2022 INTEGRATED
ANNUAL REPORT

THE WAREHOUSE GROUP

CONTENTS

2022 AT A GLANCE

GENDER EQUITY

Gender equity remains a core focus for us, and we're pleased to continue our efforts on maintaining 100% gender pay equity at Group level.

Increase to
46.6%
of senior leaders who are female

100%
Gender pay equity at Group level

COMMUNITY

The Group has been supporting New Zealand communities since the first The Warehouse store opened in 1982, guided by our purpose of helping Kiwis live better every day.

Raised
$3.7m
for New Zealand charities and communities

600k
MarketClub members can nominate a charitable cause to which The Warehouse donates on their behalf.

PERFORMANCE

A pleasing full year result, given the continued COVID-19 lockdowns and trading restrictions during the period which challenged the resilience of our people and the financial performance of the Group.

$3.3b
Group sales
down 3.5% on prior year

$85.5m
Adjusted NPAT[1]
down 48.9% on prior year

$89.3m
Reported NPAT[1]
down 18.3% on prior year

$41.2m
Net debt
from $160.5m cash held in prior year

CUSTOMER

Our customers are increasingly buying the products they want online. We are committed to developing a full product and service integrated retail experience across our brand websites, apps and in store.

$503m
Online sales
up 39.8% on prior year making up 15.3% of total Group sales

4.8m
Digital/App visits per week
up from 3.5m in prior year

54.9%
Growth in Click & Collect
making up 49.0% of online sales

73.9pts
Group in-store NPS
up 3.5pts from FY21

SUSTAINABILITY

We have a new vision to make sustainable living easy and affordable for everyone, and a new ambition to achieve zero emissions in our operations by 2040.

More than
35,600
private label products with sustainable features, accounting for $213m in sales

We have diverted
73.4%
of operational waste from landfill

Carbon neutral since
2019

Increased by
0.3%
in Scope 1 & 2 emissions compared to FY21, and by 5.4% compared to our 2020 base year[2]

[1] Adjusted Net Profit After Tax (NPAT) is before unusual items and is a non-GAAP measure. A reconciliation between Adjusted and Reported NPAT can be found in Note 5 of the Financial Statements for the year ended 31 July 2022.

[2] Scope 1 & 2 emissions increased due to higher inventory management, increased Distribution Centre hours and use of stores as fulfilment centres as we operated under COVID-19 safety protocols.

JOAN WITHERS

CHAIR'S REPORT

Welcome to our fourth Integrated Report.

I'm pleased to share that our trajectory and momentum in 2022 remains strong despite the unforeseen events we have encountered.

The financial year in review started once again with an enormous challenge. Two weeks into the financial year, we were again back into a COVID-19 lockdown for 84 days in Auckland and at least 21 days throughout the rest of New Zealand, bringing yet another call on our team to adapt very quickly.

Resilience, focus and agility have been hallmark themes for the Group over the last two years and I'd like to recognise and commend all our team members for their commitment to our customers and one another throughout the pandemic.

Despite the disruption, our teams have continued to innovate, and we have never been more confident in our strategy – to provide a personalised, integrated and frictionless shopping experience for our customers.

In this report, we are excited to share our new company vision externally for the first time – "to make sustainable living easy and affordable for everyone". Within our business, this means developing a pathway to zero operational emissions by 2040 and zero waste to landfill by 2025. For our customers, this means providing more choices and opportunities for them to live more sustainable lives by increasing our sustainable product options and providing more circularity solutions. We have some ambitious goals in this space which you can read about more on page 28. I am extremely proud of what we have achieved so far, and as we move towards our 40-year anniversary later in the calendar year, excited about what is to come.

Resilient performance

Following a record FY21 financial year, and after a very challenging FY22 first half, the second half of the year was certainly an improvement. The Group finished the year with total sales of $3.3 billion, which was down 3.5% on the prior year. However, we saw an improvement with the previous corresponding period in the second half of the year as the trading environment normalised, supply chains improved, and customers slowly returned to stores.

Our adjusted net profit after tax (NPAT) for FY22 was $85.5 million, compared to $167.2 million in FY21, with reported NPAT of $89.3 million, compared to $109.3 million in FY21.

The year end result includes an adjustment to comply with the recent introduction of an accounting change in the way costs associated with cloud computing arrangements are treated. Given the significant investment the Group is currently undertaking in core systems and customer facing digital solutions, the earnings impact for us is material. On a comparable basis to last year's announced result adjusted NPAT is $96.9 million, our second highest result since 2007, and following an extremely strong performance last year.

Supply chain

Supply chain has continued to present challenges in the past year – our agile structure and our ability to make fast decisions has meant we are well placed to manage the current global supply chain challenges. We continue to work closely with suppliers through our international sourcing offices to manage production, supply and shipping. Although the situation has been improving, we expect some ongoing price volatility and shipping disruptions throughout the remainder of 2022 and into 2023.

Faced with the ongoing global uncertainty in supply chains we did conclude the year with higher levels of stock of $562.3 million, compared to $457.2 million in the prior year, so we are well positioned ahead of the peak season and major trading events which occur from October to December. Recovering previous progress on working capital gains and continuing to optimise inventory levels will be a focus for management during FY23.

Investing in capability for growth

During FY22 the Group has made significant progress removing legacy systems and building world class core retail systems – and we're seeing the benefits. In our distribution centres, our new Warehouse Management System is operational and beginning to deliver on expected efficiency gains.

A cloud-based Group Order Management Solution (GOMS) is in development and will deliver a group solution for all our brands and improve our customer experience for online orders, delivery and Click & Collect.

Our new Enterprise Resource Planning Finance Inventory (ERPFI) system is the most significant of our core system projects – we were pleased to deliver the finance module of this implementation during the year, with the inventory module on track for delivery in April 2023. Delivery of ERPFI will result in simplifying financial processes including more timely reporting, project accounting, real-time inventory management and improved stock availability.

We will continue to invest in core systems and customer facing digital offerings, including real-time inventory management for our Distribution and Online Fulfilment Centres – improving the customer online ordering, delivery and collection experience – and further development on our brand websites and apps – enabling a stronger integrated retail shopping experience.

Governance

I'd like to thank and acknowledge the Board for their contribution this year. Their support and energy have been exemplary as we help guide The Warehouse Group's ongoing retail transformation with our executive team in dealing with the wider socio-economic and geopolitical challenges we're now facing globally.

This year we have had two notable movements. Firstly, Will Easton resigned from the Board in May to focus on other work commitments. Will's contribution to the Group through a period of internal transformation and technological development has been hugely valuable over his 3.5 years since joining in 2018.

Following Will's departure, we wanted to ensure that we have the right digital strategy and partnership experience around our table. Caroline Rainsford is the Country Director for Google NZ and has been our Future Director since August 2021. The Board made the unanimous decision to appoint her as a full Director in August 2022, which is outside the usual protocols of the Future Director scheme and I thank the Institute of Directors (IOD) for their support. Caroline has a very special mix of skills and experience and as a Board, we've found her passion for technology as well as her strategic insights highly valuable as The Warehouse Group continues its digital transformation at pace.

The Future Directors programme aims to develop the next generation of directors and Caroline's appointment as a full Director is an acknowledgment of the success of this IOD initiative, which was co-founded by Sir Stephen Tindall. We remain committed to the scheme and we have derived enormous benefit from the Future Directors we have had sitting around the table for the past seven years.

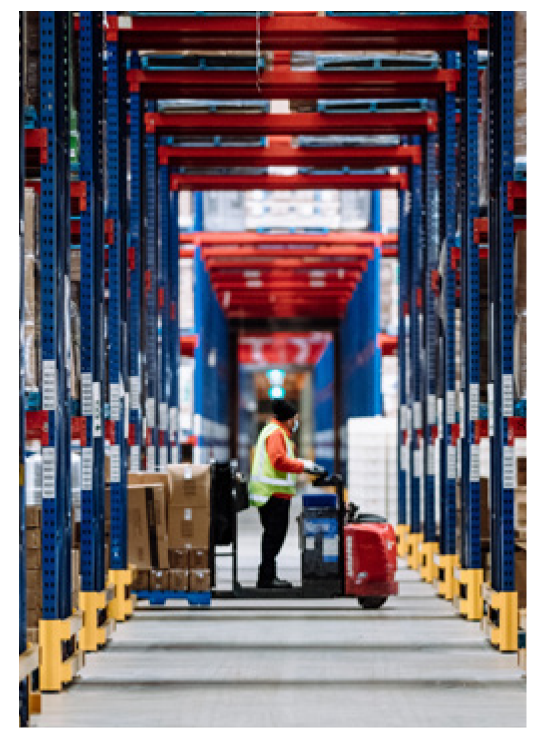
Our team

I'd like to commend all our 12,000 team members across The Warehouse Group for another incredible year in responding and serving our customers well through a very demanding period.

We have worked hard to ensure The Warehouse Group is an employer of choice for top talent and we are very proud to continue to provide benefits to our team members that make it a world-class place to work.

This year, we expanded our Parental Leave policy to offer all permanent team members 26 weeks full pay, topping up the Government's paid parental leave payments to 100% of a team member's salary or wage. These changes are in addition to our existing parental leave benefits, which include ongoing employer KiwiSaver contributions and accumulation of annual leave at its full value during the parental leave period; the ability to take one day off each week for the first four weeks while continuing to be paid as normal; and the ability for partners to take up to five days of paid leave within 21 days either before or after the new addition joins the family.

As the cost of living has increased, we have looked for further opportunities to provide our team with easy access to the essentials they need at more



affordable prices. We increased our team member discount on grocery items and pantry essentials at The Warehouse stores and continued to expand our partnerships with other businesses to provide our team with discounted products and services, including health insurance, gym memberships, optometrist care and mobile broadband.

Gender equity remains a core focus for us, and I'm pleased to report that we have continued to maintain 100% gender pay equity at Group level, with female leaders holding 46.6% of senior leadership roles and at Board level we have a 50/50 gender split.

Sustainable and Affordable

Our customers increasingly expect that businesses with which they interact have a transparent and measurable commitment to sustainability. The Warehouse Group aspires to be New Zealand's most sustainable retailer and our new vision cements this ambition. As I mentioned earlier, across the Group we are committed "to make sustainable living easy and affordable for everyone". Our efforts continue in ethical sourcing, reducing packaging and plastics and prioritising sustainable products and materials. Our brands now offer over 35,600 private label products with sustainable attributes – up from 11,500 a year ago.

