which is not effective is recognised immediately in the Income Statement as a foreign exchange gain or loss.

Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

Material accounting judgements, estimates and assumptions
Valuation
The Group's derivatives are not traded in an active market, which means quoted prices are not available to determine the fair value. To determine the fair value the Group uses valuation techniques which rely on observable market data. For accounting purposes (NZ IFRS 13) these valuations are deemed to be Level 2 fair value measurements as they are not derived from a quoted price in an active market but, rather a valuation technique that relies on other observable market data.

Hedge effectiveness
When calculating the hedge effectiveness of the Group's currency derivatives the Group is required to forecast the next 18 months overseas purchases to test if the hedged transactions are still highly probable to occur. The method of testing adopted is based on matching the critical terms of the hedged transaction to those of the derivative. The results of this testing demonstrated an expectation of high hedge effectiveness.

Notes to the Financial Statements – Financial Risk Management
For the 52 week period ended 28 July 2024

12.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through committed credit facilities to meet financial obligations when they are due and being able to close out market positions if necessary. The Group monitors rolling forecasts of the Group's liquidity position based on expected cash flows to ensure a liquidity buffer is maintained in accordance with policy limits approved by the Board. The Group maintains funding flexibility by maintaining availability using committed credit lines. The Group's liquidity policy and committed credit facilities at balance date are detailed in note 11.1.

The table below details the Group's derivatives and other financial liabilities (excluding lease liabilities - refer note 10.3).

Liabilities/(assets)		0 - 6 Months		7 - 12 Months		Total	
	Note	2024	2023	2024	2023	2024	2023
		$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Borrowings	11.2	82,900	76,400	-	-	82,900	76,400
Trade and other payables	8.3	461,453	407,339	-	-	461,453	407,339
Derivatives - gross settled (forward exchange contracts)							
- outflow	12.5	220,883	260,005	146,322	177,378	367,205	437,383
- inflow		(227,221)	(256,490)	(151,052)	(178,702)	(378,273)	(435,192)
Financial liabilities and derivatives		538,015	487,254	(4,730)	(1,324)	533,285	485,930

12.4 Credit risk

Credit risk arises from the financial assets of the Group which are exposed to potential counter-party default, with a maximum exposure equal to the carrying amount of these assets. In the normal course of business the Group incurs credit risk from trade and other receivables, derivatives and transactions with financial institutions.

The Group places its cash and short-term investments and derivatives with high credit quality financial institutions approved by the Board and in accordance with specified treasury policy limits. The Group's treasury policy requires bank counter-parties to have a minimum Standard & Poor's credit rating of at least A (2023: A).

The Group controls its credit risk from trade and other receivables by the application of credit approval, limits and monitoring procedures. Receivable balances are monitored on an ongoing basis to ensure the Group's bad debt exposure is not significant. Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. As the Group transacts with a diversity of counterparties it does not have any significant exposure to any individual customers, industry or economic sector.

12.5 Market risk

Foreign exchange risk
The Group purchases inventory directly from overseas suppliers, primarily priced in US dollars. To protect against exchange rate movements and manage the inventory costing process, the Group enters into forward exchange contracts to purchase foreign currencies. These contracts hedge highly probable forecast purchases and are timed to mature when the payments are scheduled to be settled. Management work to a Board approved Treasury Policy to manage this foreign exchange risk. The policy parameters for hedging forecast currency exposures are:

- to hedge 80% to 100% of US dollar commitments expected in the next 0 to 4 months
- to hedge 50% to 90% of US dollar commitments expected in the next 5 to 12 months
- where exposures to other currencies arise, the Group hedges these risks once a firm commitment is in place
- specific approval is required to hedge foreign currency commitments extending beyond a 12-month time horizon.

Currency position at balance date	Carrying value		Notional amount (NZD)		Average exchange rate		0 to 12 month hedge level	
	2024	2023	2024	2023	2024	2023	2024	2023
	$ 000	$ 000	$ 000	$ 000	Cents	Cents	Percentage	Percentage
Forward exchange contracts								
Buy US dollars/Sell New Zealand dollars	10,708	(2,112)	367,205	437,383	0.6070	0.6125	69.6	74.7

The spot rate used to determine the mark-to-market carrying value of the US dollar forward contracts at balance date was $0.5892 (2023: $0.6156).

The following sensitivity table, based on currency contracts and foreign currency trade creditors in existence at balance date, shows the positive/(negative) impact of reasonably possible exchange rate movements on after tax profit and equity, with all other variables held constant.

			+ 10 percent		- 10 percent	
Foreign currency sensitivity table	Note	Amount	Profit	Equity	Profit	Equity
At 28 July 2024		$ 000	$ 000	$ 000	$ 000	$ 000
Foreign currency trade creditors	8.3	(88,423)	5,788	5,788	(7,074)	(7,074)
Derivative financial instruments						
Forward exchange contracts - cash flow hedges	12.2	8,834	-	(18,476)	-	22,583
Currency forward contracts - fair value hedges	12.2	1,874	(5,740)	(5,740)	7,016	7,016
Total increase/(decrease)			48	(18,428)	(58)	22,525
At 30 July 2023						
Foreign currency trade creditors	8.3	(72,668)	4,756	4,756	(5,814)	(5,814)
Derivative financial instruments						
Forward exchange contracts - cash flow hedges	12.2	(1,066)	-	(23,071)	-	28,207
Forward exchange contracts - fair value hedges	12.2	(1,046)	(4,720)	(4,720)	5,770	5,770
Total increase/(decrease)			36	(23,035)	(44)	28,163

13.0 KEY MANAGEMENT

Key management includes the Directors of the Company and the members of the Group's Leadership team, being the Group Chief Executive Officer and his seven (2023: nine) direct reports.

Compensation made to Directors and other members of key management of the Group is set out in the two tables below:

Directors' fees	2024	2023
	$ 000	$ 000
J Withers (Chair)	183	183
A J Balfour	119	119
A J Carter (appointed May 2024)	27	-
D R Hamilton	114	114
J W M Journee (appointed as interim Group CEO May 2024)	82	104
C M Rainsford (appointed August 2022)	94	84
J M Raue (resigned May 2024)	103	124
R E Taulelei	114	114
R J Tindall	94	94
Total	930	936

The director fees for J W M Journee, in the table above, represent the fees paid to him as a non-executive director. These fees ceased in May 2024, when he was appointed as interim Group CEO. The salary paid to him ($323,624) in this new role as Group CEO and executive Director is included in the 'Key Management' remuneration table below.

Last year J W M Journee, D R Hamilton and R J Tindall also received fees of $6,875 each in their capacity as directors of a Group subsidiary company (TheMarket.Com Limited), prior to resigning from these roles in March 2023.

Key management	Note	2024	2023
		$ 000	$ 000
Base salary		7,752	7,045
Retention (cash settled)		(575)	3,126
Three year performance based compensation (cash settled)		(1,758)	438
Share based compensation	11.4	(804)	804
Termination benefits		4,145	-
Total		8,760	11,413

The expense recognised over prior years for the unvested three year incentive plan and long term retention plans (share and cash settled) was reversed this year as the vesting criteria, which are based on internal performance hurdles and shareholder return targets, were not achieved.

Share based compensation
The Group granted share rights as a retention incentive to the CEO (Tranche 1) and five members of the Group's senior leadership (Tranche 2) last year. For each share right the participant was eligible to be issued or transferred for nil consideration one share on the expected vesting date (together with dividend equivalents), if they remained with the Group and certain non-market performance conditions were achieved. The non-market performance conditions were not achieved during the 2024 financial year and all outstanding share rights lapsed.

	Tranche 1	Tranche 2
Share rights granted	1,600,000	770,711
Lapsed in 2023	-	(167,546)
Share rights at the end of the 2023 financial year	1,600,000	603,165
Lapsed in 2024	(1,600,000)	(603,165)
Share rights at the end of the 2024 financial year	-	-
Date granted	October 2022	November 2022
Expected vesting date (at grant date)	October 2026	October 2025
Weighted average cost of equity at grant date (%)	8.9	8.5
Average share price at grant date ($)	3.13	3.01
Estimated fair value at grant date ($)	2.96	2.93

14.0 COMMITMENTS

Capital expenditure contracted for at balance date, but not recognised as liabilities, is set out below:

Capital commitments	2024	2023
	$ 000	$ 000
Within one year	903	8,387

15.0 CONTINGENT LIABILITIES

	2024	2023
	$ 000	$ 000
Standby letter of credit	17,500	17,500
Bank guarantees provided to landlords and the New Zealand Exchange Limited	315	315
Contingent liabilities	17,815	17,815

16.0 RELATED PARTIES

During the period, the Group has not entered into any material contracts involving related parties or Directors' interests which are not disclosed. No amounts owed by related parties have been written off or forgiven during the period.

17.0 DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group that represents a separate major line of business that is part of a disposal plan. The results of discontinued operations are presented separately as a single amount in the income statement.

At the date of the approval of the 2023 financial statements, management and the Board were committed to a turnaround plan for Torpedo7. By November 2023 the performance of the business had not improved. Consequently, management and the Board then reviewed a number of alternatives, including indicative exit options and a revised plan to continue trading the business. While these options were being considered, the Group received an unsolicited indicative proposal from Tahua Partners Limited to purchase the Torpedo 7 business assets.

The Group weighed this option against other alternatives, before commencing a period of negotiations. These negotiations concluded in February 2024 when the Group signed an agreement to sell the Torpedo7 business assets, with effect from the end of March 2024. The Torpedo7 business, previously reported as a separate retail brand (as part of note 2), is accordingly reclassified as a discontinued operation. The Torpedo7 results and cash flows are as follows:

17.1 Torpedo7 results and cash flows	Note	2024	2023
		$ 000	$ 000
Retail sales		94,545	162,200
Cost of retail goods sold		(66,325)	(113,707)
Gross profit		28,220	48,493
Other income		365	257
Employee expense		(24,178)	(38,582)
Depreciation and amortisation expense		(5,423)	(10,805)
Other operating expense		(12,168)	(19,596)
Operating loss		(13,184)	(20,233)
Unusual items - loss on asset disposal and 2023 restructuring costs	17.2	(60,547)	(374)
Loss before interest and tax		(73,731)	(20,607)
Interest expense	3.6	(5,644)	(7,329)
Loss before tax		(79,375)	(27,936)
Income tax benefit	4.1	19,071	7,811
Loss from discontinued operations		(60,304)	(20,125)
Cash flows from discontinued operations			
Net cash flows from operating activities		(7,100)	(20,795)
Net cash flows from investing activities		(5,120)	(4,252)
Net cash flows from financing activities		11,826	24,981

17.2 Loss on the asset disposal

The agreement with Tahua Partners signed in February 2024 (see above) transferred control of the Torpedo7 business and specified business assets to Tahua from the end of March 2024, for a consideration of $1. The business assets included plant and equipment, inventory, inventory prepayments, the Torpedo7 brand and Tahua also assumed the obligations for most store leases, honouring gift cards, customer orders not yet delivered and customer returns. The majority of the permanent Torpedo7 team were offered employment by Tahua, however where staff were not employed by Tahua, impacted team members received redundancy compensation. The Group incurred a $60.5 million pre-tax loss on the disposal of the business assets. The composition of how the loss arose is detailed below.

Torpedo7 loss on disposal	Note	2024
		$ 000
Trade and other receivables		1,366
Inventories		49,214
Working capital		50,580
Property, plant, equipment and computer software		9,731
Right of use assets	10.1	22,429
Book value of assets sold		82,740
Gift cards and online fulfilment obligations		(3,795)
Lease liabilities	10.2	(24,117)
Liabilities assumed by the purchaser		(27,912)
Net assets sold		54,828
Net working capital and other adjustments paid by the Group to the purchaser		3,215
Redundancy and transaction costs		2,504
Loss on net asset disposal before tax	17.1	60,547
Income tax benefit		(13,814)
Loss on net asset disposal after tax		46,733

Independent Auditor's Report

To the shareholders of The Warehouse Group Limited

Our opinion

In our opinion, the accompanying financial statements of The Warehouse Group Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 28 July 2024, its financial performance and its cash flows for the 52 week period then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

What we have audited

The Group's financial statements comprise:

- the consolidated balance sheet as at 28 July 2024;
- the consolidated income statement for the 52 week period then ended;
- the consolidated statement of comprehensive income for the 52 week period then ended;
- the consolidated statement of changes in equity for the 52 week period then ended;
- the consolidated statement of cash flows for the 52 week period then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of agreed-upon procedures at the Annual Shareholders' Meeting and agreed-upon procedures relating to the calculations of the Negative Pledge Agreement. In addition, certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the Group. The provision of these other services and relationships have not impaired our independence as auditor of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current 52 week period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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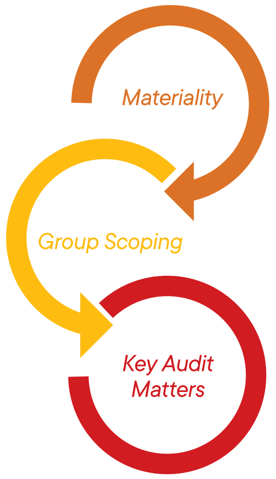
T: +64 9 355 8000, www.pwc.co.nz

Description of the key audit matter	How our audit addressed the key audit matter
Inventory valuation The carrying value of the Group's inventory as at 28 July 2024 was $472.1 million with inventory provisions of $13.3 million. To value inventory, the Group measures inventory at the lower of cost and net realisable value by deducting provisions from the cost of inventory which are determined based on various factors including historical data, current selling trends and product information from buyers within the business. Determining the appropriate level of provisions involves judgement, including management's expectations of future sales levels and pricing. Due to the judgements involved in estimating the inventory provisions, and the significance of the inventory balance, this is an area of focus for the audit and a key audit matter. Note 8.1 of the financial statements describes the accounting policy for inventory and the judgements and estimates applied by management to determine the inventory provisions.	We have updated our understanding of the key processes and controls surrounding inventory provisioning and assessed the design and implementation of relevant controls, in particular controls over the cyclical count process. Our procedures to audit the inventory provisions included the following: • observing management's stocktake procedures, throughout the period, at a sample of selected locations, to confirm existence of inventory and that aged and clearance items were identified and accounted for; • performing risk assessment analytics at an inventory category level by assessing how the provisions as a percentage of total stock on hand for this period compares to the prior period, and understanding the rationale for material or unexpected changes; • holding discussions with management to understand and corroborate the assumptions used to estimate inventory provisions; • assessing management's ability to forecast accurately by comparing inventory provisions in the prior period against actual inventory write-offs in the current period; • on a sample basis, testing that finished goods were valued at the lower of cost or net realisable value by comparing the recorded value to the most recent retail price less the cost to sell; • on a sample basis, inspecting the inventory ageing schedules and checking whether provisions were recorded for aged stock in accordance with Group policy; and • performing a reasonableness test of the shrinkage provisions by comparing the provision against the actual shrinkage for the 52 week period.