Circular solutions for our customers will be a key part of this commitment, whereby we design and promote products that can be reused, repaired and remanufactured. The Torpedo7 woollen composite kayak, The Warehouse toy recycling programme as part of our Mega Toy Month in July, as well as our ongoing e-waste recycling programme in Noel Leeming and Warehouse Stationery, are examples that not only provide a customer solution but also deliver a better sustainable outcome. New Zealand can expect to see more activity like this from us as we adapt our business to become more and more sustainable but maintain the great value and affordability that we are renowned for.

As prefaced in my introduction we have updated our targets against a 2040 deadline with the aim of zero emissions in our operations by 2040 and requiring no carbon offsets. Our targets are ambitious, and for some aspects we are reliant on technological solutions that currently do not exist, like a hydrogen fuelled shipping fleet. Irrespective, we are determined to continue to change the shape of our business to achieve our goals and we look forward to sharing our progress.

Dividend

The Group 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.

This dividend policy provides the Group with flexibility to maintain a stable capital structure, allowing for capital expenditure to invest for future growth, and progressive and sustainable dividends.

In accordance with this policy the Board declared a fully imputed FY22 interim dividend of 10.0 cents per ordinary share which was paid on 26 April 2022. The Board is pleased to announce a fully imputed final dividend of 10.0 cents per share. The record date for the dividend will be 17 November 2022 and will be paid on 2 December 2022.

Outlook

We are cautious as we approach Q2 and one of our busiest times of year. Cost of living conditions continue to be challenging and we expect to see New Zealanders continue to seek out great value products across our brands. Given the ongoing inconsistency in container freight arriving into New Zealand, we have taken action to ensure we have good levels of summer stock available across all our brands.

While August has been one of the quietest retail trading months historically, we have made a positive start to the new financial year, trading ahead of initial forecasts. Looking ahead and as in previous years, any earnings outlook for FY23 will be dependent on the critical second quarter peak trading period.

To conclude, the values that Sir Stephen Tindall established when he set up The Warehouse 40 years ago have held us in good stead through yet another demanding year.

I would like to thank our customers across all our five brands – The Warehouse, Warehouse Stationery, Noel Leeming, Torpedo7 and TheMarket.com for continuing to choose us.

I would also pay tribute on behalf of the Board to our CEO Nick Grayston and the outstanding executive leadership team he has working alongside him. The Board and executive working dynamic has moved forward again this year and I know I speak for all my fellow directors when I say it is a privilege to work alongside Nick and the leadership squad in achieving the Group's objectives.

The purpose and strength of any business has truly been tested over the last two years and I'm very proud that the spirit of The Warehouse Group and our strong and focused team have continued to deliver for New Zealanders.

Ngā mihi nui

Joan Withers – Chair

NICK GRAYSTON

CEO'S REPORT

I am very pleased to report on a strong financial year, despite the challenges that COVID-19 continues to bring. Our robust foundations, the strength of The Warehouse Group brands, our dedicated team members and our strong customer centricity have ensured the continued momentum throughout the challenges of FY22.

The first half of the year was one of the most disrupted periods since the start of the COVID–19 pandemic, resulting in our stores moving in and out of trading restrictions in different parts of the country at different times. This contributed to a particularly challenging operating environment.

Our customers pivoted to our online and Click & Collect channels across all our brands and our team stepped up to ensure we were supporting New Zealand families to get the things they needed and wanted.

Our 12,000 team members have rallied together with unrivalled customer focus and continued to innovate and deliver. Their adaptability and resilience within our agile framework enabled The Warehouse Group to respond to the ever-increasing pace of change.

Financial performance

While FY21 was a record year in many respects, it is recognised now that the strong bounce back following the first New Zealand lockdown was an anomaly and that this was going to be a tough act to follow given the challenges and headwinds experienced in FY22. Despite this, we are extremely pleased with the result.

While the first half was the most challenging with sales decline of 4.3% year on year, the second half saw disruptions ease, supply chains and networks become easier to navigate and our customers return to stores following long periods of store closures due to lockdowns. The second half saw a stem in the decline of sales resulting in full year sales of $3.3 billion, down 3.5% compared to FY21.

Our focus on gross margin, improved shipping and freight logistics and improved mix of product sales also saw gross profit improve from the first half, to

$1.2 billion for the full year. While this was down 6.2% on FY21, it was a significant improvement from the first half which saw gross profit decline 8.5% compared to the FY21 first half due to increased shipping costs, product mix and clearance activity required to clear unsold stock following COVID–19 lockdowns.

Agile has unleashed our potential

As the first major retailer to embrace whole company agile ways of working, we are executing at pace and are starting to experience the return on our investment with transformational productivity. We have adapted to a whole new way of working, and the change in our operations has started to unlock our true potential. We continue to innovate in order to unleash the power of our team to work with "freedom within framework", which is critical both to customer centricity and the speed required to prosper in the Second Digital Age. To our team, thank you for owning it, thinking about our customers, and doing good - you are making a difference.

Our team's focus and capability have shifted from merely buying and selling inventory to solving problems for our customers and consumer-driven commerce. Our team engagement and satisfaction at work has never been higher, with our employee NPS scores increasing across the Group's agile brands (The Warehouse, Warehouse Stationery and Noel Leeming) up 1.4 points to 73.9.

Our commitment to value and community support

As New Zealanders' cost of living continues to increase in 2022, we are seeing a growing number of new customers seeking out our brands for affordability and value.

Our customers' hunt for value became particularly apparent with 80,000 new sign-ups to MarketClub during the week our $4 Tararua butter was announced. Now more than ever, we are committed to offering Kiwi families the best value on what we view as key essentials, and we've worked hard to protect value across quality clothing and key food items.

Grocery has been an important strategic focus this financial year and we've seen market share growth as well as a shift to being our customers' first choice for their pantry essentials. We've led the market with our breakfast basket over the last six months and our customers are asking for more.

Looking ahead, you can expect to see us expand our grocery aisles in our existing stores. We will expand our value range and are working hard with New Zealand and international suppliers to bring our customers the things they need most at reliable everyday low prices.

The value and support we provide to the communities we operate in has also been important. We've had many notable activities like our 'Be the Joy' campaign at Christmas to support families whose children may not otherwise receive presents, and our Healthy Homes and Heater Swap in July where our programme exchanged customers' gas heaters with energy efficient radiator heaters to help keep Kiwi homes warm and dry.

Overall, we've raised $3.7 million to New Zealand charities this year - $79 million since 1982 – and helping 'do good' remains a key value for us and is an intrinsic part of how we operate.

The power of an ecosystem

We are witnessing consumer trends shift rapidly in a post-COVID–19 restrictions world.

We have built our Group to be resilient to change as we purchase inventory guided by data and insights, keeping us ahead of demand as we continue to grow our integrated retail ecosystem of brands, products and services. While 2020 and 2021 were about customers purchasing items to enable working and learning from home as well as active wear, 2022 has seen a change in customer need with travel demand returning at the expense of goods and services, with items like suitcases back in demand as we continue to move past COVID–19 related restrictions.

We retain our focus on building a world-class ecosystem powered by first-party data, learning more about consumer behaviour and actioning it across our different brands and platforms, building infrastructure that serves our customers seamlessly across the digital and physical worlds.

The Warehouse and Noel Leeming apps are already among the most downloaded and highly rated apps in New Zealand, and we anticipate a convergence of our brands and their apps and online channels into a single point of reference for the ease and convenience of our customers, leveraging the power of our Group and beyond.

We were thrilled to launch MarketClub – our Group wide membership programme – in October 2021, initially into The Warehouse and on TheMarket.com. In less than a year, MarketClub has rapidly grown to nearly 600,000 active members, who enjoy incredible offers and value. MarketClub will continue its expansion across the Group in FY23 as we launch new features and brands.

We have never been more confident in our strategy and how we are tracking against it. We are investing in systems and infrastructure to deliver growth, we are building a Group-wide membership programme to reward our customers every step of the way; we are investing in retail media further to unlock the value of our ever-deeper customer relationships; and we are excited about growing our grocery offering. We are doing all this in a measured and sustainable way – to reduce emissions in our own organisation and beyond and to make sustainable living easy and affordable for everyone.

As we move ahead with our strategy to provide personalised, integrated, rewarding and frictionless shopping experiences, we will be able to recognise the lifetime value of a customer and provide additional value and benefits on a differential basis.

Beyond retail

We are excited to be launching our unified retail media network, MarketMedia. Our retail media platforms will enable us better to connect our customers and suppliers across one of the largest online and in-store audiences in New Zealand.

For our customers, this means we can offer them shopping experiences with more deals and relevant recommendations that are right for them.

For our suppliers, this means we can give them powerful ways to grow their businesses by partnering with New Zealand's largest integrated retail group. MarketMedia will allow advertisers to reach and connect with millions of consumers based on real-time purchasing behaviour and intent signals, providing a holistic view of customer behaviour, measurable results, and closed-loop performance insights linked all the way through to transactions.

Internationally the likes of Amazon, Walmart, Woolworths, and Best Buy are successfully harnessing the power of their first-party data through retail media networks. We are optimistic about the future growth opportunities that our new retail media network will bring to the Group.

Take a stand or take a seat

The Warehouse Group has always been an organisation that challenges the status quo to deliver the things that Kiwis need and be here for good. Our planet is in crisis, and tackling climate change takes all of us. Our team and I are passionate about being a proactive part of the solution, and we are challenging how we can move faster and do better.

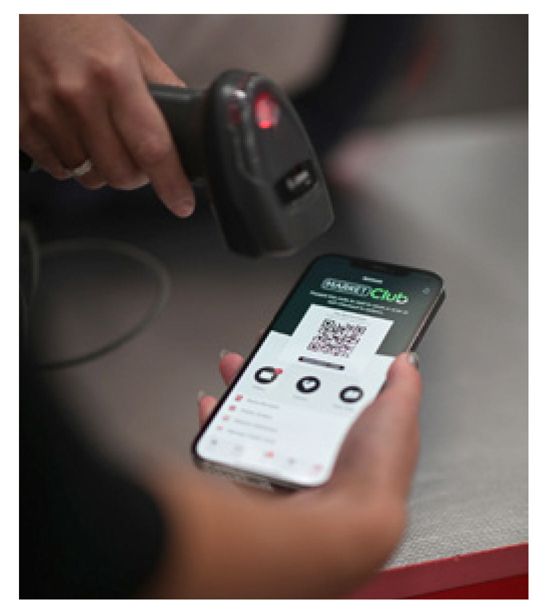
This will be a significant multi-decade transformation to make sustainable living easy and affordable for everyone, and to achieve zero emissions in our operations by 2040. It's a big, bold ambition with many unknowns, but if not us, then who? And if not now, then when?

Our foundations are strong and we've been investing in and building our portfolio of sustainable products, reducing waste for ourselves and our customers through robust recycling programmes and packaging reduction, and implementing various initiatives across the Group to reduce our own emissions to zero by 2040. In addition, we recognise that the lion's share of our emissions are created with our suppliers in the process of manufacture of the goods we sell and are working with them to report, reduce and mitigate Scope 3.

All organisations will need to take a stand or take a seat in their approach to sustainability. We'll be taking a stand.

Ngā mihi nui

Nick Grayston – CEO



OUR PURPOSE, VISION, VALUES, AND CUSTOMER EXPERIENCES ARE ALIGNED

Every day, we're living our purpose by transforming our business to exceed our customers' expectations and to have a positive impact on our communities. Our vision guides our aspiration, while our values guide our behaviours and rituals.

We're focusing on the strategic customer experiences to achieve our objectives and to deliver on our long-term strategy and growth.

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

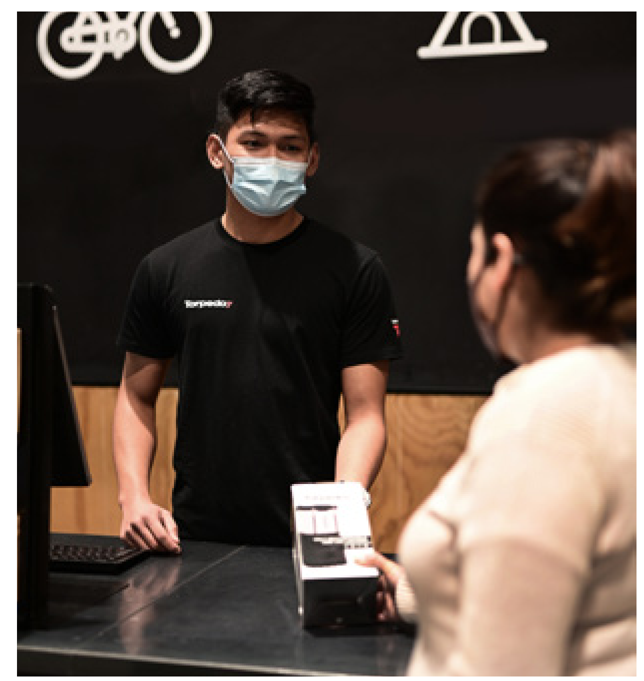
We put the customer first in everything we do.

OWN IT
Kia haepapa

We walk the talk and make things happen.

OUR STRATEGIC CUSTOMER EXPERIENCE

1. Helping customers to find what they're looking for, at prices that are great, every time — **Range & Value**
2. Helping customers to enjoy fast, easy, and reliable ways to get what they need — **Availability & Fulfilment**
3. Helping customers to have access to affordable solutions that help them live sustainably — **Sustainable & Affordable**
4. Helping customers to feel recognised and rewarded — **Loyalty & Payments**
5. Helping customers get easy and high-quality customer service every time — **Customer Service**



OUR
ECOSYSTEM

We're continuing to build and deliver a modern, integrated retail offering - powered by a customer-centric ecosystem that enables easy and frictionless shopping experiences to create greater customer value over time.

Our unique combination of local assets, global partnerships and strong financial position means we can scale our business further by investing in the right capabilities to serve our customers more holistically.

We now have strong ecosystem foundations in place with an established physical footprint and market-leading digital assets. We launched our unified membership programme, MarketClub, starting with a rollout across TheMarket.com and The Warehouse, acquiring nearly 600,000 active members by the end of FY22. We are busy expanding our membership base and capability within this programme, and have plans to roll this out to the entire Group.

With our strategic investment in Zoom Health, the operator of Zoom Pharmacy, we believe we can make a real difference to our customers' welfare through a shared vision to offer convenient and affordable access to healthcare to all Kiwis.

Our efforts and innovations have already delivered significant integrated retail capabilities across our stores, services, supply chain, and our mobile apps and online sites. We continue to invest in being sustainable and affordable in everything we do, and this vision underpins our ecosystem at every stage.

Further improvements will make customer shopping journeys with our family of brands faster, easier and more personalised through unified data, platforms and people – while remaining focused on the fundamentals of delivering exceptional value and new assortments with better customer fulfilment and payment options in store and online.

OUR STORES

ONLINE STORES
- ✓ The Warehouse
- ✓ Warehouse Stationery
- ✓ Noel Leeming
- ✓ TheMarket.com

APPS
- ✓ The Warehouse
- ✓ Noel Leeming
- ✓ TheMarket.com

PHYSICAL STORES

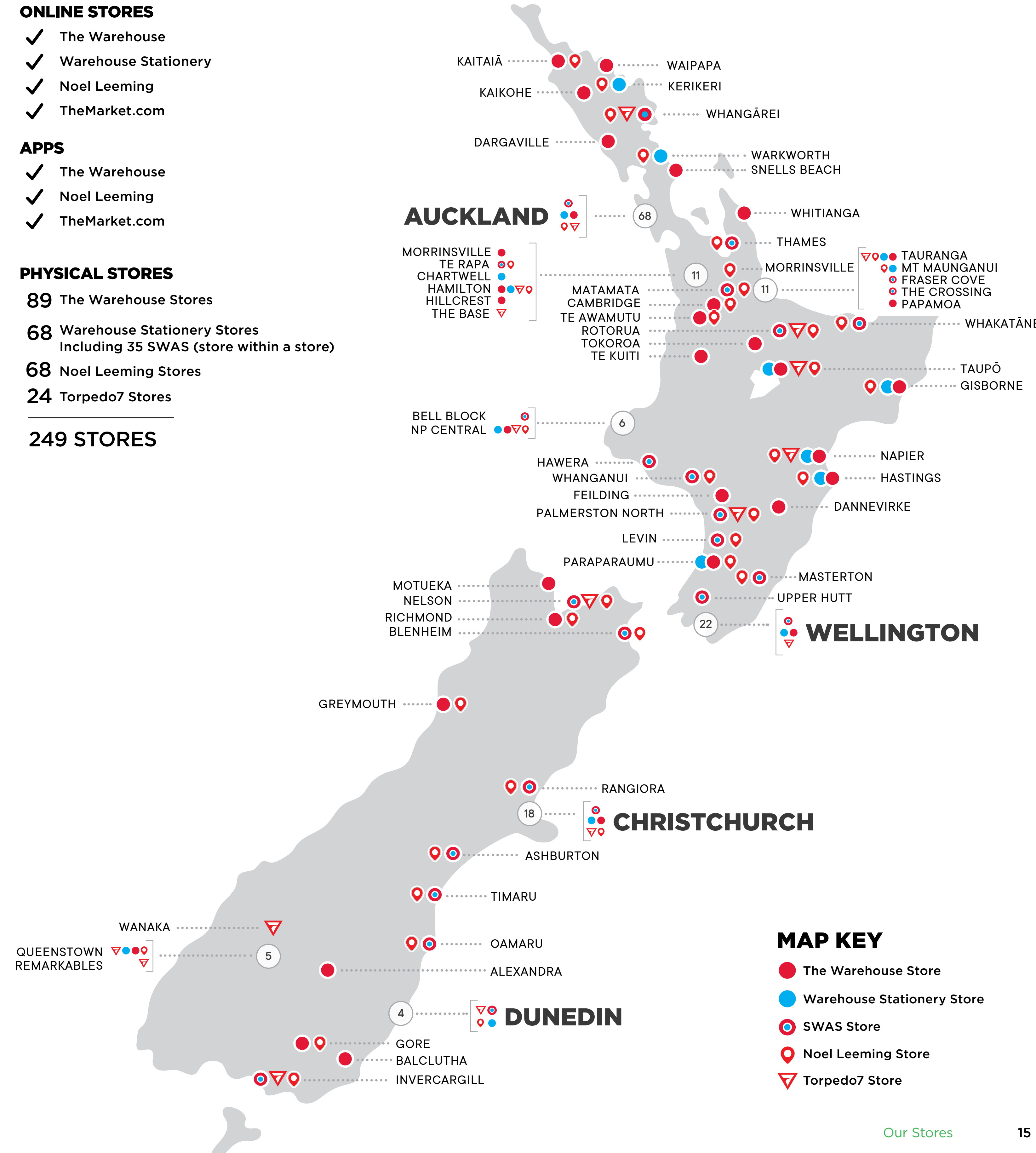
89 The Warehouse Stores

68 Warehouse Stationery Stores
Including 35 SWAS (store within a store)

68 Noel Leeming Stores

24 Torpedo7 Stores

249 STORES



OUR BRANDS | THE WAREHOUSE

WHERE EVERYONE GETS A BARGAIN

The Warehouse is New Zealand's largest general merchandise retailer celebrating 40 years as a presence in communities across the country.

Over the last year we've proved the benefit of having a highly engaged and passionate team. Our team's resilience and ability to adapt to changing trading conditions saw 56 of our The Warehouse stores open as fulfilment centres overnight when the country went into lockdown and stores were not able to open.

In FY22, The Warehouse sales decreased 4.3% to $1.7 billion, with online sales increasing 60.5% to make up 10.5% of sales and Click & Collect fulfilment making up 45.9% of The Warehouse online sales. Operating profit was $75.7 million, down 57.0% due to increased costs including advertising and promotion, and the cloud computing accounting adjustment impacting The Warehouse operating profit by $12.0 million (before tax).

Our focus remains to provide the best value for our customers, and we continue to take steps to offer the best prices we can. Value isn't just about low prices – by providing quality products across all of our categories, our customers can feel confident that the range of options we provide will offer better value for their money.

A key highlight in FY22 is the expansion of our grocery offering and we have been able to offer some of the lowest prices available in New Zealand on key grocery and household items. We've had great feedback from customers who hadn't visited our pantry aisles before and are discovering that in addition to butter, milk, bread and flour, we also range things like breakfast cereals, pasta, rice, canned items, nuts and snacks – almost everything families need to get them through the week.

Our Project Redline has seen ticketing and store signage updated and a new store look and feel starting to roll out across the network. We've also begun rolling out a new Green Gardening experience across 72 stores, improving and updating our offering for this category.