Independent Auditor's Report
To the shareholders of The Warehouse Group Limited

Description of the key audit matter	How our audit addressed the key audit matter
Loss on sale of the business of Torpedo7 Limited and presentation as a discontinued operation As described in Note 17.0 to the financial statements, on 31 March 2024 the Group completed the sale of the business and certain assets of its subsidiary, Torpedo7 Limited (Torpedo7's business), to Tahua Partners Limited for consideration of $1. The transaction resulted in a loss on net asset disposal before tax of $60.5 million as disclosed in Note 17.2. Management has applied judgement in determining that the sale of the business represents a separate major line of business or geographic area and therefore meets the criteria of a discontinued operation. Torpedo7 has been presented as a discontinued operation in the financial statements. Due to the significance of the transaction to the users of the financial statements, the material impact on the financial statements with regard to presentation and the significant audit effort required in respect of the loss recognised on the sale, this is a key audit matter.	We have held discussions with management to understand the transaction. We obtained an understanding of the key management processes and certain controls over the determination of the loss on sale of Torpedo7's business. Our procedures to audit the loss on sale and presentation in the financial statements included the following: • reading the sales and purchase agreement (SPA) to obtain an understanding of the key terms and conditions; • obtaining and confirming the mathematical accuracy of the settlement statement; • agreeing the assets and assumed liabilities included in the settlement statement to underlying financial records and, on a sample basis, testing its accuracy and completeness; • inspecting a sample of stock counts performed, as required by the SPA, to confirm existence of inventory at the time of sale; • involving an auditor's expert to consider whether the terms under which leases are assigned allow for the derecognition of the relevant lease liabilities; • assessing management's judgement that Torpedo7's business represents a separate major line of business or geographic area for the Group and accordingly whether it meets the criteria of a discontinued operation; and • considering the appropriateness of presentation and disclosures in the financial statements.

Our audit approach
Overview



Overall group materiality: $11,500,000, which represents approximately 0.4% of total revenues.

We chose total revenues as the benchmark because, in our view, it is a key financial statement metric used in assessing the performance of the Group and it is a generally accepted benchmark.

Full scope audits were performed for two of the five trading entities within the Group based on their financial significance.

Specified audit procedures and analytical review procedures were performed on the remaining entities and on consolidation entries.

As reported above, we have two key audit matters, being:

- Inventory valuation
- Loss on sale of the business of Torpedo7 Limited and presentation as a discontinued operation

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report (which includes the Climate-related Disclosures Report by way of cross-reference), but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Philippa (Pip) Cameron.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants Auckland

25 September 2024

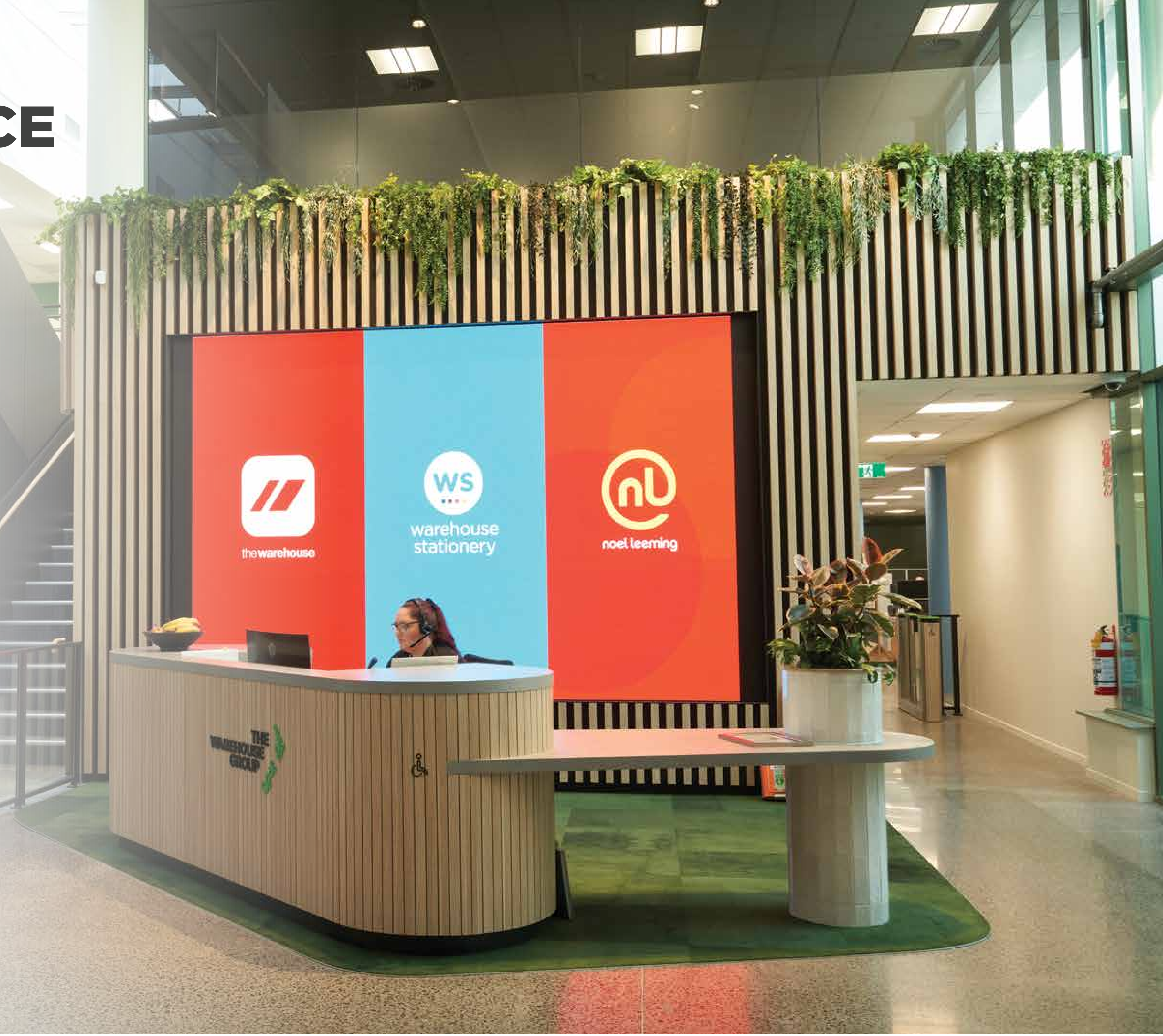

SINGLE ORIGIN
COLOMBIA
COFFEE BEANS
PĪNI KAWHE
ROASTED IN NEW ZEALAND
NET 500g
SINGLE ORIGIN
COLOMBIA
COFFEE BEANS
PĪNI KAWHE
ROASTED IN NEW ZEALAND
NET 500g

GOVERNANCE REPORT

At The Warehouse Group we are committed to the highest standards of corporate governance and ethical conduct.

We believe that these values help to create sustainable long-term value for our shareholders, build a strong team, improve the experience we offer our customers and contribute to our place within the wider community.

This corporate governance statement provides an overview of the policies and processes that are in place at The Warehouse Group Limited (the Company) which ensure that the highest standards of corporate governance are maintained. The Company notes and supports the updated NZX Corporate Governance Code dated 1 April 2023 (NZX Code). This statement follows the structure of the NZX Code and addresses its recommendations. As at the date of the publication of this Annual Report, the Company considers its governance practices are compliant with the NZX Code. The Company's constitution, the Board and committee charters, codes and policies referred to in this statement are available at www.thewarehousegroup.co.nz/aboutus/corporate-governance.



OUR BOARD

Joan Withers DNZM, MBA, CFinstD

Chair
Independent Non-Executive Director

Dame Joan has been a professional director for more than 20 years and spent over 25 years working in the media industry, previously holding CEO positions at The Radio Network and Fairfax Media. In addition to her Chair role with The Warehouse Group, Joan is also a director of ANZ Bank New Zealand Limited, Origin Energy Limited and Sky Network Television Limited and Chair of the Appointments Panel for Fonterra farmer-elected directors. She has previously held Chair positions at Television New Zealand Limited and Auckland International Airport Limited. Joan is a Trustee of the Sweet Louise Foundation. She is also co-founder and a director of On Being Bold Limited, a group of senior businesswomen working to help New Zealand women fulfil their career potential in tandem with enjoying a fulfilling personal life.

COMMITTEES

- Corporate Governance and Nomination Committee (Chair)
- Audit and Risk Committee
- Disclosure Committee
- People and Remuneration Committee
- Health, Safety and Wellbeing Committee
- Environmental and Social Sustainability Committee

OTHER DIRECTORSHIPS

- Sky Network Television Limited
- ANZ Bank New Zealand Limited
- Sweet Louise Foundation (Trustee)
- Origin Energy Limited
- On Being Bold Limited

John Journee

BCom, CFinstD, MAICD
Executive Director

John was appointed Interim CEO in May 2024. Upon this appointment he ceased to be an Independent Director, but has continued as an Executive Director of the Company. John has had an extensive retail career, including executive experience across sectors that span general merchandise, fashion apparel, FMCG, consumer electronics, telecommunications, hospitality and electricity retailing. His career has included 15 years with The Warehouse Group, starting as a joint-venture partner in 1990 and progressing through senior roles in operations, marketing, merchandise, international sourcing and business development. John has also held CEO roles with Noel Leeming and foodservice distributor Southern Hospitality.

COMMITTEES

- Health, Safety and Wellbeing Committee
- Environmental and Social Sustainability Committee
- Disclosure Committee

OTHER DIRECTORSHIPS

- Farmlands Society
- Colonial Motor Company Limited
- Data Insights Group, Advisory Board

Rachel Taulelei LLB

Ngāti Raukawa ki te Tonga, Ngāti Rārua
Independent Non-Executive Director

Rachel is a prominent business leader and a strong advocate for the Māori economy, values-based business models, and New Zealand's food and beverage industry. Her commitment to kaitiakitanga has been evident throughout her career, as founder of sustainable seafood company Yellow Brick Road in 2006, to her time as CEO of Māori-owned food and beverage company Kono, and now in her current role as co-founder of business design and brand strategy firm Oho. Rachel has held a number of governance roles, with a particular expertise in primary industries. She presently chairs Moana NZ and the Wellington Regional Stadium Trust, serves as a director on the board of Sealord Group Limited and ANZCO Foods Limited, is a member of the APEC Business Advisory Council, acts as an advisor to venture capital firm Movac and chairs the Fonterra Sustainability Panel.

COMMITTEES

- Environmental and Social Sustainability Committee (Chair)
- People and Remuneration Committee
- Health, Safety and Wellbeing Committee

OTHER DIRECTORSHIPS

- Wellington Regional Stadium Trust (Chair)
- Moana NZ (Chair)
- Sealord Group Limited
- ANZCO Foods Limited
- Movac (Advisory Board Member)
- Movac Fund 5 LP (Limited Partner)
- New Zealand APEC Business Advisory Council (Member)
- Fonterra Sustainability Panel (Chair)
- Huia Publishing, Advisory Board
- NZ Story, Māori Advisory Group
- Tokomanawa Queens (Chair/ Owner)
- Tokomanawa Queens Foundation (Chair)

Antony (Tony) Carter

CNZM, BE (Hons), ME, MPhil
Independent Non-Executive Director

Tony was appointed as an independent director in May 2024. He has a broad range of experience in governance across the consumer, industrial services, infrastructure and energy sectors. Tony currently chairs the boards of My Food Bag Group Limited, Skin Institute Holding Company Limited, Datacom Group Limited, TR Group Limited and The Interiors Group Holdco Limited and is a director of Ravensdown Limited. His previous directorships include roles at Fisher & Paykel Healthcare, Air New Zealand Limited, Fletcher Building Limited, ANZ Bank New Zealand Limited, and Vector Limited. He has previously served as managing director of supermarket operator Foodstuffs Auckland and Foodstuffs New Zealand. In 2020 he was made a Companion of the New Zealand Order of Merit for services to business governance.

COMMITTEES

- Health, Safety and Wellbeing Committee (Chair)
- Audit and Risk Committee

OTHER DIRECTORSHIPS

- My Food Bag Group Limited
- Skin Institute Holding Company Limited
- Datacom Group Limited
- TR Group Limited
- The Interiors Group Holdco Limited
- Ravensdown Limited

Robert (Robbie) Tindall

BA, BSc
Non-Executive Director

Robbie was elected as a director of the Group in November 2020, having previously been Sir Stephen Tindall's alternate director since 2017. He studied Arts and Science at the University of Auckland before spending eight years at The Warehouse in various merchandise and buying roles. Since 2011 Robbie has been an investment director at K One W One, a family-owned investment company, where his involvement in some of New Zealand's most exciting technology and innovation companies sees him uniquely placed in understanding a broad range of technology trends as they come to market. Robbie is also a Trustee of The Tindall Foundation and the Finn Lowery Foundation.