We're committed to making it easier for our customers to make affordable and sustainable choices and this year our customers have purchased over $213 million worth of private label products with at least one sustainable attribute. We continue to make packaging improvements to a number of our products, including removing unnecessary packaging and plastic, and replacing it with more sustainable options, such as our duvet sets which come packaged in a reusable casing made from the same material. Our 100% recycled polyester puffer jacket and vest range is made with recycled polyester equivalent to around 20 plastic bottles.

We continue to offer a range of circularity options available for our customers in store. The soft plastics recycling programme has been expanded to 38 stores, and in the last year 63.5 tonnes of soft plastics have been collected and recycled, the equivalent of 10.6 million pieces of plastic.

This year, The Warehouse teamed up with The Salvation Army, Healthy Homes providers and Habitat for Humanity to launch a first of its kind 'Healthy Heater Swap'. Throughout winter we called on Kiwis to trade in their un-flued LPG gas heaters for a healthier, electric option for free, at 30 The Warehouse stores. The returned gas heaters were then recycled through our charity partner All Heart New Zealand. More than 1,400 heaters were swapped out for a more energy-efficient and healthier alternative, and 2,000 heaters were donated to our community partners to reach those communities most in need, helping Kiwi families to have a warmer and healthier home.

Supporting the community continues to be a key focus for The Warehouse, and this year we've raised $1.4 million through the sale of our red bags at checkouts to support groups and initiatives in our communities, as well as our national charity partners - The Salvation Army, Variety - the Children's Charity, The Period Place, Women's Refuge, Sustainable Coastlines, Hillary Outdoors, Parenting Place, Life Education Trust, Youthline and Whānau Āwhina Plunket.

OUR BRANDS | WAREHOUSE STATIONERY

DO YOUR BEST WORK

Warehouse Stationery caters to all New Zealanders with a range of office and school supplies, educational resources, furniture, and craft items for creative projects, as well as personalised printing and copy services.

Warehouse Stationery is also a leading supplier for small businesses in New Zealand, and has this year been included as a panel member in the All of Government Procurement for Office Supplies.

In FY22, operating profit was $23.1 million, with sales of $249.7 million of which 13.7% were made online through at-home delivery and Click & Collect. Click & Collect grew to 25.6% of online sales, and to meet this demand we increased our Click & Collect availability across the store network.

Throughout the year the roll-out of our store-within-a-store (SWAS) format continued, which has seen Warehouse Stationery stores incorporated within The Warehouse stores. Ten stores were converted to this format in FY22, bringing the total number of SWAS concepts to 35. Our customers enjoy the greater convenience of being able to access both brands and a wider product range under one roof.

Our print and copy centres continue to experience increased demand. Lamination services were popular for COVID-19 vaccination certificates, and as borders reopened our passport photo service was a convenient option for Kiwis. Specialist craft and education resources were also standout categories, benefiting from New Zealanders educating and entertaining themselves at home. Our Services solution continued to grow, and has increased 100% on FY21, with customers taking advantage of our furniture assembly services after returning to the office following periods of lockdown.

We continued to expand our private label range which includes the use of kupu Māori across our calculators, school adhesives and books, book coverings and labels, highlighters, pens and pencils, as well as our coloured pencils, felts and crayons. We're working on having all of our Warehouse Stationery private label products feature kupu Māori to help encourage Kiwis to feel more confident using the language in their everyday lives. We're proud of our range of products made from sustainably sourced and recycled materials, including our range of exercise books made from 100% recycled paper, and our 'I used to be a bottle' range of stationery options.

Following a successful pilot in some of our Noel Leeming stores, Warehouse Stationery, in partnership with TechCollect NZ, is also now offering free e-waste collection at six stores nationwide, with the aim to collect end-of-life electronics for recycling to reduce the impact to landfill.

This year marked the 13th year of our annual back-to-school appeal with The Salvation Army to support families struggling with back-to-school costs. Customers were invited to add a donation at the checkout of our Warehouse Stationery stores, which we matched dollar for dollar to provide $44,000 of essential school supplies to families in need.

OUR BRANDS | NOEL LEEMING

THE AUTHORITY ON APPLIANCES, TECHNOLOGY AND SERVICES

Noel Leeming is New Zealand's number one consumer electronics retailer, helping Kiwis enrich their lives through technology. We pride ourselves on offering Kiwis global and home brands, together with innovative, world-class service.

Highlights for the year include an operating profit of $53.9 million, sales of $1,096.7 million and a lift in employee and customer satisfaction ratings. These successes reflect a dedication to sticking to delivering exceptional customer service through our high-performing, passionate experts and end-to-end services solutions.

Our one-hour Click & Collect service has been expanded and is now available at every store across the country and is a significant point of difference for our customers, with dedicated Click & Collect bays at most stores making pick-up quick and easy.

Our Noel Leeming services offering continues to grow with key customer experience capabilities being unlocked including the ability to book our Tech Solutions services online, the introduction of a tiered capability framework for team member development and a full team redesign, setting up the services business for further growth in the years ahead.

Our Noel Leeming Tech Solutions team is a key point of difference for our customers. Tech Solutions has a national footprint and and our specialist team is dedicated to providing tech expertise in store, at your home, your business or over the phone. Our team of Tech Solutions Specialists can deliver personal assistance on our full product range.

This year we launched our SmartHome services solution, where our team of experts offer in-home visits to provide our customers a tailored smart home solution. This includes recommending products, and installation on items such as smart door-locking and security systems, lighting, Wi-Fi enabled heat pumps, and products to control the functionality of a customer's home.

In partnership with TechCollect NZ, Noel Leeming offers free e-waste collection and recycling at 16 stores nationwide with the aim to divert significant amounts of e-waste from landfills. Since this programme was introduced last year, 83 tonnes of e-waste has been collected.

Innovating for our customers is a key reason why Noel Leeming is New Zealand's number one consumer electronics retailer.

The Noel Leeming sales app provides us with a point of difference in the retail environment in New Zealand – helping customers on the shop floor, improving the overall customer experience, showing our authority in demonstrating technology and increasing our sales conversion.

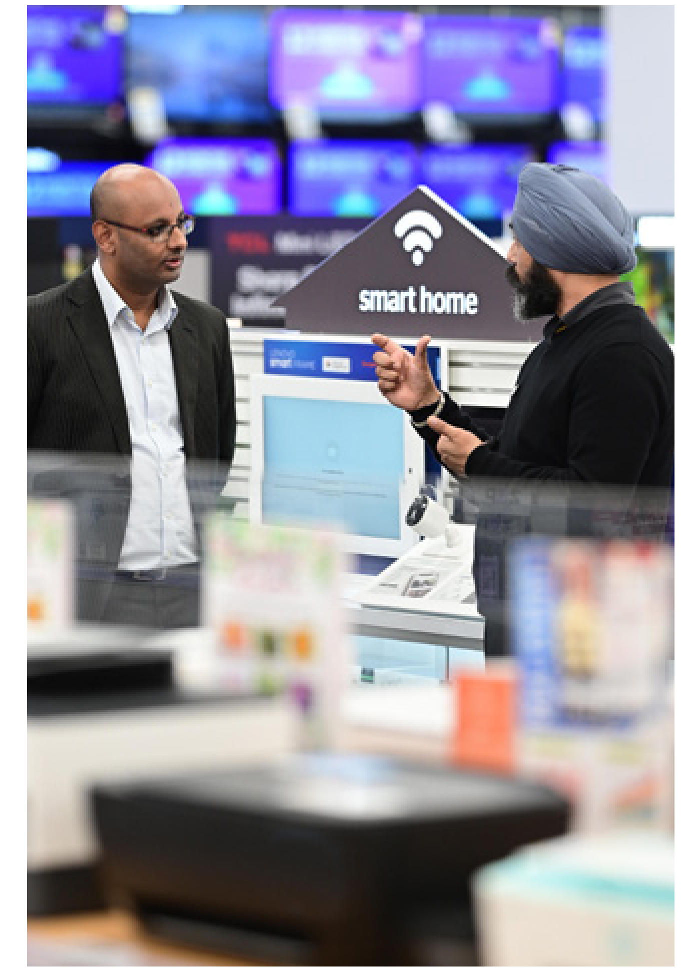
The Warehouse Group Business

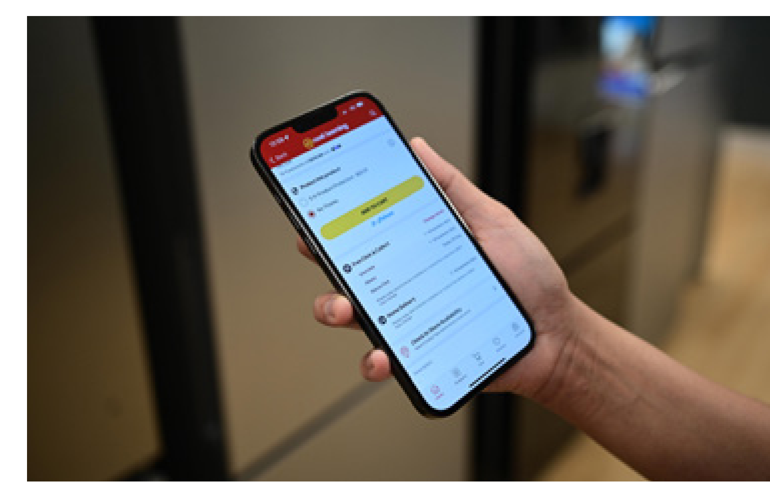
The Warehouse Group Business (TWGB) continues to work closely with Kiwi businesses to source and set up the products they need. Our dedicated team across New Zealand can access quality retail and commercial grade products including appliances, technology, stationery, work clothing, furniture, homewares, consumables, outdoor supplies and more. We also provide an end to end service and specialist support to help with large-scale delivery, installation, rubbish removal, e-waste circularity and recycling.

Highlights for the year include $404 million Group commercial sales, re-inclusion on the panel for the All of Government Office Supplies contract, alongside the appointment to the panel for the All of Government IT contract which gives TWGB endorsement to sell to approximately 2,700 government agencies, including schools.

TWGB partnered with the Ministry of Education to support the Lunches in Schools programme including the supply of whiteware and appliances for over 200 participating schools, as well as supply of over 3,000 bring your own device (BYOD) learning devices to students needing to learn from home during lockdowns.