COMMITTEES

- Disclosure Committee
- Corporate Governance and Nominations Committee
- People and Remuneration Committee
- Health, Safety and Wellbeing Committee

OTHER DIRECTORSHIPS

- K One W One Limited
- Foundation Services Limited
- The Tindall Foundation (Trustee)
- Finn Lowery Foundation (Trustee)

Dean Hamilton BCA

Independent Non-Executive Director

Dean has significant CEO and financial markets experience. Most recently he was CEO of Silver Fern Farms Limited, where he led the business successfully through a period of significant change and improvement in financial performance, staff and supplier engagement, sustainability, and consumer trust in brand. Dean's prior experience includes 12 years at global investment bank Deutsche Bank, working in both Australia and New Zealand, where he advised a wide range of companies on mergers and acquisitions, capital management, corporate restructuring and capital raising.

COMMITTEES

- Audit and Risk Committee (Chair)
- Disclosure Committee (Chair)
- Health, Safety and Wellbeing Committee
- Corporate Governance and Nomination Committee

OTHER DIRECTORSHIPS

- Fulton Hogan Limited (Chair)
- Auckland International Airport Limited
- Tappenden Holdings Limited
- Ryman Healthcare Limited (Executive Chair)

Antony (Tony) Balfour BCom

Independent Non-Executive Director

Tony has extensive global retail and eCommerce experience with a strong track record in a diverse range of industries. His executive career included leadership roles at Nike, Lion Nathan, Seel.com, Monster.com and Icebreaker Apparel. Tony's governance career has previously included independent director roles at Silver Fern Farms, Methven Limited, and Mt Difficulty Wines among others. He is currently on the boards of Les Mills International Limited, RealNZ Limited, Pioneer Energy Limited and Ravensdown Ventures Limited.

COMMITTEES

- People and Remuneration Committee (Chair)
- Corporate Governance and Nominations Committee
- Health, Safety and Wellbeing Committee
- Environmental and Social Sustainability Committee

OTHER DIRECTORSHIPS

- Les Mills International Limited
- RealNZ Limited
- Pioneer Energy Limited
- Ravensdown Ventures Limited

Caroline Rainsford BCom

Independent Non-Executive Director

Caroline is the Country Director for Google NZ, where she is responsible for driving the overall revenue and business strategy for New Zealand. Partnering with government, policy teams and New Zealand business leaders, she is focused on helping New Zealand businesses grow and transform in the digital age. Prior to joining Google in 2017, Caroline was the Marketing and Product Director for the Latitude NZ (previously GE Capital) business as well as the Brand Director for the Australian and New Zealand regions. Her earlier career included roles with Philips Royal Electronics in the Middle East, Turkey and Africa. Caroline holds a Bachelor of Commerce (Hons) from the University of Auckland.

COMMITTEES

- Health, Safety and Wellbeing Committee
- People and Remuneration Committee

FUTURE DIRECTOR

Jeremy O'Brien BCom (Hons)

Future Director

Jeremy is a highly experienced senior executive who excels in commercial strategy, sales and marketing, with significant business experience across a number of industries ranging from aviation, financial services, telecommunications, food and beverage and media. He holds the position of General Manager, International Airline at Air New Zealand, where he is responsible for Commercial, Customer and Airport operations delivery across Air New Zealand's international network. Prior to this Jeremy held the position of General Manager, Brand and Marketing where he led the group brand and marketing division for Air New Zealand comprising global brand strategy, marketing strategy, digital marketing, retail marketing, loyalty marketing, social media, tourism, regional affairs, cultural affairs, customer research and in-house media planning and strategy. He completed an Accelerated Development Programme at the London Business School in 2011 and has a BCom (Hons) in Marketing from the University of Otago. Jeremy joined The Warehouse Group as a Future Director in April 2023, and attends the Board and Audit and Risk Committee meetings as an observer.

EXECUTIVE LEADERSHIP TEAM

John Journee
BCom, CFInstD, MAICD
Executive Director

John was appointed Interim CEO in May 2024. Upon this appointment he ceased to be an Independent Director, but has continued as an Executive Director of the Company. John has had an extensive retail career, including executive experience across sectors that span general merchandise, fashion apparel, FMCG, consumer electronics, telecommunications, hospitality and electricity retailing. His career has included 15 years with The Warehouse Group, starting as a joint-venture partner in 1990 and progressing through senior roles in operations, marketing, merchandise, international sourcing and business development. John has also held CEO roles with Noel Leeming and foodservice distributor Southern Hospitality.

Mark Stirton
Chief Financial Officer

Mark joined us as Chief Financial Officer in April 2024. Before this he was the Chief Financial Officer at Mr Price Group in South Africa, one of the largest retailers there with over 2,700 stores. Mark was with Mr Price for almost 10 years, joining the company as Group Finance Head of Strategic Projects in June 2014 before moving into the Group Financial Director role.

Prior to this, he was the Group Commercial Manager of Strategic Business Development and Pharma Affairs at Pharma Group for a year and managing director of Eurotap Investments for eight years. Mark's career started at PricewaterhouseCoopers (PwC) as an articled clerk. He is a qualified CA (SA) and FCMA with multiple MBAs in accounting and finance, digital business, as well as business administration and management from global universities, including the University of Barcelona.

Richard Parker
Chief Human Resources Officer

Richard joined The Warehouse Group in March 2019 as General Manager, People Experience, Remuneration and Employee Relations. In August 2020, he was promoted to Chief Human Resources Officer. Richard is responsible for attracting and retaining world-class retail talent by making The Warehouse Group the best place to work in New Zealand.

Previously, he held several senior human resources and corporate legal roles at a number of New Zealand's leading organisations. Richard began his career as a litigation lawyer at Chapman Tripp before moving to Fletcher Challenge as corporate legal counsel where he was involved in significant mergers and acquisitions and corporate restructuring activity for the Forestry division.

Subsequent to Fletcher Challenge Richard held senior HR roles at Telecom (now Spark) as General Manager, HR Service Delivery and Assistant General Counsel Employee Relations and then Television New Zealand as General Manager, People and Talent. He holds an LLB (Hons) and MPhil (Hons) from the University of Auckland.

Tania Benyon
Executive General Manager Merchandise

Tania began her retailing career as a product manager for Noel Leeming Group (NLG) in 1999, becoming merchandise manager for NLG before joining The Warehouse Group when she moved to Warehouse Stationery in 2007 as General Manager Merchandise.

In her role as Executive General Manager Merchandising, Tania is responsible for sourcing and building the best assortment of products for customers across brands including The Warehouse, Warehouse Stationery and Noel Leeming.

Previously she held a range of senior executive positions within the Group, including Executive General Manager Merchandise and Marketing at The Warehouse, and a director of the Group's chocolate subsidiary, Waikato Valley Chocolate.

In 2014, Tania was appointed CEO Group Sourcing Support in addition to her role as Executive General Manager Trading for The Warehouse. In that role, she oversaw the day-to-day trading of The Warehouse as well as product sourcing and supply across the Group, leveraging its scope and scale in the New Zealand market to create and source innovative products that Kiwis need at everyday low prices.

Ian Carter
Executive General Manager Operations

Ian joined The Warehouse Group in 2019. Beginning in the role of Executive General Manager of Operations, he was appointed Chief Store Operations Officer in 2021. Ian is responsible for developing and implementing store operation strategies that maximise store sales and deliver exceptional in-store experiences for our customers.

He has an extensive background in leading large retail operations and empowering customer service and property teams. Ian moved to New Zealand in 2019 from the United Kingdom, where he held leadership roles with McKesson, Halfords and B&Q.

Before joining The Warehouse Group, he was based in the UK at McKesson, a large pharmaceutical healthcare provider, as Director of Operations. At McKesson, Ian was responsible for reviewing and redefining the Retail Support Operations functions to help deliver transformative change within the group.

Prior to McKesson, he spent six years at Halfords leading large retail operations and empowering customer service and property teams. As Group Retail and Property Director there, Ian was responsible for the profitable operation of 455 stores, managing key teams and leading the development and implementation of the company's five-year strategic plan.

Mark Anderton
Executive General Manager Sourcing and Supply Chain

Mark joined the executive leadership team in October 2023 as Chief Sustainability and Sourcing Officer before moving into the role of EGM Sourcing and Supply Chain in June 2024. He started out at The Warehouse Hastings when he was just 19 years old before joining the fast-track management programme at our Napier store. Mark rose to Assistant Manager in Napier and, after finishing his accounting degree, he moved to our head office where he worked on operational efficiency projects, as a buyer, and later as General Manager of Home. He left the Group for a while before returning to lead our hardgoods sourcing team and subsequently our global sourcing team.

The progress Mark and his team have made with suppliers, ethical sourcing and growing our range of sustainable products has been significant. He is based in our Chinese sourcing office in Shanghai and visits New Zealand often.

Jason Bell
Chief Operating Officer Noel Leeming

Jason has spent three decades working at Noel Leeming in a variety of roles, starting in the Merchandise Team as an Appliance Buyer. He has held various buying roles across Noel Leeming before being appointed to Executive General Manager of Merchandise in 2002. In June 2024, Jason stepped into the newly formed role of Chief Operating Officer of Noel Leeming, leading the team of over 1,500 people, and sitting on our executive leadership team.

He has a strong retail background, also working for Farmers Trading Company Limited before joining with Noel Leeming. Jason is proud to continue the legacy of enriching Kiwis' lives with exceptional products and services, through our team of passionate experts.

Jason holds a Postgraduate Diploma in Business Administration from the University of Auckland.

Anna Shipley
Chief Corporate Affairs Officer

Anna leads our Corporate Affairs function and strategic approach, shaping and sharing the stories that matter most to our business and team, as well as with Kiwis across the country.

She joined The Warehouse Group in 2021 as the Chapter Area Lead for Corporate Affairs and was appointed to the Group Leadership Team as the Chief Corporate Affairs Officer in 2022.

Prior to joining The Warehouse Group in 2021, she was General Manager Corporate Affairs at BNZ, as well as Director of Communications for Nokia China and APAC based in Beijing, and Head of Communications for Nokia UK based in London.

CORPORATE GOVERNANCE

This governance statement was approved by the Board on 25 September 2024 and is current as at that date.

Principle 1 – ETHICAL STANDARDS

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

The Company is committed to fostering the highest standards of ethical behaviour and good conduct. We believe this is at the heart of having a reputation as a trusted and respected company that promotes honesty, integrity and ethical conduct across the organisation in decision-making and day-to-day behaviour.

Code of Ethics

The Company's Code of Ethics sets out the standards of conduct expected of everyone working at The Warehouse Group, including Directors, team members, contractors and any other person engaged by the Company. The Code of Ethics sets out the principles that guide decision-making and sets expectations of the conduct that is consistent with the Company's values and behaviours, business goals and legal obligations. An introduction to the Code of Ethics forms part of the induction and training process of new employees.

The Company has an external hotline and web address (managed by an independent third party), which any employee can contact confidentially if they wish to report any misconduct or other concerning behaviour at The Warehouse Group, including breaches of the Code of Ethics.

The Code of Ethics also outlines the potential consequences of, and internal reporting procedures for, any breaches. Sanctions for breaches may include serious disciplinary action, removal from office and dismissal, to the extent permitted by law and as appropriate given the specific circumstances.

The Code of Ethics is available in the Corporate Governance section of the Company's website.

Financial Products Trading Policy

The Company is committed to transparency and fairness in dealing with all its stakeholders and to ensuring adherence to all applicable laws and regulations. The Financial Products Trading Policy governs trading in the Company's securities by Directors, team members and other associated persons. The policy and timing of black-out periods is set out in the Financial Products Trading Policy, which is available in the Corporate Governance section of our website.

Principle 2 – BOARD COMPOSITION AND PERFORMANCE

"To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."

Responsibilities of the Board

The central role of the Board is to set the strategic direction of the Company, to select and appoint the Company's Group Chief Executive Officer (CEO) and to oversee the Company's management and business activities, with the primary objective to create and continue to build sustainable value for shareholders. This requires consideration of and regular engagement with all stakeholders that are critical to our success, including shareholders, employees, customers, suppliers and communities, as determined by the Company and the Board.

The Board Charter, which is available in the Corporate Governance section of the Company's website, sets out how the Board will achieve its purpose. The Charter is reviewed at least every two years and it was last reviewed in September 2024, with the next review due in September 2026. The Board's responsibilities, as described in the Charter, are set out in the adjacent table.

Management and administration of the Company is undertaken by the Group CEO, who is assisted by the executive leadership team, in accordance with the strategy, plans and delegations approved by the Board. The Board has implemented appropriate procedures to enable Management to undertake its delegated duties and for performance to be assessed. More information can be found in the Remuneration section on page 83.

The Board

The Board comprises eight Directors: Joan Withers (Chair), John Journee (Executive Director), Tony Balfour, Tony Carter, Dean Hamilton, Caroline Rainsford, Rachel Taulelei and Robbie Tindall. Director profiles are available on pages 74 to 75.

Chair

Joan Withers is the chair of The Warehouse Group Board. She was first appointed in 2016 and is an independent, non-executive director whose responsibilities include:

- Providing leadership to the Board and to the Company
- Ensuring the efficient organisation and conduct of the Board
- Monitoring Board performance annually
- Facilitating Board discussions to ensure core issues facing the Company are addressed
- Briefing all Directors in relation to issues arising at Board meetings
- Facilitating the effective contribution and ongoing development of all Directors
- Promoting consultative and respectful relations between Board members and between the Board and Management
- Chairing Board and shareholder meetings
- The Warehouse Group Board Charter states that the Board Chair must not also be the Company's Chief Executive Officer

Director Appointments

Procedures for the appointment and removal of Directors are governed by the Company's Constitution and the NZX Listing Rules. The Corporate Governance and Nominations Committee is delegated responsibility for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise. In doing so the Committee will seek to identify the necessary and desirable competencies which will ensure that any candidate it puts forward will enable the Board to:

- Fulfil its responsibilities
- Represent a variety of skills, expertise and experience (including commercial and/or industry experience and diversity of background and thought)
- Competently address accounting, finance and legal matters

The terms and conditions of appointment are set out in a letter of appointment that details the Director's duties, term of appointment (subject to shareholder approval), expectations of the role and remuneration. A copy of the standard letter is available in the Corporate Governance section of the Company's website.

The Company indemnifies and provides insurance to Directors in accordance with the Companies Act 1993, for certain claims that may be brought against them as Directors.

Board responsibilities

Strategy and Planning	• Set strategic direction and appropriate operating frameworks • Monitor Management's performance within those frameworks
People Resources	• Ensure that the Board is and remains appropriately skilled to meet the changing needs of the Company • Ensure there are adequate resources available to meet the Company's objectives • Appoint and remove the Group CEO and oversee succession plans for the executive leadership team • Set criteria for, and evaluate the performance of, the Group CEO and approve their remuneration • Annually review, approve and adopt the Diversity and Inclusion Policy and diversity objectives, and measure achievement against the objectives
Financial Performance and Risk	• Approve and monitor financial reporting and capital management including the payment of dividends • Monitor the financial solvency of the Company • Subject to shareholder approval being granted, approve the appointment and retention of the external auditor, and fix the fees and expenses • Ensure that effective risk management procedures are in place and are being used
Health and Safety	• Ensure, so far as is reasonably practicable, a safe and healthy working environment is provided and maintained for all employees, customers, contractors and visitors
Ethical Behaviour and Corporate Governance	• Promote and authorise ethical and responsible decision-making by the Company • Ensure the Company has appropriate corporate governance structures in place including standards of ethical behaviour • Approve timely and balanced communication to shareholders • Regularly review, approve and adopt the environmental and social sustainability strategy, and measure achievement against agreed key performance indicators

Director Induction and Development

When appointed to the Board, all new Directors undergo a detailed induction programme to familiarise them with the Company's businesses and strategy.

Ongoing training includes briefings by senior management and guest speakers on relevant industry and competitive issues and site visits.

Director Independence and Conflicts

The factors that the Board considers when determining the independence of a Director, including the requirements of the NZX Corporate Governance Code, are set out in full in the Board Charter. The Board assesses the independence of each Director on their appointment and at least annually thereafter.

Of the Board's eight Directors, Joan Withers (Chair), Tony Balfour, Tony Carter, Dean Hamilton, Caroline Rainsford and Rachel Taulelei are considered to be independent non-executive Directors. The Board acknowledges the length of tenure of Tony Balfour as a Director will be 12 years in October 2024. The Board considers that Tony continues to bring an independent view to all discussions relating to the Company. In addition, new Directors were appointed in each of 2020, 2021, 2022 and 2024, and the Board considers that the retention of the institutional knowledge held by Tony Balfour remains valuable to the Board. Robbie Tindall is not considered to be independent, by virtue of his association with various shareholdings in the Company. John Journee was previously considered to be independent, but ceased to be so once he was appointed Interim Group CEO from 20 May 2024.

The Board is conscious of its obligation to ensure that Directors avoid conflicts of interest between their duty to the Company and their own interests. Where potential conflicts of interest arise then the Director must disclose their interest. Directors and team members are required to minimise any potential conflicts, in accordance with the Company's Code of Ethics. .

Board Structure, Skills and Composition

The Board comprises Directors with a mix of qualifications, skills and experience appropriate to the Company's existing operations and strategic direction. A comprehensive matrix of Director skills is set out below, and qualifications and experience of individual Directors are detailed on pages 74 to 75.

Future Directors Programme

Continuing the Company's commitment to supporting the next generation of governance talent in New Zealand as part of the Future Directors initiative administered by the New Zealand Institute of Directors, the Board appointed Jeremy O'Brien as a Future Director in April 2023.

Takeover Protocols

The Company has takeover protocols in place that meet the requirements of the NZX Corporate Governance Code.

Relevant Board Skills to execute Group Strategy	Joan Withers	John Journee	Robbie Tindall	Tony Balfour	Dean Hamilton	Rachel Taulelei	Caroline Rainsford	Tony Carter
Industry specific								
Operational experience in the retail industry		Primary	Primary	Primary	Secondary	Secondary	Secondary	Primary
Brand, marketing and customer experience	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Secondary
Integrated retail experience		Primary	Secondary	Secondary		Secondary	Secondary	Primary
Digital and technology experience	Secondary	Secondary	Secondary	Secondary			Primary	Secondary
Direct sourcing experience		Primary	Primary					Primary
Logistics experience		Secondary	Secondary		Secondary	Secondary		Secondary
Specific to Group strategy								
Development of a high-performance culture	Primary	Secondary		Primary	Primary	Primary	Primary	Primary
Senior leadership of change management at scale	Primary	Primary		Secondary	Primary	Primary	Primary	Primary
Transformation and business disruption experience	Primary	Primary	Secondary	Secondary	Primary	Primary	Primary	Primary
Innovation and entrepreneurism	Secondary	Secondary	Primary	Primary		Primary	Primary	Secondary
Government relations	Primary				Secondary	Primary	Primary	Primary
Union relations	Secondary				Secondary	Secondary		Secondary
Environment and Corporate Social Responsibility experience	Primary		Secondary	Secondary	Primary	Primary		
Subject-matter expertise								
Development and execution of business strategy	Primary	Primary	Secondary	Primary	Primary	Primary	Primary	Primary
Governance experience	Primary	Primary	Primary	Primary	Primary	Primary	Secondary	Primary
Large-company leadership experience	Primary	Primary		Primary	Primary	Primary	Primary	Primary
Finance/accounting expertise	Secondary	Secondary	Secondary	Secondary	Primary	Secondary	Secondary	Secondary
Audit committee/risk management experience	Primary	Secondary			Primary	Secondary	Secondary	Primary
Regulatory knowledge and experience	Primary				Secondary		Primary	Primary
Health and safety experience	Primary	Secondary	Secondary	Secondary	Primary	Primary	Secondary	Primary
HR/Learning and development experience	Secondary	Secondary	Secondary	Primary	Secondary	Secondary	Primary	Secondary
Financial markets experience	Secondary		Secondary		Primary			Secondary
Community and iwi relationships	Primary		Secondary			Primary		
Shareholder and investor relations experience	Primary			Secondary	Primary		Secondary	Secondary

Primary skills   Secondary skills

Board Evaluation

The Chair, with the assistance of appropriate external advisors, regularly assesses the performance of individual Directors, while Directors also assess the collective performance of the Board and the performance of the Chair. Formal, external facilitated evaluations are conducted regularly, with one undertaken in 2023.

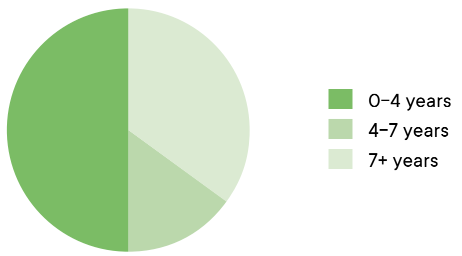
Board Tenure

The Constitution provides that the minimum size of the Board shall not at any time be fewer than five and the Board has fixed the maximum number of Directors to be 10. Each year, any Director who is required by the NZX Listing Rules or the Company's Constitution to retire will retire from office and may offer themselves for re-election at the Annual Shareholders' Meeting.

The Board does not believe that any Director has served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company. New Directors were appointed to the Board in 2020, 2021, 2022 and 2024, and the Board considers that it has an appropriate balance of tenure.

Name of Director	Originally Appointed	Last Reappointed/Elected
Joan Withers	23 September 2016	25 November 2022
Antony (Tony) Balfour	15 October 2012	26 November 2021
John Journee	17 October 2013	26 November 2021
Dean Hamilton	20 April 2020	24 November 2023
Robert (Robbie) Tindall	27 November 2020	24 November 2023
Rachel Taulelei	12 February 2021	26 November 2021
Caroline Rainsford	30 August 2022	25 November 2022
Antony (Tony) Carter	1 May 2024	N/A

Director Tenure



Principle 3 – BOARD COMMITTEES

"The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."

The Board has established committees that focus on particular areas of the Board's responsibilities and together ensure the efficient performance of the Board, and the achievement of corporate governance outcomes. The committees report to the Board on all material matters and issues requiring Board decisions. From time to time, the Board may create ad hoc committees to examine specific issues on its behalf. The current committee structure is set out in the table below.

COMMITTEE	ROLES AND RESPONSIBILITIES	MEMBERSHIP	MEETINGS
People and Remuneration Committee	Review and make recommendations in relation to the human resources strategy, the Company's remuneration policies and practices, and the remuneration and performance of the Group Chief Executive Officer.	Comprised a majority of non-executive, independent Directors. Current members: • Tony Balfour (Chair) • Joan Withers • Robbie Tindall • Rachel Taulelei • Caroline Rainsford	At least twice a year
Corporate Governance and Nominations Committee	Ensure a high level of corporate governance through continuous monitoring of international corporate governance best practice as promulgated by the relevant authoritative bodies. Ensure that the Board is populated with an appropriate mix of skills and experience among its members, who collectively provide the diversity of thought and judgement required.	Comprised a majority of independent directors. Current members: • Joan Withers (Chair) • Tony Balfour • Dean Hamilton • Robbie Tindall	At least twice a year
Disclosure Committee	Support the Company in meeting its disclosure obligations as set out in the NZX Listing Rules, the Companies Act 1993 and any other applicable regulations.	Comprised the Board Chair, Chair of the Audit and Risk Committee, Group Chief Executive Officer, Chief Financial Officer, Disclosure Officer and any other Director appointed by the Board as a member. Current members: • Dean Hamilton (Chair) • Joan Withers • Robbie Tindall • Group CEO, CFO and Company Secretary	Held as required
Audit and Risk Committee	Assist the Board to fulfil its audit and risk responsibilities.	Comprised at least three non-executive Directors, the majority of whom must be independent. The Chair will be independent and may not be the Chair of the Company. Current members: • Dean Hamilton (Chair) • Joan Withers • Tony Carter	At least quarterly
Health, Safety and Wellbeing Committee	Assist the Board to govern health, safety and wellbeing.	Comprised all Directors. Chair: Tony Carter	At the discretion of the Committee Chair or if requested by any committee member or the Group Chief Executive Officer
Environmental and Social Sustainability Committee	Assist the Board to govern the Company's environmental, social and sustainability responsibilities.	Comprised of at least three non-executive Directors, with the Chair of the Board and the Group Chief Executive Officer, as ex-officio members if not formal members. Current members: • Rachel Taulelei (Chair) • Tony Balfour • John Journee • Joan Withers	At least four times each year

BOARD MEETINGS AND ATTENDANCE

The table below outlines the number of meetings of the Board and Board committees during the year ended 28 July 2024 and Director attendance at these meetings.

	Board	Audit and Risk Committee	People and Remuneration Committee	Corporate Governance and Nomination Committee	Health, Safety and Wellbeing Committee	Disclosure Committee	Environmental and Social Sustainability Committee
Number of Meetings	**20**	**7**	**4**	**1**	**3**	**9**	**3**
Joan Withers	20	7	4	1	2	9	3
Tony Balfour	19		4	1	2		2
John Journee	19	6			2		3
Tony Carter[1]	4	1					
Dean Hamilton	17	7		1	2	9	
Caroline Rainsford	17		3		3		
Rachel Taulelei	20		3		2		2
Robbie Tindall	17	1[3]	3	1	3	8	
Julia Raue[2]	15	6			3		2

[1] Appointed to the Board on 1 May 2024, and as Chair of the Audit and Risk Committee and member of the Health, Safety and Wellbeing Committee effective 1 June 2024. [2] Resigned from the Board effective 31 May 2024. [3] Non-committee member in attendance.

Principle 4 – REPORTING AND DISCLOSURE

"The board should demand integrity in financial and non-financial reporting and in the timeliness and balance of corporate disclosures."

The Board is committed to providing full and timely financial and non-financial information that is accurate, balanced, meaningful and consistent. As a listed company, keeping the market informed is a key component to ensuring that its securities are valued fairly.

Market Disclosure Policy

The Company has a Market Disclosure Policy that describes the processes designed to ensure that the Company meets its reporting and disclosure objectives and all disclosure obligations under the NZX Listing Rules.

To assist the Company with its Market Disclosure Policy, the Board has appointed a Disclosure Committee. The Committee is responsible for making decisions on what should be disclosed publicly under the Market Disclosure Policy. The Company Secretary is the Disclosure Officer of the Company and has responsibility for ensuring compliance with the continuous disclosure requirements and overseeing and co-ordinating disclosure to the market.

Publication of Key Governance Documents

The Company publishes its Code of Ethics, Board and Committee Charters, Director Letter of Appointment and key Company policies in the Corporate Governance section of its website, thewarehousegroup.co.nz.

Financial Reporting

The Audit and Risk Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of financial statements and is committed to providing balanced, clear and objective financial reporting.

It reviews half-yearly and annual financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external and internal audit.

Management accountability for the integrity of the Company's financial reporting is reinforced by certification from the Group CEO and the Group CFO. The Group CEO and CFO have provided the Board with written confirmation that the Company's financial report presents a true and fair view, in all material respects, of the Company's financial position for the year ended 28 July 2024, and that operational results are in accordance with relevant accounting standards.

Non-financial Reporting

Our communities, our people and the environment are at the heart of the Company's culture and values. The Company reports annually its financial and non-financial contribution to the community, key people metrics including health and safety, as well as audited figures on its greenhouse gas emissions. The Company's philosophy, achievements, and material environmental, economic and social risks are outlined in its Integrated Report.

Principle 5 – REMUNERATION REPORT

"The remuneration of directors and executives should be transparent, fair and reasonable."

Group Remuneration Philosophy

The Group's Remuneration Policy supports the Group in attracting, retaining and motivating high-calibre diverse team members to achieve the Company's business objectives and create shareholder value.