This year, TWGB partnered with the Auckland City Mission for the building fit-out of HomeGround/Te Tāpui Atawhai, a new housing and social services facility for Auckland's homeless and most vulnerable. This included supplying products from across the wider group such as whiteware and appliances as well as all necessary homewares and textiles from The Warehouse, for 80 apartments, all with full-service delivery, installation and packaging waste disposal.





OUR BRANDS | TORPEDO7

SEE YOU OUT THERE

Torpedo7 is the ultimate all-rounder store for outdoor adventures in New Zealand. Regardless of your passion or level of intensity, Torpedo7 is sure to have something to suit.

From a wide range of bikes for roads and trails, from boards and skis to rip up the mountains in winter to SUPs and water gear to make a splash in summer; clothing selections for men, women and children, tents to fit a family and camping equipment for the solo tramper or casual glamper – Torpedo7 has everything you need to get outdoors.

Torpedo7 continues to make good progress year on year, with increased store footprint driving sales growth of 8.0% from $158.7 million to $171.5 million in FY22. Torpedo7 online sales grew 31.0% making up 35.0% of Torpedo7 sales.

Our network of stores continues to expand across the country, with new stores opening in Whangārei, Petone and Invercargill bringing our total store count to 24. These large format stores take inspiration from various outdoor locations across the region. We're continuing the large format store roll-out, with new sites having been identified and new stores planned to open next year.

We continued to streamline our online fulfilment capabilities after moving to our dedicated fulfilment centre. We have increased the mix of our private label to around 35% of Torpedo7 apparel.

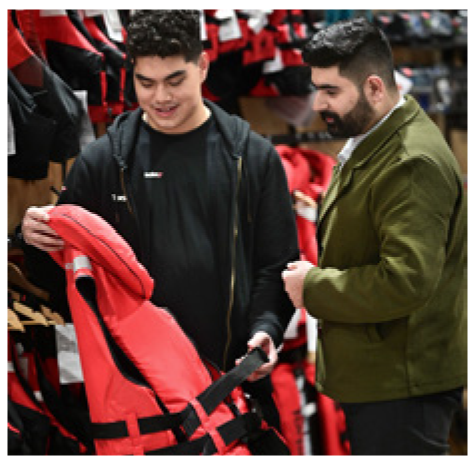
Proudly on a sustainability journey, we now have 50% of our Torpedo7 branded apparel manufactured with recycled fibres, and we're looking into opportunities for our range of hard goods.

Taking a new and innovative direction in the quest for sustainable water-sports equipment, Torpedo7 and New Zealand engineering company Shear Edge have collaborated to produce a world first – a kayak made with wool. The Torpedo7 Kakapo Woollen Single Kayak SE, named after the Kākāpō bird, which is celebrated for its uniqueness, has been designed with natural fibre composite, comprising of 35% strong wool fibres embedded within high-density polyethylene. The natural fibres used in the kayak replace 2 kilograms of plastic – the equivalent of 400 plastic bags. Shear Edge and Torpedo7 also offer a circular take-back system, where at the end of the Kakapo kayak's life cycle, it can be returned to the store and recycled into a new wool composite product.

Torpedo7 Club continues to drive engagement for our customers with exclusive club offers and this year we've introduced Club days, helping drive acquisition and pushing the Torpedo7 Club member base to one million members.

Torpedo7 proudly supports Cycling New Zealand as the naming sponsor of the UCI Mountain Bike World Championship team. With Torpedo7's passion for the outdoors and our local environment, we also provide support through our partnership with Hillary Outdoors Education Trust, committing $100,000 per year for the next three years.

Our team members are keen outdoor enthusiasts and avid users of the products we sell, ensuring they are well positioned to give our customers the best and right advice on gear for whatever outdoor activity or adventure our customers are participating in.



OUR BRANDS | THEMARKET.COM

GET IT ALL DONE

With more than 4.2 million products from more than 6,500 of the world's most desirable local and international brands, TheMarket.com is quickly becoming one of New Zealand's favourite places to shop online.

TheMarket.com continued on its growth trajectory in FY22 with customer spend up 14% compared to FY21 and delivered $110 million Gross Merchandise Value.

TheMarket.com now has more than 390,000 active customers who engaged in more than 39 million online sessions across the year, with 20% of New Zealand online shoppers purchasing from TheMarket.com this year. Customer shopping frequency continues to increase, illustrating the benefit of the extensive range of brands and products available.

Over the last 12 months, TheMarket.com has continued to grow the range by 76% while transforming the platform to meet a singular customer proposition – to deliver more value, convenience and enabling discovery for customers.

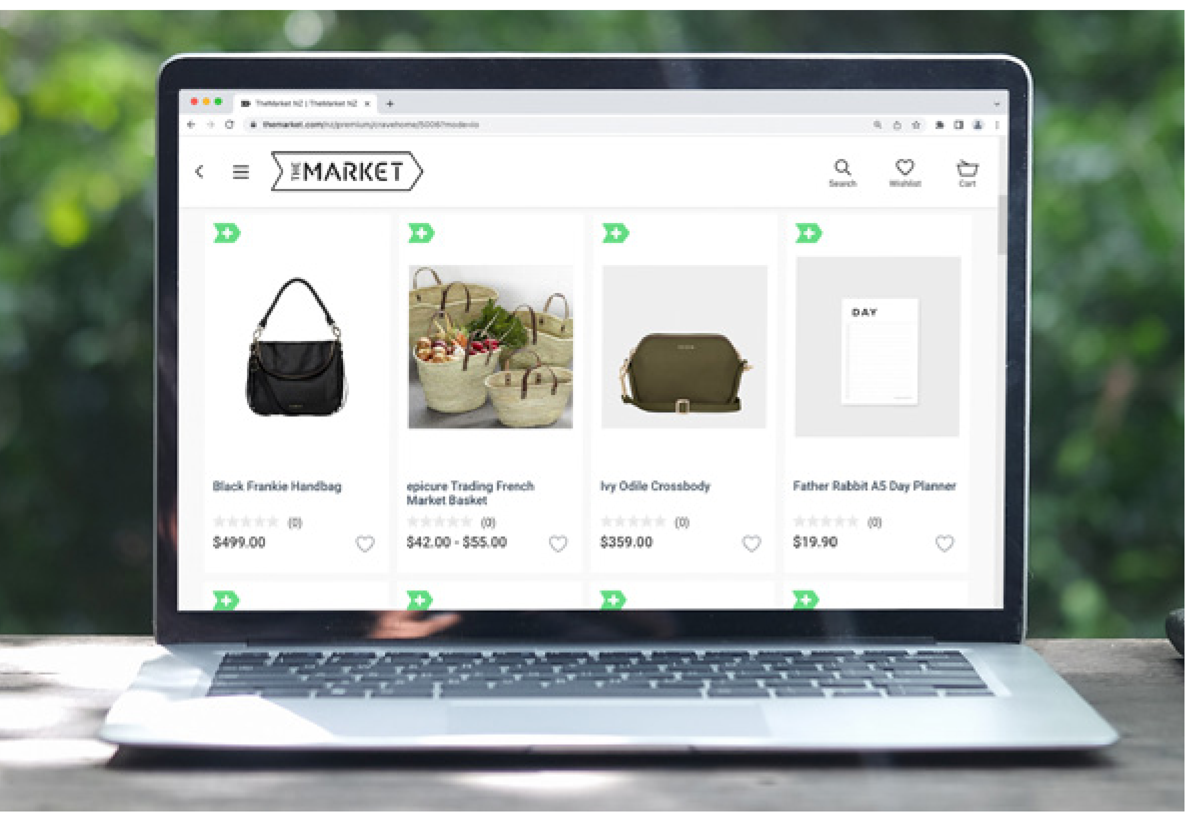
A key moment in FY22 was the folding of the 1-day.co.nz business into TheMarket.com, providing a unified customer experience. Including 1-day.co.nz into the platform has expanded market share to cater to value-driven shoppers. This remains a key move in a consolidating market and with affordability being top of mind for customers.

At the end of FY22, phase one of MarketIQ was launched which increases search efficiencies for customers through an optimised onsite search engine that delivers more relevant and personalised shopping recommendations.

MarketClub membership on TheMarket.com offers customers exclusive deals and is free to join. TheMarket.com also offers the option of MarketClub+ which is a subscription service offering free shipping on eligible items from TheMarket.com stores and other benefits.

Throughout the year an additional 20 MarketPoint locations, where our customers can collect their orders for convenience, were added to the network.

TheMarket.com is well positioned for future growth and is a core component of the Group's ecosystem.



MARKETCLUB

We launched MarketClub in both The Warehouse and TheMarket.com in October 2021, giving our customers a new kind of membership programme.

MarketClub at The Warehouse

MarketClub membership for The Warehouse customers is free to join and customers are able to use MarketClub within The Warehouse app, in the online store and by scanning a QR code at checkout in The Warehouse stores.

MarketClub at The Warehouse had almost 600,000 active members at year end. The Warehouse customers have saved more than $7 million to date, through accessing MarketClub member discounts such as the $4 500 gram Tararua Salted Butter, 25% off Market Kitchen groceries and the special MarketClub member offer of 50% off confectionery at Easter.

Supporting New Zealand communities has always been at the heart of our business and something our customers really value. Since The Warehouse began, more than $79 million has been raised for Kiwi charities and community groups and this is core to our MarketClub programme.

Every time a customer shops with The Warehouse through MarketClub, we automatically donate a portion of the sale to their chosen charity. Customers can choose from a range of causes to support from our charity partners including Sustainable Coastlines, Life Education Trust, Variety – the Children's Charity and Whānau Āwhina Plunket, as well as our seasonal causes such as the annual Christmas giving campaign, Be the Joy.

Through MarketClub at The Warehouse we have donated more than $517,000 to Kiwi charities since we launched in October last year.

MarketClub and MarketClub+ at TheMarket.com

MarketClub membership on TheMarket.com also offers customers exclusive deals and is free to join. Alongside this, TheMarket.com also offers members the option of MarketClub+ which is a subscription service offering free shipping on eligible items from TheMarket.com stores, VIP access to exclusive offers and promotions and priority customer service and eligibility for benefits and deals through exclusive partners. TheMarket.com customers have saved $449,000 through exclusive member only MarketClub deals in FY22.

MarketClub is an exciting step in our Group ecosystem, designed to make it easy for our customers to shop with us in ways that suit and are meaningful to them.

SUPPORTING OUR COMMUNITIES

Together with our customers and charity partners we're helping to make good things happen for communities across New Zealand.