The Group's Remuneration Policy is guided by the principles that remuneration practice should:

- Be clearly aligned with the Group's vision, values and corporate strategy
- Support the attraction, retention and engagement of team members
- Appropriately reflect market practice and conditions
- Recognise individual performance and competency
- Recognise team and company performance and the creation of shareholder value

Executive Leadership Team Remuneration

The Chief Executive Officer and direct reports to the Chief Executive Officer ("executive leadership team" or "ELT") have their remuneration reviewed annually by the People and Remuneration Committee and from time to time a third-party remuneration consultant is also used to benchmark the total remuneration packages of the ELT against a peer group of companies. The People and Remuneration Committee recommends to the Board for approval any proposed changes. The ELT's remuneration is made up of the following components:

- Fixed annual base salary
- Short-term incentives based on the Group's financial targets and individual performance targets
- Long-term incentives based on Total Shareholder Return with cost of equity plus 1% being used as the performance measure over a three-year period

ELT members are also eligible to receive an employer KiwiSaver contribution of up to a maximum of 3% of gross taxable earnings if they belong to the KiwiSaver scheme.

Short-Term Incentives

The Group's short-term incentive (STI) scheme for the ELT is designed to link at-risk incentive payments to the achievement of the Group's desired financial outcomes and to recognise participants' individual contribution to the Group's success. The targets are reviewed and set each year. In FY24, Group Earnings Before Interest and Tax (EBIT) was set as the financial measure, to ensure that the Group linked its planned operational profit growth to incentive payments. The financial component was weighted at a total of 70% of the total on-target incentive. For the individual component, each participant was set a number of objectives and key results, and the weighting for individual performance was 30% of the total on-target incentive. The STI on-target dollar value for each ELT participant ranges from 40–50% of base salary. The maximum payment under the STI scheme is reviewed and set each year and this year was 120% of the on-target dollar value. In FY24, no STI payments were made as the EBIT target was not achieved. However one executive had previously been granted a retention incentive of 50% of their STI and that was paid out in FY24. For FY25 the STI targets will be weighted to 100% on financial performance.

Long-Term Incentives

Members of the ELT are eligible to participate in the Group's long-term incentive (LTI) scheme. The objective of the LTI scheme is to:

- Ensure the LTIs of the eligible ELT members are closely aligned with shareholder outcomes
- Provide an incentive to eligible ELT members who are considered to be key to the future success of the Group, to retain the services of those eligible ELT members in the future
- Provide a longer-term recognition and reward for the eligible ELT members' contribution to the future success of the Group

The FY24 LTI scheme was a cash-settled scheme and the performance target was absolute Total Shareholder's Return (TSR) against the Group's cost of equity plus 1% over a three-year performance period. The LTI on-target dollar value for each ELT participant was 40% of base salary and the Chief Executive Officer's was 50% of base salary. Payment under the scheme is capped and that cap is reviewed each year. The current cap is 150% of the on-target dollar value. The hurdle rate for the three-year period ending in FY24 was not achieved and accordingly no LTI is payable for this latest tranche.

DIRECTORS' REMUNERATION

The current Directors' fee pool limit is $990,000, which was approved by the shareholders at the 26 November 2021 Annual Shareholders' Meeting. Fees are paid for Board and committee roles as indicated below. Directors are reimbursed for reasonable travel and other costs associated with fulfilling their role. The Chair does not receive additional fees for membership of Board committees.

Director Remuneration

Board/Committee Name	Position	Fees (Per Annum)
Board of Directors	Chair[1]	$182,600[1]
	Member	$87,000
Audit and Risk Committee	Chair	$27,500
	Member	$10,000
People and Remuneration Committee	Chair	$25,000
	Member	$6,600
Health, Safety and Wellbeing Committee	Chair	$20,000
	Member	–
Environmental and Social Sustainability Committee	Chair	$20,000
	Member	$6,600
Corporate Governance and Nomination Committee	Chair	–
	Member	–
Disclosure Committee	Chair	–
	Member	–

[1] Includes attendances at committee meetings

DIRECTOR REMUNERATION FY24

The fees paid to non-executive Directors for services in their capacity as Directors during the year ended 28 July 2024, totalling $929,241, were paid as set out below.

Name of Director	Board Fees	Audit and Risk Committee	People and Remuneration Committee	Corporate Governance and Nominations Committee	Disclosure Committee	Health, Safety and Wellbeing Committee	Environmental and Social Sustainability Committee	Shares and Other Payments or Benefits	Total Individual Remuneration
Joan Withers (Chair)	$182,600 (Chair)	- (member)	- (member)	- (Chair)	- (member)	- (member)	- (member)	-	$182,600
Tony Balfour	$87,000	-	$25,000 (Chair)	- (member)	-	– (member)	$6,600 (member)	-	$118,600
Tony Carter[1]	$21,750	$1,667 (member)				$3,333 (Chair)			$26,750
John Journee[2]	$69,694	$8,011 (member until 19 May 2024)		-	(member since 20 May 2024)	– (member)	$5,287 (member)	-	$82,991
Dean Hamilton	$87,000	$27,500 (Chair)		- (member)	- (Chair)	– (member)	-	-	$114,500
Caroline Rainsford	$87,000		$6,600 (member)	-	–	– (member)		-	$93,600
Julia Raue[3]	$72,500	$8,333 (member)		-	-	$16,667 (Chair)	$5,500 (member)	-	$103,000
Rachel Taulelei	$87,000		$6,600 (member)	-	–	– (member)	$20,000 (Chair)	-	$113,600
Robbie Tindall	$87,000	-	$6,600 (member)	- (member)	– (member)	– (member)	-	-	$93,600

[1] Tony Carter was appointed to the Board effective 1 May 2024, and was appointed as an Audit and Risk Committee member and the Chair of the Health, Safety and Wellbeing Committee effective 1 June 2024.

[2] John Journee was appointed as Interim Group CEO from 20 May 2024 and ceased being paid as an Independent Director from this date.

[3] Julia Raue resigned from the Board effective 31 May 2024.

REMUNERATION REPORT

1. CEO Remuneration 2024 ($ 000s)

	Base Package			Pay for Performance				
	Salary	Taxable Benefits	Subtotal	STI	LTI	Subtotal	Additional Payment	Total Remuneration
John Journee	323	9	332	0	0	0		332
Nick Grayson	1,354	123	1,477	567	0	567	2,176	4,220

2. Five year Summary of CEO Remuneration ($ 000s)

Year	Group CEO	Total Earnings Paid	Base	Taxable Benefits	STI	STI as % of Maximum	LTI	Additional Payment
2024	John Journee	332	323	9	-	-	-	
2024	Nick Grayston	4,220	1,354	123	567	-	-	2,176
2023	Nick Grayston	2,793	1,588	81	189	20%	935	189
2022	Nick Grayston	3,568	1,513	103	877	97%	1,075	
2021	Nick Grayston	2,378	1,461	69	-	-	848	
2020	Nick Grayston	2,862	1,461	97	-	-	1,304	

Explanation of the above items

1. Nick Grayston left the Group in May 2024. The additional payment was his contractual entitlement on termination of his employment plus a discretionary payment of three months' notice paid in lieu.
2. Nick Grayston's STI payment of $567,183 was the second instalment of the FY22 discretionary deferred STI scheme and did not relate to the Group's FY24 financial performance. The first instalment of this discretionary payment was paid in FY23 and the amount of the second tranche of the payment was foreshadowed and detailed in the FY23 Remuneration Report.
3. John Journee joined the Group in May 2024 as Interim Group CEO. John's remuneration is solely fixed remuneration with no STI or LTI available.
4. The actual remuneration paid includes holiday pay paid as per New Zealand legislation.
5. Taxable benefits are the value of employer KiwiSaver contributions.

3a. Breakdown of Nick Grayston's CEO Remueration Package Structure (2024) ($ 000s)

Remuneration Component*	Description	Target Value
Fixed Remuneration	Annual Base Salary	1,588
	KiwiSaver annualised	48
Short-term Incentives (STI)	Target value of STI	794
Long-term Incentives (LTI)	Target value of LTI	794
Annual Total Package	Annual Total Package at Target	3224

* The fixed remuneration amounts above are the annual value of the CEO's remuneration package and the payments made during FY24 set out in section 1 are a pro-rata of that annual value. The STI and LTI values are the on-target amounts. The actual payments for both STI and LTI, which would have been payable in FY25, were $0.

	Description	Performance Measures	Percentage Achieved
Short-Term Incentive (STI)	Set at 50% of base salary for on-target performance. Combination of financial and non-financial performance measures.	**Financial measures: 70% weighting:** **The financial measures are based on achieving Group EBIT budget (excluding STI).**	0%
	For this to be payable, the Group must firstly achieve a gate opener of 90% of the Adjusted Net Profit After Tax (NPAT) budget and a minimum level of individual performance must be achieved.	**Individual measures 30% weighting:** Individual goals relate to delivery of strategic priorities, delivering core business drivers and building capabilities.	0%
Long-Term Incentive (LTI) for the 3 years FY21–FY23	Cash-based scheme. Potential 50% of base salary for on target performance.	100% weighting based on absolute TSR against the Company's cost of equity plus 1% over a three-year performance period. 100% of potential paid if the target is achieved, increasing to a maximum of 125% for achievement of 500 BPS or more against the target.	0%

3b. Breakdown of Interim Group CEO's Remuneration Package Structure (2024) ($ 000s)

Remuneration Component	Description	Target Value
Fixed Remuneration*	Annual Base Salary	1,600
	KiwiSaver annualised	48
Short-Term Incentive (STI)	No STI applicable in this package	-
Long-Term Incentive (LTI)	No LTI applicable in this package	-
Annual Total Package	Annual Total Fixed Remuneration	1,648

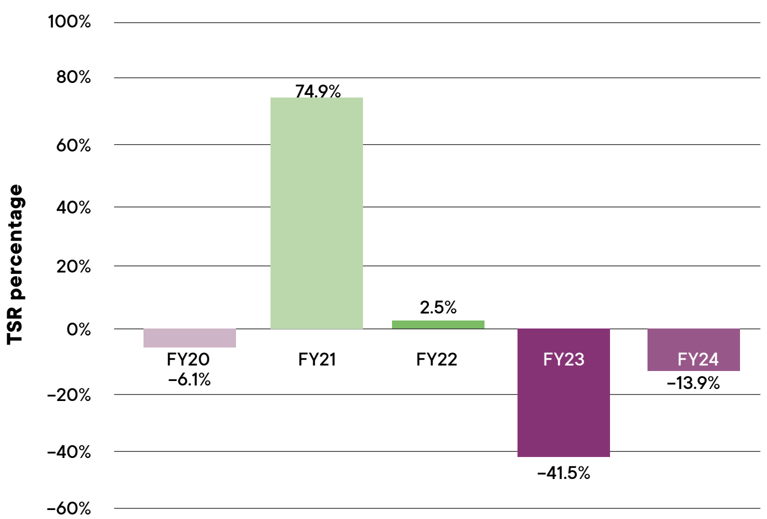
* The fixed remuneration amounts above are the annual value of the CEO's remuneration package and the payments made during FY24 set out in section 1 are a pro-rata of that annual value.

CORPORATE GOVERNANCE

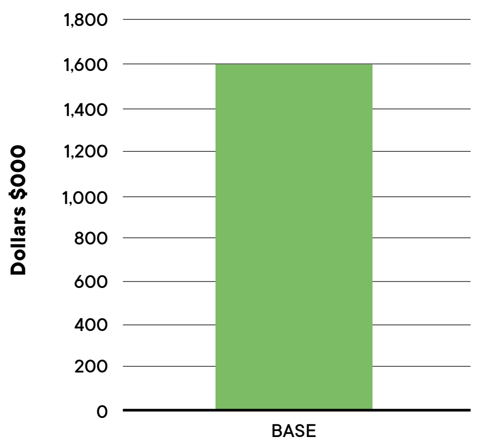
4. Retention Incentive Arrangement

In FY23 the Group awarded Nick Grayston 1.6 million share rights in The Warehouse Group Limited as part of a long-term retention incentive arrangement. In May 2024 that retention arrangement was terminated without payment as one of the preconditions of the arrangement had not been met.

5. Five-year Summary of Total Shareholder Return (TSR) Performance



6. Potential CEO Remuneration (2025)



7. Nick Grayston LTI Schemes*

Year Invited	% of Salary	Settlement	Performance Period	Measure	Payment Outcome
FY22	50%	Cash/Shares	August 2021 to July 2024	Absolute TSR against the Company's cost of equity plus 1% over a three-year performance period	Nil
FY23	50%	Cash	August 2022 to July 2025	Absolute TSR against the Company's cost of equity plus 1% over a three-year performance period	Nil
FY24	50%	Cash	August 2023 to July 2026	Absolute TSR against the Company's cost of equity plus 1% over a three-year performance period	Nil

*Nick Grayston's participation in the above three LTI schemes, which were in effect during FY24, was terminated with the termination of his employment in May 2024, and no payments were made to him, or will be made.

8. Additional Disclosures

Description	Performance Measures
1. TSR Methodology	Total Shareholder Return has been calculated as the movement in the share price during the period plus any dividends paid.
2. Board Discretion	The Board of Directors exercised discretion with regard to Nick Grayston's FY22 STI as set out in the notes in section 2 above and in respect of three months' notice paid in lieu on the termination of his employment.
3. Omissions	No information has been omitted relating to CEO remuneration.
4. Any Other Items	There are no other items payable to the CEO that have not been disclosed.
5. Benefits	There are no benefits attributable to the CEO due to any loans made.
6. Withholdings	No part of the CEO remuneration has been withheld for any purpose.
7. Related Parties	No related parties are involved with the CEO remuneration.

The ratio of CEO total remuneration to the median The Warehouse Group employee total remuneration paid in FY24 is 43:1. This ratio reflects the fact that approximately 80% of The Warehouse Group's 10,000 team members are employed in its stores and distribution centres and are paid retail market rates for those roles.

The CEO's total remuneration decreased by 21% while the median employee remuneration increased 4% in FY24, resulting in a compensation ratio of –5.25, being the ratio of percentage decrease in CEO total compensation to the increase in median total compensation for all employees.