Guided by our purpose to help Kiwis live better every day, we're proud to have supported Kiwi communities since we first opened our doors in 1982. Our programme focuses on the areas where we can make a tangible difference for our communities, such as tackling family violence, ensuring young people have access to period products, helping families live in warm dry homes and ensuring children in need have essential school supplies to help them succeed in the classroom.

This year, together with our customers and suppliers we raised more than $3.7 million for New Zealand charities and community groups, bringing the total raised to date to more than $79 million across the Group.

At a national level our key charity partners include Sustainable Coastlines, Youthline, Women's Refuge, Variety – the Children's Charity, The Salvation Army, Parenting Place, Whānau Āwhina Plunket, The Period Place, Hillary Outdoors and Life Education Trust. Our stores also play an important role in our community giveback programme, supporting a range of initiatives in their local communities through the proceeds from our $1 reusable bags.

MarketClub

In October 2021 we launched MarketClub, our new membership programme which enables Kiwis to support causes important to them every time they shop with us. For every customer purchase made through MarketClub, The Warehouse Group makes a donation to their chosen charity organisation.

Alongside our MarketClub members, we were able to donate more than $517,000 to Kiwi communities this year to support a range of initiatives, such as removing 50,025 litres of litter from Kiwi coastlines and planting 2,859 native trees alongside our waterways. MarketClub is an exciting evolution in our community giving programme and another way we're proud to be able to support the causes important to Kiwis.

Toys for Good

During our Mega Toy Month for every toy sold we donated a portion of funds to The Salvation Army, Aspire programme. Total funds raised were $150,000 which will go towards supporting at-risk teens.

Back to School appeal

This year marked the 13th year of our annual back-to –school appeal with The Salvation Army to support families struggling with back-to-school costs. Customers were invited to add a donation at the checkout of our Warehouse Stationery stores, which we matched dollar for dollar to provide $44,000 of essential school supplies to families in need.

Access to period products

In partnership with The Period Place, we're helping to eliminate period poverty in Aotearoa. There is a network of period product collection boxes in 26 The Warehouse stores nationwide, with the donated products going to local organisations in need. We're also continuing to make period products accessible and affordable through our range of $1 pads with one for every 10 sold donated to those most in need. More than 48,000 period products were donated through the initiative this year, bringing our total donations to date to more than 180,000 period products. We also continue to provide free period products for our 12,000 team members across our stores, support offices and distribution centres.

Tonga Tsunami Appeal, supporting Red Cross

Earlier this year our Pacific neighbours in Tonga faced a devastating volcanic eruption and tsunami. As a member of the Red Cross Disaster Response Alliance we began raising emergency funds in The Warehouse and Torpedo7 to support The Pacific Tsunami Appeal. Together with our customers we were able to provide $157,160 to support efforts on the ground, including administering first aid and distributing relief supplies in Tonga and the surrounding islands of Mango and Fonoifua.

Be the Joy

This Christmas we partnered again with Women's Refuge and Variety – the Children's Charity on our Be the Joy campaign, to provide gifts to more than 17,000 Kiwi kids who may otherwise go without. Customers were able to purchase a $10 swing tag at checkout, which the Group then turned into a $25 gift for a child in need. The Warehouse stores nationwide also collected new, unwrapped gifts for their local Women's Refuge and Auckland City Mission at selected Auckland stores.

TWG Gateway Programme

TWG is proud to offer Year 12 and 13 school students work experience and the opportunity to achieve unit standard credits through the Gateway programme.

Red Shirts in Schools in The Warehouse, Blue Shirts in Schools in Warehouse Stationery and Discovering Passionate Experts in Noel Leeming reached 1782 student enrolments in FY22 – an excellent participation rate given the continued COVID-19 disruptions throughout the year. The programmes, in partnership with ServiceIQ, are an opportunity for students to get hands-on experience in the exciting retail industry and a chance to make helpful professional contacts for when they leave school.

The Gateway programme is also currently being trialled in our Auckland Torpedo7 Bike Hub, with plans to extend the programme to Torpedo7 stores and distribution centres during FY23.

P-TECH Programme

During FY22 TWG continued its role as a key partner in the IBM P-TECH (Pathways in Technology) programme. P-TECH focuses on developing digital skills and job-ready students and is now in 28 countries globally. The programme has expanded significantly in New Zealand to include five new industry partners, four new schools and one new tertiary partner.

When TWG first heard about P-TECH we recognised the programme's unique value and potential. TWG led the way by becoming the founding industry partner with IBM. P-TECH brings together the best elements between high school, tertiary education and the professional world and enables students to begin their tertiary and professional lives more quickly and with greater support than the typical school-to-work pathway. As an industry partner TWG provides financial assistance, paid internships, mentors who coach, guide and support the students throughout the programme and the opportunity for P-TECH graduates to apply for employment roles within our company.

OUR VISION

TO MAKE SUSTAINABLE LIVING EASY AND AFFORDABLE FOR EVERYONE

We want to take ambitious action to make sustainable living easy and affordable for everyone.

We will do this through four Building Blocks, which will each deliver specific outcomes.

1 Increasing the number of sustainable products with sustainable packaging and certified ingredients, and help our suppliers reduce their GHG emissions;

2 Enabling sustainable living solutions that help our customers live a healthy, low-carbon lifestyle;

3 Providing circularity solutions that reduce the amount of post-consumer waste going to landfill; and

4 Increasing the sustainability performance of our operations and decreasing our operational carbon emissions (Scope 1 & 2) to zero by 2040.

Each of these Building Blocks have short-term and long-term targets. They are supported by new data and resource capabilities that embed sustainability outcomes in everything we do.

This journey means The Warehouse Group is committed to new ambitions and we have initiatives underpinning each of these which give us a high level of confidence that we will:

- achieve 100% of our private label products and packaging to be sustainable or have a circularity solution by 2035;
- have 2 million New Zealanders use our sustainable living solutions by 2035;
- enable 2.5 million customers to use our waste recycling or circular reuse solutions by 2030;
- reach zero emissions in our operational emissions (Scope 1 & Scope 2) by 2040; and
- target an 80% reduction of our Scope 3 emissions covering our upstream product suppliers and shipping and transportation by 2040.

Our targets are ambitious, and for some aspects we know that this will require technological solutions that currently do not exist, like a hydrogen-fuelled shipping fleet. However, we have strong foundations in sustainable initiatives and investments, and we are changing the shape of our business to achieve our goals. We are taking a stand in our Group wide approach to sustainability.

SUSTAINABILITY BUILDING BLOCKS

Sustainable products

Increasing the number of sustainable products with sustainable packaging and certified ingredients, and help our suppliers reduce their GHG emissions

Increase the share of private label sales with sustainable packaging to 50% by 2025 and 100% by 2035;

Increase the share of private label sales from sustainable products, or products with circularity solutions to 50% by 2025 and 100% by 2035; and

Reduce the Group's Scope 3 emissions by 50% by 2035 and by 80% by 2040.

We continue to extend sustainability attributes as our suppliers' capacity develops, while reflecting the evolving industry best practices and monitoring the impact on cost and sell-through of our sourcing decisions. Internally, we are creating new tools, policies and capabilities that integrate sustainability attributes and carbon data into decision making.

Reducing Scope 3 emissions is the biggest challenge for any retailer – this means supporting suppliers' efforts to reduce their own Scope 1 & 2 emissions, and making complex decisions about the products we buy. We believe that new data capabilities and supplier scorecards with data integration at the product level will help us achieve our targets.

Our targets are measured against private label products at The Warehouse and Warehouse Stationery, with planned expansion to other brands.

Sustainable living solutions

Enabling sustainable living solutions that help our customers live a healthy, low-carbon lifestyle

The number of customers using the Group's sustainable living solutions to be 2 million New Zealanders by 2035;

Increase our sales of energy and water-efficient products by 50% by 2025 (from 2021 baseline); and

Install electric vehicle charging stations at all stores, where possible, by 2030.

We are launching a new customer-centric value proposition around sustainable living solutions. This focuses not only on product sustainability attributes, but on customer sustainability benefits. This puts us in a unique position to help our customers live more sustainably and understand the impact of the choices they make.

Our belief is that sustainable living solutions will be a growth area for our business.

This requires us to develop deeper consumer relationships to explore data insights, identifying what is and isn't working in stores, eCommerce and at home, and build an approach to telling the story of empowering consumers to live sustainably through new product and lifestyle choices.

Circularity solutions

Providing circularity solutions that reduce the amount of post-consumer waste going to landfill

Enable 2.5 million customers to use our waste recycling or circular reuse solutions by 2030.

- Expand hard-to-recycle packaging solutions to 100% of our stores by end of FY23;
- Expand soft plastics recycling scheme to 100% of our stores by end of FY23; and
- Expand e-waste collection solutions to 100% of TWL, WSL and NLG stores by end of FY23.

Helping our customers live a circular lifestyle means giving them the tools to dispose of waste and products at the end of their useful life.

Over the past year, we have increased the amount of soft plastics collected in our stores from 6.2 million units in FY21 to 10.6 million units in FY22. This shows us that some customers have already integrated 'bring it back' into their shopping behaviours.

We are committed to expanding our post-consumer waste recycling solutions from soft plastic and TerraCycle NZ waste recycling at The Warehouse to e-waste and mobile phone recycling solutions at Noel Leeming and Warehouse Stationery stores, with more initiatives to come.

We are looking at more product circularity and recycling initiatives and the development of back-end logistics and integration into the customer experience.

Sustainable operations

Increasing the sustainability performance of our operations and decreasing our operational carbon emissions (Scope 1 & 2) to zero by 2040

Reduce Scope 1 & 2 emissions aligned to a 1.5 degree trajectory with the pathway to zero emissions by 2040;

Reduce domestic and international freight emissions by 40% by 2030 and only use sustainable transportation fuel by 2040; and

Become a zero-waste status organisation by 2025.

The Warehouse Group has proudly been CarbonZero since 2019. This covers our Scope 1, 2 and measured Scope 3[1] emissions generated by the transportation and delivery of our products from port of ownership to our stores and customers.

We need to do more to reduce our own emissions, including new initiatives to reduce our electricity usage, freight emissions and our operational waste.

We already have initiatives in flight like rolling out LED lighting throughout our stores, electrifying our passenger fleet, forklifts and light commercial vehicles, and working with our waste and recycling partners to increase the amount of operational waste diverted from landfill.

[1] *Measured scope 3 emissions covers product transportation, business travel and waste services.*


RE-SOFT ABLES
PLUSH MADE FROM RECYCLED PLASTIC BOTTLES
Sammy Sloth
100% RECYCLED
Kiki Koala
Sugar Rainbow Unicorn
Sparkles Pink Unicorn


RECYCLE SOFT PLASTIC PACKAGING HERE
YES please
NO thanks
carrier bags
produce bags
frozen food bags
confectionery wrap
courier & postage bags
toilet roll/hygiene wrap
bread, rice & pasta bags


$22
$25
RE-SOFT ABLES
Sparkles The Unicorn
100% RECYCLED


H&H
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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. This is demonstrated through the six capitals as shown opposite and detailed further in this report.

This Integrated Report has been prepared using the International Integrated Reporting Council's International Integrated Reporting <IR> Framework. Integrated Reporting aims to:

- Improve the quality of information available to providers of financial capital;
- Promote a more cohesive and efficient approach to corporate reporting;
- Enhance accountability and stewardship for the broad base of capitals (inputs); and
- Support integrated thinking, decision-making and actions that focus on the creation of value over the short, medium and long term.

At the centre of our Integrated Reporting is the retail value creation model, which details the capitals, or inputs, we draw upon, our strategy and business activities, and the outputs and outcomes we have delivered in FY22. Refer to the following pages for further details on each of these capitals.

In 2021 we also reported under the Global Reporting Initiatives (GRI) reporting framework for the first time, and we continue with this most widely used global sustainability reporting standard this year. Refer to pages 111 to 114 of this Annual Report for further information on the GRI reporting framework, the Group's materiality assessment and the GRI content index.

The Group's Board and Management have established internal preparation and 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 limited assurance on selected standards of the Group's GRI disclosures as well as our carbon emissions and energy consumption which are audited by Toitū Envirocare.

[1] *Delivered In Full On Time*
[2] *Severity 1 Frequency Rate*
[3] *Total Recordable Injury Frequency Rate*

INPUTS

MANUFACTURED CAPITAL — OUR NETWORKS

We strive to build world-class customer experiences and an ecosystem enabled by our portfolio of brands, our supply chain network and enterprise systems.

INTELLECTUAL CAPITAL — OUR CUSTOMERS

Our expertise puts our customers at the centre of all that we do. We have enhanced our focus around five key strategic customer experiences – which are aligned with our purpose, our vision and our values.

SOCIAL AND RELATIONSHIP CAPITAL — OUR RELATIONSHIPS

We want to build strong relationships with our communities and our stakeholders to deliver sustainable value and positive change.

HUMAN CAPITAL — OUR PEOPLE

We strive to create a dynamic, purpose driven organisation that enables, equips and empowers our people to succeed.

FINANCIAL CAPITAL — FINANCIAL CAPITAL

Our financial capital initiatives continue to focus on ensuring financial resilience while deploying more capital to execute our strategy.

NATURAL CAPITAL — OUR ENVIRONMENT

Our vision is to make sustainable living easy and affordable for everyone. To increase the sustainability of our own operations and help our customers save money while doing their bit to save the planet.

FY22 OUTPUTS

- 249 stores including 35 SWAS
- 87.7% of overseas sourced products through 3 offshore offices
- DIFOT[1] to store: 97.1%
- DIFOT home delivery: 87.4% for The Warehouse and 93.0% for Warehouse Stationery in July 2022

- Group (agile brands) Store NPS up +1.4pts to 73.9
- SKU reduction of 3% for TWL and 14% for WSL
- Online sales growth 39.8%, 15.3% of total sales
- Click & Collect sales growth 54.9%, 49.0% of online sales

- Raised $3.7m for New Zealand charities and communities
- 290 in-person and virtual supplier training sessions
- 255 labour and environmental supplier audits

- eNPS: In-store +24; DC and FC +36; SSO team +48
- Women in 46.6% of senior leadership roles
- Gender pay equity 100% at Group level
- SV1FR[2] decreased by 36.6%
- TRIFR[3] decreased by 33.6%

- TSR 2.5%, compared to NZX gross index decline of 8.1%
- Liquidity of $378.8m
- Final dividend 10.0 cps, Full dividend 20.0 cps
- $140m Sustainability Linked Loans
- Inclusion in the NZX50

- 35,600 private label product lines carrying sustainability attributes
- 12,334 tCO2e of Scope 1 & 2 emissions
- 98% of the Group's passenger fleet is EV
- Diverted 73.4% of operational waste from landfills

RISK & MATERIALITY

Mōrea me te Tūponotanga

Risk management

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 has incorporated agile practices, which 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. The Group's blended approach to risk management considers both traditional risk management and the agile operating model, which accommodates and learns from risk in executing strategic initiatives.

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

Agile application

Rapid change and increased technological innovation within the retail sector has challenged the Group's ability to effectively compete. This increased 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 has embraced an agile team environment and ways of working. As an agile business our team's focus on short cyclic bursts of development, implementation, and testing. Appropriate execution risk provides valuable decision-enabling insight throughout the initiative life cycle and agile delivery.

This allows optimal challenge without slowing down agile teams. As initiatives are developed and implemented, technology-supported controls and real-time performance metrics can be utilised to monitor and mitigate the new business risks.

Ultimately, aligning risk management with agile execution enables the Group to improve customer experiences swiftly, thereby giving the Group a competitive advantage.

Materiality

Materiality in the six capitals is different from financial materiality in the financial statements. It is driven by the risk appetite settings, and the specific outcomes and strategies in each capital. A material improvement in our environmental reduction outcomes, for example, may be different this year compared to other years depending on the starting position and default trajectory of performance.

Building on an improvement may mean we have a higher appetite for change than if we were attempting to arrest a declining performance.

Materiality is therefore relative to every strategy and metric in each capital and is used to filter what is reported and what is not. The Integrated Report is not the definitive or last word that the organisation has to say on a given topic, it is the material performance report against those elements in the capitals that we are trying to influence or improve.

This is the second year we have taken a further step in our overall reporting and in particular in our Environment, Social and Governance (ESG) targets and initiatives by reporting under the Global Reporting Initiatives (GRI) reporting framework and materiality principles. This enables us to identify and prioritise areas that substantively influence the assessments and decisions of stakeholders or have a significant ESG positive or negative economic, environmental and/or social impact towards our goals of sustainable development. This report has been prepared in accordance with the GRI Standards: Core option.

Key risks

The Group periodically reviews keys risks with its senior leadership group to identify those risks which, if realised, would materially impact the success of the business. These risks have been assigned sponsors and are appropriately managed through the implementation of suitable control measures to manage the risk. These risks are as follows:

RISK		INHERENT RISK RATING	RISK APPETITE	RESIDUAL RISK RATING
Sourcing/Retention of Key Talent	Inability to source/retain key team members with appropriate capabilities to deliver initiatives and strategy	high	low	medium
Global Competition and Disruption	Acceleration of global competition and customer experiences could reduce Group market share, increase customer acquisition costs and/or decrease profitability	high	medium	medium
Legacy IT	Legacy IT infrastructure inhibits the Group's ability to transform at pace	high	low	high
Logistics and Supply Chain Disruption	Global interruption of supply chain affects the Group's ability to maintain stock availability – affecting sales	high	low	medium
Sustainability	Failure to implement sustainability practices means potential loss of trust in our brands, potential loss of market share, and exposure to looming regulation	high	medium	medium
Cost of Living	Customers face an increasing cost of living affecting ability to transact with the Group	very high	medium	medium
Pace of Change (execution)	Failure to execute on key deliverables impedes other activities and may mean loss of market leading position	medium	low	low
Health, Safety and Wellbeing	Failure to adequately protect our people and customers from harm which could result in serious injury	medium	very low	low
Changing Consumer Trends/Behaviour	Evolving consumer trends are not identified, and the Group fails to meet their demand	high	medium	medium
Purchasing Decisions	Failure of the business to deliver a range of products and services which the market needs and demands	high	high	medium

OUR NETWORKS

Ngā Kōtuitanga

We strive to build world-class customer experiences and an ecosystem enabled by:

- the integrated power of our portfolio of brands, both online and instore;
- a reliable and sustainable supply chain network;
- enterprise systems, processes and data.

The integrated power of our portfolio of brands both online and instore

Our portfolio of brands creates an ecosystem of online, in-store and service offerings that serve our customers' wants and needs however and whenever they want. Customers have the choice to shop at their own convenience, and our membership programmes and service offerings enable us to build stronger relationships with them and extend customer engagement across the Group.

We have 249 stores that are conveniently located throughout New Zealand. Our store optimisation programme ensures the stores are in the right place, with the right footprint and the right layout to serve our customers whenever and however they choose. Improved store optimisation enables customers to shop instore or collect their online orders with ease.

The Warehouse, Warehouse Stationery and Noel Leeming saw some consolidation of store locations as we optimise our store network. Torpedo7 continues to expand its store footprint with three new stores (Invercargill, Whangārei, and Petone) opened during the year.

A key enabler of our store optimisation programme is the continued roll-out of Warehouse Stationery store-within-a-store (SWAS) programme. In FY22, we integrated 10 Warehouse Stationery stores into better-optimised The Warehouse stores, bringing the total stores in our SWAS programme to 35 (FY21: 25). During the year we refitted three The Warehouse stores with updated customer experiences in Whangārei, Invercargill and Upper Hutt. We continue to invest in our store network with improvements in store layout, fitout, and sustainability features such as LED lighting and in-store customer recycling options. We strive to ensure our stores provide excellent customer experience with layouts which are best suited to customer shopping habits.

Our Auckland stores were closed for 84 days of the year, while our stores across the rest of New Zealand were closed for a minimum of 21 days due to COVID-19 lockdown requirements, which had a significant impact on our network. While customers gravitated to online shopping during these periods, increased online sales aren't enough to replace instore sales. Our experience over the past two years also shows that foot traffic takes a while to increase following lockdown periods, as customers return to shopping in person rather than online.

Total foot traffic across the Group decreased 12.1% in FY22 compared to the same 52 weeks in FY21, excluding COVID-19 lockdown periods and comparing the same weeks highlighting broader shifts in customer shopping habits. Foot traffic for our Warehouse Stationery SWAS stores is included in the metrics for their respective The Warehouse stores. Our SWAS programme has driven a decrease in the number of store locations to 214 in FY22 from 227 in FY21. We are seeing foot traffic slowly rebuild.