We note that the above numbers have been calculated using Nick Grayston's FY24 total remuneration paid in the year with his base salary being annualised for appropriate year on year comparison. We have excluded Nick Grayston's termination payments from this total remuneration calculation.

TEAM MEMBERS' REMUNERATION

Grouped below, in accordance with section 211(1)(g) of the Companies Act 1993, are the number of team members or former team members, not being Directors or former Directors, who received remuneration and other benefits valued at or exceeding $100,000 during the accounting period 31 July 2023 to 28 July 2024.

Remuneration includes redundancy payments and termination payments made during the year to team members whose remuneration would not otherwise have been included in the table reported below.

Remuneration ($ 000)	Number of Team Members
100 – 110	115
110 – 120	90
120 – 130	96
130 – 140	64
140 – 150	80
150 – 160	32
160 – 170	26
170 – 180	42
180 – 190	41
190 – 200	21
200 – 210	22
210 – 220	16
220 – 230	10
230 – 240	17
240 – 250	4
250 – 260	10
260 – 270	3
270 – 280	5
	694

Remuneration ($ 000)	Number of Team Members
280 – 290	3
290 – 300	1
300 – 310	3
310 – 320	3
320 – 330	1
330 – 340	3
340 – 350	3
350 – 360	2
360 – 370	3
370 – 380	1
390 – 400	1
400 – 410	2
410 – 420	2
420 – 430	1
430 – 440	1
440 – 450	3
450 – 460	1
460 – 470	1
	35

Remuneration ($ 000)	Number of Team Members
470 – 480	1
480 – 490	1
500 – 510	1
520 – 530	3
540 – 550	1
570 – 580	1
580 – 590	1
590 – 600	1
700 – 710	1
750 – 760	1
780 – 790	1
810 – 820	1
840 – 850	2
870 – 880	1
990 – 1,000	1
1,030 – 1,040	1
1,340 – 1,350	1
4,210 – 4,220	1
	21

Principle 6 – RISK MANAGEMENT

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

Risk Management Framework

Risk is the chance of something happening that will have an impact on business objectives. Having established an acceptable risk tolerance, the Company's approach is to identify, analyse, evaluate and appropriately manage risk in the business.

Material Risks Identified

Information on material risks the Company faces and how they are managed is set out on page pages 24 to 25.

Risk Management Roles and Responsibilities

The Board is responsible for reviewing and approving the Company's risk management strategy. The Board delegates day-to-day management of risk to the Group CEO, who may further delegate such responsibilities to executive and other officers. Inherent in this delegation is the belief that responsibility for managing risks in the business is the domain of the business unit.

Risk Monitoring and Evaluation

While the Board is ultimately responsible for the risk management of the Company, the Audit and Risk Committee reviews the reports of Management and the external and internal auditors on the effectiveness of systems for internal control, financial reporting and risk management. To assist in discharging this responsibility, the Board has in place a number of strategies designed to safeguard the Company's assets and interests and ensure the integrity of reporting. These reports include quarterly reviews of store audit results and quarterly reports on internal audit findings.

Health and Safety

The Company's approach and process on health and safety matters are set out on page 32.

Indemnity and Insurance

In accordance with section 162 of the Companies Act 1993 and the Constitution of the Company, the Company has provided insurance for, and indemnities to, Directors and certain employees of the Company and its subsidiaries for losses from actions undertaken in the course of their legitimate duties.

Principle 7 – AUDITORS

"The Board should ensure the quality and independence of the external audit process."

Approach to Audit Governance

The independence of the external auditor is of particular importance to shareholders and the Board. The Audit and Risk Committee is responsible for overseeing the external audit of the Company. Accordingly, it monitors developments in the areas of audit to ensure its policies and practices are consistent with best practice in these areas.

The Board has adopted a policy on audit independence, the key elements of which are:

- The external auditor must remain independent of the Company at all times and must comply with all relevant ethical requirements and professional standards regarding independence
- The external auditor must monitor its independence and annually report to the Board that it has remained independent
- The audit firm is permitted to provide certain non-audit services, set out in the Audit and Risk Committee Charter, that are not considered to be in conflict with the preservation of the independence of the auditor
- The Audit and Risk Committee must approve all non-audit work assignments that are awarded to an external auditor, and the value of non-audit work must be reported at every Board meeting

Engagement of the External Auditor

The Company's external auditor is PricewaterhouseCoopers (PwC). PwC was appointed by the Company's shareholders at the 2004 Annual Shareholders' Meeting in accordance with the provisions of the Companies Act 1993 (Act). PwC is automatically reappointed as auditor under section 207T of the Act.

Attendance at the Annual Shareholders' Meeting

PwC, as auditor of the 2024 Financial Statements, has been invited to attend this year's Annual Shareholders' Meeting and will be available to answer questions about the conduct of the audit, preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

The Company's corporate legal advisors, Russell McVeagh, will also attend the Annual Shareholders' Meeting.

CORPORATE GOVERNANCE

Internal Audit

The Company has an internal audit function that is independent of the Company's external auditors. The internal audit function of the Company is undertaken by Ernst & Young and the Company's own internal audit team. The respective internal audit teams report to and are directed by the Audit and Risk Committee.

Each year, the internal audit programme is approved by the Audit and Risk Committee. The programme of audit work considers the most significant areas of business risk in the Company and is developed following discussions with Management, review of the business process model of the Company and consideration of strategic risks relevant to the Company. The programme also considers risks in relation to major projects that are planned or currently under way.

The role of internal audit is to:

- Assess the design and operating effectiveness of controls governing key operations, processes and business risks
- Provide the Board with an assessment, independent of Management, as to the adequacy of the Company's internal operating and financial controls, business processes, systems and practices
- Assist the Board in meeting its corporate governance and regulatory responsibilities

Principle 8 – SHAREHOLDER RIGHTS AND RELATIONS

"The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

The Company is committed to providing a high standard of communication with its investors. The Company believes effective communication is achieved by equal access to timely, accurate and complete information that allows investors to make informed assessments of the Company's value and prospects. Investor communication is governed by the Company's Investor Communications Policy, a copy of which can be found here: thewarehousegroup.co.nz/about-us/corporate-governance

The Company has an investor relations programme which includes communication through:

- Periodic and continuous disclosure to the NZX
- Annual reports
- Climate-related disclosure reports
- The Annual Shareholders' Meeting
- The Company's website, which includes financial and operational information, and key corporate governance information
- Analyst and investor briefings and roadshows

Engagement with Investors

The Company values its dialogue with strategic stakeholders, institutional and retail investors, and research analysts, and believes effective engagement benefits both the Company and investors. Annual Shareholders' Meetings, analyst and investor briefings and roadshows provide an important opportunity for this dialogue. Shareholders also have the opportunity to also submit questions and comments through investors@thewarehouse.co.nz.

Website

The Company's website contains a comprehensive set of investor-related material and data, including NZX disclosures and media releases, interim and annual reports, share price and dividend information, shareholder meeting materials and the Company's governance charters and policies.

Annual Shareholders' Meeting (ASM)

The ASM provides an opportunity for Directors, the Group CEO, the executive leadership team, and the Company's external auditor to meet shareholders and answer any questions they may have.

The ASM is held at a convenient time and location. The 2023 ASM was held on 24 November 2023. The Notice of Annual Shareholders' Meeting was published on 25 October 2023. The 2024 ASM will be held on 22 November 2024.

In accordance with the Companies Act 1993 and NZX Listing Rules, the Company refers any significant matters to shareholders for approval at the ASM, and shareholders are given the opportunity to vote by proxy ahead of the meeting or by polling if attending the meeting in person or online.

ELECTRONIC COMMUNICATION

The Company moved to electronic reporting in 2016, noting a key component of the Company's strategy is cost effectiveness and minimising the Company's impact on the environment. Shareholders can request a hard copy of the Annual Report to be mailed to them free of charge by contacting Computershare, the Company's share registrar. Shareholders are encouraged to provide their email addresses to Computershare to enable them to receive all other shareholder materials electronically.

Computershare Investor Services Limited

Telephone: +64 9 488 8777

Email: enquiry@computershare.co.nz

CELEBRATING DIVERSITY AND INCLUSION

Diversity of gender, skill, age, experience and beliefs are valued and the provision of equal opportunities for all employees and those looking to join the Company is fundamental to the way we operate as a business. For the year ended 28 July 2024 the Board is satisfied that the Company achieved its gender diversity objectives and other measurable objectives. Details regarding the Company's Diversity and Inclusion Policy, goals and performance criteria are detailed below.

The Group strives to create a workplace where our people can bring their whole selves to work. Not only is this the right thing to do for our team members, we also believe that a diverse team and an inclusive workplace leads to more innovation, better decision-making, more opportunities for all our people and the communities in which we operate, and better performance outcomes for the Company. That is why we're committed to continuously identifying ways we can improve diversity and inclusivity.

Actual as at 28 July 2024 (based on employee headcount)

AREA OF FOCUS	**GENDER**										
Objective	**Improve representation of women at senior levels of the business**										
Target		**2023**					**2024**				
	Female representation by role	**Female**	**Male**	**Gender diverse/ not disclosed**	**Total**	**% of female**	**Female**	**Male**	**Gender diverse/ not disclosed**	**Total**	**% of female**
	Board	4	4	–	8	50.0%	3	5	–	8	37.5%
	Executives	3	7	–	10	30.0%	2	5	–	7	28.6%
	Senior management	25	21	–	46	54.3%	21	21	–	42	50.0%
	Total leadership	28	28	–	56	50.0%	23	26	–	49	46.9%
	Other	5,992	4,602	185	10,779	55.6%	5,523	4,130	3	9,656	57.2%
	Total employees (excluding Board)	6,020	4,630	185	10,835	55.6%	5,546	4,156	3	9,705	57.1%
50% of senior leadership roles held by women	**Female representation by employee status**						**Female**	**Male**	**Gender diverse/ not disclosed**	**Total**	**% of female**
	Permanent	5,045	3,835	138	9,018	55.9%	4,646	3,436	2	8,084	57.5%
	Fixed term	91	91	12	194	46.9%	60	36	–	96	62.5%
	Casual	884	704	35	1,623	54.5%	840	684	1	1,525	55.1%
	Female representation by full/part-time employment	2,971	2,698	70	5,739	51.8%	**Female**	**Male**	**Gender diverse/ not disclosed**	**Total**	**% of female**
	Full-time	2,165	1,228	80	3,473	62.3%	2,670	2,309	–	4,979	53.6%
	Part-time	884	704	35	1,623	54.5%	2,036	1,168	2	3,201	63.6%
	Casual						840	684	1	1,525	55.1%
	Category			**Number of employees in each category**	**Median pay ratio**	**Gender pay gap**		**Number of employees in each category**		**Median pay ratio**	**Gender pay gap**
100% Gender pay equity (undisclosed gender data is not included)	**Group - Total**			**10,650**	**101%**	**-1%**		**9,703**		**100%**	**0.0%**
	Leadership			56	89%	11%		49		103%	-3.0%
	SSO – Agile			929	99%	1%					
	SSO – Other			285	77%	23%		1,014		84%	16%
	Stores			8,554	100%	0%		7,899		100%	0.0%
	Distribution Centres			826	98%	2%		741		93%	7.0%

AREA OF FOCUS AGE												
	2023						**2024**					
Age representation	**Under 30 years old**		**30–50 years old**		**Over 50 years old**		**Under 30 years old**		**30–50 years old**		**Over 50 years old**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Board	–	–	3	37.5%	5	62.5%	–	–	3	37.5%	5	62.5%
Executives	–	–	4	40%	6	60%	–	–	3	42.9%	4	57.1%
Direct report to executive leadership team	–	–	30	65.2%	16	34.8%	–	–	28	66.7%	14	33.3%
Other	5,094	47.7%	3,581	33.6%	1,998	18.7%	4,472	46.4%	3,227	33.5%	1,936	20.1%
Total (13 were non-disclosed in FY24)	**5,094**	**47.4%**	**3,618**	**33.7%**	**2,025**	**18.9%**	**5,094**	**47%**	**3,618**	**33%**	**1,959**	20.2%

STATUTORY DISCLOSURES

DISCLOSURES OF INTERESTS BY DIRECTORS

General disclosures

The following are particulars of general disclosures of interest given by the Directors of The Warehouse Group Limited pursuant to section 140(2) of the Companies Act 1993 during FY24.

Director	Entity	Interest
Joan Withers	ANZ Bank New Zealand Limited On Being Bold Limited Sky Network Television Limited Appointments Panel Fonterra farmer-elected directors Sweet Louise Foundation Origin Energy Limited	Director Director Director Chair Trustee Director
Antony Balfour	Les Mills International Limited RealNZ Limited Pioneer Energy Limited Bluelab Holdings Limited Ravensdown Ventures Limited	Director and became a shareholder Director Director Ceased to be a director Director
Antony Carter[1]	The Interiors Group HoldCo Limited Skin Institute Holding Company Limited Datacom Group Limited TR Group Limited My Food Bag Group Limited Ravensdown Limited Capital Solutions Limited Capital Training Limited Loughborough Investments Limited Maurice Carter Charitable Trust Tony and Frances Carter Family Trust Antony Carter Family Trust No.2	Chair Chair Chair Chair Chair Appointed as a director Board Advisor Advisor Director and shareholder Trustee Trustee Trustee
John Journee	Farmlands Society Colonial Motor Company Limited CMC Workplace Savings Scheme Trustee Limited Vanishing Point Limited West Auckland Trust Services Limited Data Insights Group Limited	Director Director Director Director Director and Deputy Chair Advisory Board Member
Dean Hamilton	Fulton Hogan Limited Auckland International Airport Limited Tappenden Holdings Limited Ryman Healthcare Limited	Chair and shareholder Director and shareholder Director Director, shareholder and appointed Executive Chair
Caroline Rainsford	Google New Zealand	Country Director New Zealand
Julia Raue[2]	Jade Software Corporation Limited Southern Cross Healthcare Limited Southern Cross Health Trust Southern Cross Medical Care Society Southern Cross Benefits Limited Rowdy Consulting Limited NZ Rugby Appointments and Remuneration Committee Global Women MOVe Logistics Group Limited MOVe Investments Limited	Director Director Trustee Director Director Director Ceased to be Chair Trustee Director Director
Rachel Taulelei	APEC Business Advisory Council Wellington Regional Stadium Trust Movac Movac Fund 5 LP RLaw Limited Oho 2021 Limited ANZCO Foods Limited Aotearoa Fisheries Limited t/a Moana New Zealand Pupuri Taonga Limited Kura Limited Sealord Group Limited AFL Investments Limited CWBG Limited Fonterra Sustainability Panel Tokomanawa Queens Foundation Huia Publishing New Zealand Story	Member Chair Advisory Board Member Limited Partner Director Director Director Director and Chair Director Director Director Director Director and became a shareholder Chair Appointed as Chair Appointed as an Advisory Board Member Appointed as an Advisory Board Member
Robert Tindall	The Tindall Foundation Finn Lowery Foundation Foundation Services Limited K One W One Limited K One W One (No.2) Limited K One W One (No.3) Limited K One W One (No.4) Limited K One W One (No.5) Limited K One W One (No.6) Limited	Trustee Trustee Director Director Director Director Director Director Director

[1] Appointed as a Director on 1 May 2024. [2] Ceased to be a Director on 31 May 2024. Disclosures detailed are as at this date.

As at 28 July 2024, Directors, or entities related to them, held relevant interests (as defined in the Financial Markets Conduct Act 2013) in the Company shares as follows:

	Beneficial Interest	Beneficial Interest	Non-beneficial Interest	Non-beneficial Interest
	2024	2023	2024	2023
J Withers	115,419	105,419	1,493,057[1]	1,493,057
A Balfour	13,012	13,012	1,015,875[2]	1,015,875
A Carter[3]	20,000			
D Hamilton	23,500	3,500	1,493,057[1]	1,493,057
J Journee	172,000	172,000		
R J Tindall	4,800	4,800	73,920,496[4]	73,920,496

1 Relevant interest as shareholder of The Warehouse Management Trustee Company Limited and The Warehouse Management Trustee Company No.2 Limited, which each hold shares for the purposes of employee incentive schemes.
2 Relevant interest as shareholder of The Warehouse Management Trustee Company Limited, which holds shares for the purposes of employee incentive schemes.
3 Appointed as a Director on 1 May 2024.
4 Relevant interest as trustee of The Tindall Foundation Inc.

SHARE DEALINGS BY DIRECTORS

During the financial year, the Directors disclosed in respect of section 148(2) of the Companies Act 1993 that they acquired or disposed of a relevant interest in shares as follows:

Share Transaction	Nature of Relevant Interest	Date of Transaction	Number of Ordinary Shares Acquired/ (Disposed of)	Consideration
J Withers	Legal and beneficial owner	29 May 2024	10,000	On market purchase of ordinary shares at a price of $1.16 per share
A Carter	Beneficial owner	1 May 2024	20,000	Initial disclosure of relevant interest in ordinary shares upon appointment as a director
D Hamilton	Legal and beneficial owner	29 May 2024	20,000	On market purchase of ordinary shares at a price of $1.17 per share

TWENTY LARGEST REGISTERED SHAREHOLDERS AS AT 28 JULY 2024

Name	Number of Ordinary Shares	Percentage of Ordinary Shares
Sir Stephen Robert Tindall	93,687,096	27.01
The Tindall Foundation Inc	73,920,496	21.31
James Pascoe Investments Limited	69,333,940	19.99
New Zealand Depository Nominee Limited	9,497,994	2.74
HSBC Nominees A/C NZ Superannuation Fund Nominees Limited - NZCSD	8,665,849	2.50
Accident Compensation Corporation - NZCSD	4,633,676	1.34
BNP Paribas Nominees (NZ) Limited - NZCSD	4,200,958	1.21
Stephen Robert Tindall & John Richard Avery & Brian Mayo-Smith	3,778,149	1.09
Robert George Tindall & Stephen Robert Tindall & Pupuke Trustee Limited	3,455,103	1.00
Forsyth Barr Custodians Limited	2,549,017	0.73
Custodial Services Limited	2,055,812	0.59
Citibank Nominees (New Zealand) Limited - NZCSD	1,896,828	0.55
TEA Custodians Limited Client Property Trust Account - NZCSD	1,605,411	0.46
HSBC Nominees (New Zealand) Limited - NZCSD	1,568,279	0.45
FNZ Custodians Limited	1,011,693	0.29
Stephen Robert Tindall & John Richard Avery & Brian Mayo-Smith	752,798	0.22
The Warehouse Management Trustee Company Limited	667,174	0.19
James Raymond Holdings Limited	600,000	0.17
Masfen Securities Limited	575,000	0.17
David Michael Radtke & Susan Carol Goodall	507,000	0.15
Total	**284,962,273**	**82.16**

Note: New Zealand Central Securities Depository Limited (NZCSD) is a depository system which allows electronic trading of members. As at 28 July 2024 the total holdings in NZCSD was 23,714,198 or 6.84% of shares on issue.

DISTRIBUTION OF SHAREHOLDINGS AS AT 28 JULY 2024

Size of Shareholding	Number of Shareholders	Percentage	Number of Shares	Percentage
1 – 1,000	4,176	42%	2,190,994	0.63%
1,001 – 5,000	3,542	36%	9,253,303	2.67%
5,001 – 10,000	1,056	11%	8,085,026	2.33%
10,001 – 100,000	1,087	11%	27,120,924	7.82%
100,000 and over	97	1%	300,192,873	86.55%
	9,958	100%	346,843,120	100%
Geographic Distribution				
Auckland and Northland	3,852	38.68%	286,985,616	82.74%
Waikato and Central North Island	2,001	20.09%	12,564,425	3.62%
Lower North Island and Wellington	1,382	13.88%	25,439,206	7.33%
Canterbury, Marlborough and Westland	1,219	12.24%	7,717,544	2.23%
Otago and Southland	588	5.90%	6,021,001	1.74%
Australia	770	7.73%	7,418,260	2.14%
Other Overseas	146	1.47%	697,068	0.20%
	9,958	100%	346,843,120	100%

SUBSTANTIAL PRODUCT HOLDERS

According to notices given to the Company under the Financial Markets Conduct Act 2013, as at 28 July 2024, the substantial product holders in the Company and their relevant interests are noted below:

	Relevant Interest (Ordinary Shares)	Percentage
James Pascoe Investments Limited*	69,333,940	19.99%
Sir Stephen Tindall	93,687,096	27.01%
The Tindall Foundation Inc	73,920,496	21.31%

* These shares were acquired from related entity James Pascoe Limited on 31 May 2024.

SUBSIDIARY COMPANY DIRECTORS

The following people held office as Directors of subsidiary companies at 28 July 2024. Those who retired during the year are indicated with an (R). J Oram was Chief Financial Officer of the Group at the beginning of the financial year, but he left the Group and therefore retired from his position as Director of various Group companies during the year. He was replaced by Celia Mearns, who was acting Chief Financial Officer for a period. She was then replaced by Mark Stirton, the current Chief Financial Officer of the Group.

Company	Directors
1-Day Liquor Limited	M Stirton, J Oram (R), C Mearns (R)
Altitude NZ Limited (previously Torpedo7 Limited)	J Journee, M Stirton, N Grayston (R), S West (R), J Oram (R)
Bond and Bond Limited	M Stirton, B Moors, J Oram (R), C Mearns (R)
Boye Developments Limited	M Stirton, B Moors, J Oram (R), C Mearns (R)
Chocolateworks NZ Limited	A Razey, K McKenzie, J Andersen, C Cole, J Hempstead
Eldamos Investments Limited	M Stirton, B Moors, J Oram (R), Celia Mearns (R)
Eldamos Nominees Limited	M Stirton, J Oram (R), C Mearns (R)
Farran (Nine) Limited	M Stirton, M Davey, G Helsby, G Lane, K Gardiner (R), J Oram (R), C Mearns (R)
Lincoln West Limited	M Stirton, M Davey, G Helsby, G Lane, K Gardiner (R), , J Oram (R), C Mearns (R)
Noel Leeming Finance Limited	B Moors
Noel Leeming Financial Services Limited	M Stirton, B Moors, J Oram (R), C Mearns (R)
Noel Leeming Furniture Limited	M Stirton, B Moors, J Oram (R), C Mearns (R)
Noel Leeming Limited	M Stirton, B Moors, J Oram (R), C Mearns (R)
The Book Depot Limited	M Stirton, J Oram (R), C Mearns (R)
The Warehouse Card Limited	M Stirton, J Oram (R), C Mearns (R)
The Warehouse Group Support Services Limited	M Stirton, J Oram (R), C Mearns (R)
The Warehouse Investments Limited	M Stirton, J Oram (R), C Mearns (R)
The Warehouse Limited	J Journee, M Stirton, N Grayston (R), J Oram (R), C Mearns (R)
The Warehouse Management Trustee Company Limited	J Withers, A Balfour, D Hamilton
The Warehouse Management Trustee Company No.2 Limited	J Withers, A Balfour, D Hamilton
The Warehouse Nominees Limited	M Stirton, B Moors, J Oram (R), C Mearns (R)
The Warehouse Planit Trustees Limited	J Withers
The Warehouse (Shanghai) Trading Company Limited	T Benyon, M Anderton, K Kramer
TWGI Operations Limited	M Stirton, J Oram (R), C Mearns (R)
TWGA Pty Ltd	I McGill, B Moors, J Oram (R)

SUBSIDIARY COMPANY DIRECTORS continued

Company	Directors
TW House Sourcing Private Limited (India)	K Kramer, T Benyon, M Anderton, C Srinivasan
TWL Australia Pty Limited	I McGill, B Moors, J Oram (R)
TWP No.1 Limited	M Stirton, J Oram (R), C Mearns (R)
TWP No.4 Limited	M Stirton, B Moors, J Oram (R), C Mearns (R)
TWP No.5 Limited	M Stirton, B Moors, J Oram (R), C Mearns (R)
Warehouse Stationery Limited	B Moors

STOCK EXCHANGE LISTING

The ordinary shares of The Warehouse Group Limited are listed on the New Zealand Exchange (NZX).

ORDINARY SHARES

The total number of voting securities of the Company on issue on 28 July 2024 was 346,843,120 fully paid ordinary shares.

Holders of each class of equity security as at 28 July 2024

Class of Equity Security	Number of Holders	Number of Shares or Rights
Ordinary shares	9,958	346,843,120

RIGHTS ATTACHING TO SHARES

Clauses 20–22 of the Company's Constitution set out the voting rights of shareholders. Ordinary shares in the Company each carry a right to vote on a poll at any general meeting of shareholders on any resolution. Holders of ordinary shares may vote at a meeting in person, or by proxy, representative or attorney. Voting may be conducted by voice, a show of hands or a poll. Each of the Company's ordinary shares entitles the holder to one vote.

ESCROW

Apart from the shares held under the Staff Purchase Plan, the Company has no securities subject to an escrow agreement.

DONATIONS

In accordance with section 211(1)(h) of the Companies Act 1993, the Company records that it donated $40,000 (2023: $168,000) to various charities during the year. In line with Board policy, no political contributions were made during the year.

DIVIDENDS ON ORDINARY SHARES

The Warehouse Group Limited has paid dividends on its ordinary shares almost every year since listing on the NZX in 1994, with the exception of 2020 due to the COVID-19 disruption to business. The Group's current Dividend Policy was approved by the Board in March 2021. The Group's Dividend Policy is 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.

On 20 March 2024 the Board declared a fully imputed interim dividend of 5.0 cents per share. The Board did not declare a final dividend for the financial year ended 28 July 2024.

Dividends	2024	2023	2022	2021	2020
Interim	5.0		10.0	13.0	0.0
Special	-	-	-	5.0	-
Final	-	8.0	10.0	17.5	0.0
Total	5.0	8.0	20.0	35.5	0.0

AUDITOR

PwC has continued to act as auditor of the Company and has undertaken the audit of the financial statements for the year ended 28 July 2024.

DISCIPLINARY ACTION

NZX has not taken any disciplinary action against the Company during the period under review.

NZX WAIVERS

No waivers have been granted and published by NZX or relied upon by the Company in the 12 months immediately preceding The Warehouse Group Limited's balance date.

INITIATIVES AND ASSOCIATIONS

Listed below are the external economic, environmental or social initiatives to which The Warehouse Group subscribes, and the main associations and national or international advocacy organisations of which The Warehouse Group is a member.

Area	Initiatives	Associations/Memberships
Environmental	Climate Leaders Coalition Toitū Carbonreduce Carbon Disclosure Project (CDP) NZ Soft Plastics Recycling Scheme TechCollect NZ NZ Plastic Packaging Product Stewardship Scheme Steering Group (General Retail Sector Representative)	Sustainable Business Council (SBS) WasteMINZ The Packaging Forum
Human Resource		HRNZ ServiceIQ Rainbow Tick
Product Sourcing and Development	Australasian Recycling Label (ARL) Forest Stewardship Council Rainforest Alliance Cruelty Free International	New Zealand Business Round Table in China (NZBRiC) Australian Packaging Covenant Organisation (APCO) Better Cotton Initiative Textiles Exchange
Other	Vocational Education with Services Workforce Development Council (WDC) Vocational Education training through Te Pukenga MBIE - Future of Work	Retail NZ Tertiary Education Commission / WDC Te Pukenga New Zealand Business and Parliamentary Trust NZ Marketing Association Digital Boost Alliance Aotearoa

GRI CONTENT INDEX

GENERAL DISCLOSURES

Standard	Disclosure	Section in this Annual Report	Page in this Annual Report
GRI 2: GENERAL DISCLOSURES 2021			
2–1	Organisation details	Directory Financial Statements, Note 1.1 Store Map	101 48 15
2–2	Entities included in the organisation's sustainability reporting	Financial Statements, Note 1.1	48
2–3	Reporting period, frequency and contact point	GRI Report Financial Statements, Note 1.1 Directory	40 48 101
2–4	Restatements of information	There have been no restatements made to FY23 information which has been disclosed under these GRI standards.	
2–5	External assurance	GRI Report E&Y Limited Assurance Report	40 98–99
2–6	Activities, value chain and other business relationships	GRI Report Our Stores Our Brands Integrated Report	40 15 16–21 22–23
2–7	Employees	Diversity and Inclusion Report	87
2–8	Workers who are not employees	An insignificant portion of the Group's activities is performed by workers who are not employees or who are seasonal workers.	
2–9	Governance structure and composition	Corporate Governance	74–86
2–10	Nomination and selection of the highest governance body	Governance Report – Board Composition and Performance	78–81, 85–87
2–11	Chair of the highest governance body	Corporate Governance – Chair	78
2–12	Role of the highest governance body in overseeing the management of impacts	Governance Report ESS Committee Charter	78–81, 85–87 www.thewarehousegroup.co.nz/about-us/corporate-governance
2–13	Delegation of responsibility for managing impacts	Our Board Executive Leadership Team Corporate Governance - Board Committees	74–75 76–77 80
2–14	Role of the highest governance body in sustainability reporting	Corporate Governance - Board Committees ESS Committee Charter	80 www.thewarehousegroup.co.nz/about-us/corporate-governance
2–15	Conflicts of interest	Corporate Governance – Director Independence and conflicts Directors Shareholding Substantial Product Holders	78–79 90
2–16	Communication of critical concerns	Risk and Materiality Corporate Governance – Ethical Standards, Risk Management	24–25 85
2–17	Collective knowledge of the highest governance body	Governance Report – Board Skills Matrix	79
2–18	Evaluation of the performance of the highest governance body	Corporate Governance - Chair, Board structure, skills and composition, Board evaluation	78–80
2–19	Remuneration policies	Remuneration Report	81–85
2–20	Process to determine remuneration	Remuneration Report	81–85
2–21	Annual compensation ratio	Remuneration Report	84
2–22	Statement of sustainable development strategy	Sustainability	26–30
2–23	Policy commitments	www.thewarehousegroup.co.nz/about-us/corporate-governance	
2–24	Embedding policy commitments	Corporate Governance - Ethical Standards, Reporting and Disclosure, Risk Management Diversity & Inclusion Report	78, 81, 85 87
2–25	Processes to remediate negative impacts	Corporate Governance - Ethical Standards, Reporting and Disclosure, Risk Management Diversity & Inclusion Report	78, 81, 85 87
2–26	Mechanisms for seeking advice and raising concerns	Corporate Governance - Ethical Standards, Code of Ethics	78

GENERAL DISCLOSURES contd

Standard	Disclosure	Section in this Annual Report	Page in this Annual Report
GRI 2: GENERAL DISCLOSURES 2021			
2–27	Compliance with laws and regulations	There have not been any significant instances of non-compliance with laws and regulations which resulted in formal prosecutions during the reporting period.	
2–28	Membership associations	Initiatives and Associations	91
2–29	Approach to stakeholder engagements	Our Brands Growing and developing our people GRI Report	16–21 32–33 40
2–30	Collective bargaining agreements	Currently, 16.4% of our employees are covered by collective agreements.	

MATERIAL TOPICS

Standard	Disclosure	Section in this Annual Report	Page in this Annual Report
GRI 3: MATERIAL TOPICS 2021			
3–1	Process to determine material topics	GRI Report	40–41
3–2	List of material topics	GRI Report	40–41
3–3	Management of material topics	GRI Report	40–41

TOPIC DISCLOSURES

Economic

Standard	Disclosure	Section in this Annual Report	Page in this Annual Report
GRI 205: ANTI-CORRUPTION 2016			
3–3	Management of material topics	GRI Report Risk & Materiality Growing and developing our people Corporate Governance – Ethical Standards	40–41 24–25 32–33 78
205–2	Communication and training about anti-corruption policies and procedures	Anti-corruption policies have been communicated to all governance body members and all team members across the Store Support Offices, stores and distribution centres. in FY23, 86.3% of Store Support Office team members and 95.5% of store team members had completed compliance module training. Team members are required to complete Anti-Bribery & Corruption training every second year, and will be required to do this in 2025.	
205–3	Confirmed incidents of corruption and actions taken	Five supplier bribery attempts were bought to our attention in FY24 with consequential escalation and penalties issued. We are not aware of any other bribery incidents.	
GRI 206: ANTI-COMPETITIVE BEHAVIOUR 2016			
3–3	Management of material topics	GRI Report Risk & Materiality Corporate Governance – Ethical Standards, Risk Management	40–41 24–25 78, 85
206–1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	We are not aware of any legal cases against the organisation regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation during the reporting period.	

TOPIC DISCLOSURES

Environmental

Standard	Disclosure	Section in this Annual Report	Page in this Annual Report
GRI 302: ENERGY 2016			
3–3	Management of material topics	GRI Report Integrated Report Corporate Governance – ESS Committee	40–41 22–23 80
302–1	Energy consumption within the organisation	Sustainability	27
302–3	Energy intensity	Sustainability	27
302–4	Reduction of energy consumption	Sustainability	27

For further information, please refer to the CRD Report here: https://www.thewarehousegroup.co.nz/sustainability

GRI CONTENT INDEX

TOPIC DISCLOSURES contd

Environmental

Standard	Disclosure	Section in this Annual Report	Page in this Annual Report
GRI 305: EMISSIONS 2016			
3-3	Management of material topics	GRI Report Integrated Report Corporate Governance – ESS Committee	40–41 22–23 80
305–1	Scope 1 GHG emissions	Sustainability	26
305–2	Energy indirect (Scope 2) GHG emissions	Sustainability	26
305–3	Other indirect (Scope 3) GHG emissions	Sustainability	26
305–4	GHG emissions intensity	Sustainability	26
305–5	Reduction of GHG emissions	Sustainability	26
For further information, please refer to the CRD Report here: https://www.thewarehousegroup.co.nz/sustainability			
GRI 306: WASTE 2020			
3-3	Management of material topics	GRI Report Integrated Report Corporate Governance – ESS Committee	40–41 22–23 80
306–1	Waste generation and significant waste-related impacts	Sustainability	29
306–2	Management of significant waste-related impacts	Sustainability	29
306–3	Waste generated	Sustainability	29
306–4	Waste diverted from disposal	Sustainability	29
306–5	Waste directed to disposal	Sustainability	29
GRI 307: ENVIRONMENTAL COMPLIANCE 2016			
3-3	Management of material topics	GRI Report Integrated Report Corporate Governance – ESS Committee	40–41 22–23 80
307–1	Non-compliance with environmental laws and regulations	We are not aware of any incidents related to non-compliance with environmental laws and regulations during the reporting period.	
308–1	New suppliers that were screened using environmental criteria	Sustainability	29–30
308–2	Negative environmental impacts in the supply chain and actions taken	Sustainability	29–30
For further information, please refer to Responsible Sourcing here: https://www.thewarehousegroup.co.nz/sustainability			

Social

Standard	Disclosure	Section in this Annual Report	Page in this Annual Report
GRI 403: OCCUPATIONAL HEALTH AND SAFETY (2018)			
3-3	Management of material topics	GRI Report Growing and developing our people Corporate Governance – Board Responsibilities Corporate Governance – Health, Safety and Wellbeing Committee Corporate Governance – Risk Management	40–41 32–33 78 80 85
403–6	Promotion of worker health	Growing and developing our people	32–33
403–9	Work-related injuries	Growing and developing our people There are no workers who are not employees controlled by the Group for which the organisation is responsible.	32–33

TOPIC DISCLOSURES contd

Social

Standard	Disclosure	Section in this Annual Report	Page in this Annual Report
GRI 404: TRAINING AND EDUCATION (2016)			
3-3	Management of material topics	GRI Report Growing and developing our people	40–41 32–33
404–1	Average hours of training per year per employee	GRI Report Growing and developing our people	33
404–2	Programs for upgrading employee skills and transition assistance programmes	GRI Report Growing and developing our people	32–33
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY (2016)			
3-3	Management of material topics	GRI Report Growing and developing our people Corporate Governance – Board Responsibilities Corporate Governance – Health, Safety and Wellbeing Committee Corporate Governance – Celebrating diversity and inclusion	40–41 32-33 78 80 87
405–1	Diversity of governance bodies and employees	Growing and developing our people Corporate Governance – Celebrating diversity and inclusion	33 87
405–2	Ratio of basic salary and remuneration of women to men	Corporate Governance – Celebrating diversity and inclusion	87
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (2016)			
3-3	Management Approach	GRI Report Corporate Governance – Ethical Standards Ethical Sourcing Policy: www.thewarehouse.co.nz/suppliers-ethical-sourcing	40–41 78
407–1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability Currently, 16.4% of our employees are covered by collective agreements. Ethical Sourcing Policy: www.thewarehouse.co.nz/suppliers-ethical-sourcing	29
GRI 408: CHILD LABOUR (2016)			
3-3	Management Approach	GRI Report Corporate Governance – Ethical Standards Ethical Sourcing Policy: www.thewarehouse.co.nz/suppliers-ethical-sourcing	40–41 78
408–1	Operations and suppliers at significant risk for incidents of child labour	Sustainability	29–30
GRI 409: FORCED OR COMPULSORY LABOUR (2016)			
3-3	Management Approach	GRI Report Governance Report – Ethical Standards Ethical Sourcing Policy: www.thewarehouse.co.nz/suppliers-ethical-sourcing	40–41 78
409–1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Sustainability	29–30
GRI 414: SUPPLIER SOCIAL ASSESSMENT (2016)			
3-3	Management Approach	GRI Report Governance Report – Ethical Standards Ethical Sourcing Policy: www.thewarehouse.co.nz/suppliers-ethical-sourcing	40–41 78
414–1	New suppliers that were screened using social criteria	Sustainability	29–30
414–2	Negative social impacts in the supply chain and actions taken	Sustainability	29–30
For further information, please refer to Responsible Sourcing here: https://www.thewarehousegroup.co.nz/sustainability			

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INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS AND MANAGEMENT OF THE WAREHOUSE GROUP LIMITED

ASSURANCE CONCLUSION
Based on our limited assurance procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that The Warehouse Group Limited's ("TWG") selected GRI metrics within the Integrated Report for the 52 weeks ended 28 July 2024 ("Subject Matter"), has not been prepared, in all material respects, in accordance with the Criteria defined below.

SCOPE

Ernst & Young Limited ("EY") has undertaken a limited assurance engagement, as defined by International Standards on Assurance Engagements (New Zealand) 3000 (Revised), to report on TWG's selected Global Reporting Initiative's metrics ("GRI"), in the Integrated Report for the 52 weeks ended 28 July 2024 (the "Report") in accordance with the noted Criteria, as defined in the following table:

Subject Matter	Criteria
• GRI 305-1: Direct (Scope 1) GHG emissions • GRI 305-2: Energy Indirect (Scope 2) GHG emissions • GRI 305-5: Reduction of GHG emissions	• GRI 305: Emissions 2016 • Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised version) (2004)
• GRI 306-3: Waste generated • GRI 306-4: Waste diverted from disposal • GRI 306-5: Waste directed to disposal	• GRI 306: Waste 2020

TWG'S RESPONSIBILITY

The Directors are responsible, on behalf of TWG for selecting the Criteria and preparation of the Subject Matter in accordance with the Criteria. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY'S RESPONSIBILITIES

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on the procedures we have performed and the evidence we have obtained. Our engagement was conducted in accordance with the *International Standard for Assurance Engagements (New Zealand): Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ('ISAE (NZ) 3000') and *International Standard for Assurance Engagements (New Zealand): Assurance Engagements on Greenhouse Gas Statements* ('ISAE (NZ) 3410'). Those standards require that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter has been prepared, in all material respects, in accordance with the Criteria. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion. Ernst & Young provides assurance over GHG emissions, Sustainability-Linked Loan as well as internal audit and advisory services to TWG. Partners and employees of our firm may deal with TWG on normal terms within the ordinary course of trading activities of the business. We have no other relationship with, or interest in, TWG.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The firm applies Professional and Ethical Standard 3 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

Our procedures included:

- Conducting interviews with key personnel to understand the business and relevant reporting process
- Gaining an understanding of the basis for calculating and reporting GHG emissions
- Checking that calculations had been applied in accordance with the methodologies outlined in the Criteria
- Undertaking analytical review procedures to assess the reasonableness of the data
- Identifying and testing assumptions that support calculations
- Checking emissions factors and considered their consistency with the Criteria
- Reviewing the presentation of the information in the Report
- Obtaining management representation

We also performed such other procedures as we considered necessary in the circumstances.

INHERENT UNCERTAINTIES

The GHG quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

RESTRICTED USE

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than the Directors and management of TWG, or for any purpose other than that for which it was prepared.

Ernst & Young Limited

Ernst & Young Limited
Auckland, New Zealand
25 September 2024

A member firm of Ernst & Young Global Limited


FLOUR

DIRECTORY

Board of Directors
Dame Joan Withers
John Journee
Rachel Taulelei
Antony (Tony) Carter
Robert (Robbie) Tindall
Dean Hamilton
Antony (Tony) Balfour
Caroline Rainsford

Group Interim Chief Executive Officer
John Journee

Group Chief Financial Officer
Mark Stirton

Company Secretary
Silv Roest

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Website: www.computershare.co.nz/investorcentre

Shareholder Enquiries
If you have any general shareholder enquiries, including questions or comments on this report, please contact investors@thewarehouse.co.nz.

Shareholders with enquiries regarding share transactions, change of address, or dividend payments should contact the Share Registrar, per contact details above. Shareholdings can be managed electronically by using Computershare's secure website, www.computershare.co.nz/investorcentre.

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