Although Group store foot traffic has decreased, our digital footprint is growing strongly. Group online sales increased a staggering 39.8% compared to prior year, now making up 15.3% of total Group sales. We expect that the importance of an integrated retail experience for our customers will accelerate into FY23 and beyond. Our 1-hour Click & Collect service at Noel Leeming, and our same-day Click & Collect service in The Warehouse, have been huge successes with our customers this year. Click & Collect sales increased 54.9% compared to last year. This is a significant part of our ecosystem and integrated retail offering as customers shop from the comfort of their own home, with the fast and convenient service of collecting their orders instore, and then browse for those items they want to view and shop for in person.

Our dedicated online marketplace, TheMarket.com, has seen growth in the last year as online shopping continued to grow as a choice for customers. With an offering of products and brands all in one place, TheMarket.com connects New Zealanders with 4.2 million available products from more than 6,500 of the world's most desirable brands. TheMarket.com has over 390,000 active customers, and in the last 12 months hosted 39 million online sessions and saw individual customer spend increase by 14% year on year. We mentioned in the half year that TheMarket.com was on track to deliver more than $100 million of Gross Merchandise Value (GMV) and we are pleased to report we have surpassed that with close to $110 million for the FY22 year. Our goal is for TheMarket.com to become the go-to online shopping store for New Zealanders.

A reliable and sustainable supply chain network

Product supply was disrupted during the year due to ongoing challenges in the supply chain.

Our agile structure, our ability to make fast decisions, and our planning and sourcing processes mean we are well placed to manage the current supply chain challenges. Our team continues to actively manage these disruptions both here in New Zealand and across

87.7%
private label purchases

SOURCED AND IMPORTED
through our offshore sourcing offices (FY21: 88.0%)

249

STORES
249 stores:
The Warehouse 89, Warehouse Stationery 68, Noel Leeming 68, Torpedo7 24

97.1%

DELIVERED IN FULL ON TIME (DIFOT)
TWL and WSL stores - Target 98.0% (FY21: 98.0%)

↑ 29.0%
(FY21: up 4.3%)

STORE DISTRIBUTION COST TO SERVE

↓ 2.7%
(FY21: up 1.1%)

CUSTOMER FULFILMENT COST TO SERVE

our three international sourcing offices in India, China and Bangladesh. Proactive management of changing customer demand enables us to forecast our demand needs and ensure our supply chain is managed accordingly. In FY22, global supply disruptions and delays impacted our sales due to lower-than-planned availability. In response, we have increased orders on key continuity lines, so our inventory profile remains in good shape despite higher-than-normal levels of inventory held at year end.

Export ex-factory prices in China have increased 8% (in USD terms) over the past year, however our careful price management and purchase planning remains fundamental to balancing this inflationary pressure and supply chain disruption while delivering value for our customers.

Across our supply chain we have increased visibility around availability so we can take action quickly to ensure availability in store. Shipping continues to present challenges world wide, particularly out of Europe and China. Shipping costs have increased this year and we expect shipping schedules to remain constrained through FY23. We have worked hard with our suppliers and logistics network and have secured shipping at a good rate for the next two years – meaning confirmed price, timing and secured shipping slots.

Despite these disruptions, the Group's brands have performed well with supply management and ensuring availability and delivery to our stores and customers.

We measure the success of our supply chain network through stock availability in our stores and delivery performance to our stores and customers. The supply chain challenges, as mentioned above, particularly impacted the first half of the year due to COVID-19 lockdown periods impacting our business and supply networks, and this continued in the second half. As a result, The Warehouse and Warehouse Stationery average store availability decreased from 90.0% in FY21 to 86.7% in FY22, while store delivery in full on time (DIFOT) was 97.1%, compared to 98.0% in FY21 and against our target of 98.0%.

Customer DIFOT (delivery and Click & Collect) was 75.4% (FY21: 91.7%) for The Warehouse and 92.3% (FY21: 93.4%) for Warehouse Stationery against our target of 95.0%. Customer delivery performance was impacted by COVID-19 related supply chain delays in stock and processing, our own team absenteeism, combined with congestion in our last mile delivery network outside of our control. However, improvements in our supply chain and distribution networks have seen this improve to 87.4% for The Warehouse and 93.0% for Warehouse Stationery in the month of July.

Store distribution cost to serve increased due to distribution centre and store COVID-19 safety and operating requirements.

The impact of COVID-19, which has resulted in more customers shopping online, has accelerated our focus to develop faster and easier-to-use online platforms for our customers and improved on-time fulfilment capabilities for our distribution and fulfilment centres.

Powered by enterprise systems, processes and data

During FY22, we continued transforming our operational ecosystem and our shift from batch to real-time operations and execution. Real-time and relevant data is critical to so many areas of our ecosystem – from procurement, on-time supply and fulfilment, customer in-store and online shopping

experience, payment capability, and customer data insights through our membership programme.

During the year we completed the implementation of the finance component of the Enterprise Resource Planning Finance and Inventory (ERPFI) system. The inventory component will be released in April 2023. Delivery of ERPFI will result in simplifying financial processes and including real-time reporting, procurement integration, non-trade procurement, project accounting, real-time inventory management and improved stock availability for stores.

We also deployed our new middleware integration framework to standardise interfacing between all systems in our ecosystem – with 127 major interfaces identified, and 34 completed so far – designing in maximum reuse to enable real-time integration to all of the systems we need to replace and deploy over the next few years.

We completed the deployment of our Warehouse Management System (WMS) solution in our North Island Distribution Centre (NIDC), the final instalment in this multi-year programme, and we upgraded our Apparel Sorter automation infrastructure to ensure reliable and cost-effective operation for the next decade and beyond.

Significance

Retail is a highly competitive sector and we continue to see evidence of retail disruption every day. If our customers cannot buy what they are looking for in our stores or on our sites and apps, they have a number of other places they can turn to instead. Our nationwide network is the critical link between what we offer and what our customers choose to spend their money on. If we fail to understand what our customers want and how they prefer to buy and receive purchases, we are compromising their willingness to come back to us. Our network enables our customers to get the right product in the right place at the right time, at a competitive cost and in a way that serves our customers' needs best.

Materiality

The impacts of COVID-19 and the corresponding acceleration of eCommerce have changed consumer expectations in regard to their shopping experiences and fulfilment expectations. While physical store shopping remains a significant consumer activity, online shopping continues to grow, which puts increased expectations on our supply chain and fulfilment capabilities while inviting greater competition from a broader range of general and specialist retailers, both here and overseas. This represents a considerable and ongoing material risk to our business and one we intend to combat by investing actively in our supply chain, data optimisation, improved digital capabilities, and refreshed stores that our customers enjoy shopping in. In acknowledgement of the potential future need to repurpose or reformat our physical store network, the Group has prioritised flexibility in our store lease profile over tenure. Transport is outsourced to partners except for our in-home delivery and installation teams.

Future focus areas

Build a world-class integrated retail network

- Continue our SWAS programme
- Invest in store improvements and integrated customer experience upgrades
- Launch a Group-wide booking solution for delivery, in-home consultation and services.

Supply chain

- The deployment of ERPFI (Inventory) will improve the accuracy of our inventory ordering, store availability and on-time delivery to store and our customers
- We have agile squads working on availability and the trend is improving through better stock flow and initiatives like pack size optimisation
- Last mile delivery will improve with the implementation of the Group Order Management System (GOMS) and accompanying automation network solutions in FY23
- Our availability squads are focused on inventory management and decreasing the number of weeks of supply of stock to bring inventory back down to FY20/FY21 levels.

Enterprise systems, processes and data

- Real-time Inventory for distribution centres and for our Online Fulfilment Centre
- Full deployment of forecast and replenishment capability as a first step to achieving higher stock availability, lower stock levels and increased stock turns
- Extending Master Data Management (MDM) to include Noel Leeming and supplier data
- Go-live of our HCM (HR) solution to enable more responsive employee information management, project/time reporting and Employee Self-Service.

OUR CUSTOMERS

Ngā Kiritaki

This year we have enhanced our focus around five key strategic customer experiences – which are aligned with our purpose, our vision and our values:

1 Helping customers to find what they're looking for, at prices that are great, every time

Providing a range of products at price points that our customers recognise as great value remains critical to our business. Providing range in our context means using data to identify the optimum range width, or Stock Keeping Units (SKUs), that can then be matched with affordability.

Our experienced team use data insights to select our range and to optimise and manage price points, to deliver an improved customer experience.

Price perceptor products continue to be a driver for range and value, as the Everyday Low Price (EDLP) positioning of our largest brand, The Warehouse, continues to deliver this for our customers. Through accurate forecasting, price optimisation, SKU reduction, and range continuity we can better meet changes in customer preferences and demand.

We continue to see the reduction of SKUs across the business, ending the year with 3% less SKUs in The Warehouse and 14% less SKUs in Warehouse Stationery when compared to the same period in the previous year. This has been a strategic priority for us over the last five years, to deliver a clear product offering for our customers.

Our increased grocery range in The Warehouse is a great example of meeting customer range and value needs. Offering great value to our customers is important for us across our entire range, and with grocery prices being so important as Kiwis struggle with cost of living increases, we are proud to already have thousands of market-leading everyday low prices across food, pet, and household essentials – including New Zealand's lowest price on butter, and saving Kiwis over $6 on a basket of key breakfast items including Weetbix, milk, bread, eggs, oats and coffee.

We believe that New Zealanders don't need more of the same when it comes to groceries, and we are uniquely positioned to be a nationwide disrupter in this space to truly champion value and continue to provide customers with the joy of saving money in their weekly grocery shop.

As a result of the incredible demand for our value grocery items, our key focus remains ensuring availability for customers so that we can build The Warehouse into a trusted destination for key grocery items while delivering the right value proposition for our customers. For example, the customer demand for our $4 butter offer exceeded our expectations and initially sold out around the country, but with the support of our supplier partner we were able to scale up both our delivery frequency and volume to fulfil strong customer demand.

STOCK TURN

Average stock turn 4.9 times (FY21: 5.3 times)

AGED INVENTORY

Aged inventory as a percentage of finished goods inventory 17.7% (FY21: 16.1%)

↓3%
The Warehouse
(-18% in FY21)

↓14%
Warehouse Stationery
(-13% in FY21)

STOCK KEEPING UNIT (SKU) REDUCTION

This year we also launched our home brand Market Kitchen range into a variety of new categories and product lines, delivering high quality grocery products at the best prices in the market - e.g. 1.5 kilograms of flour for just $1.00 for MarketClub members.

2 Helping customers to enjoy fast, easy, and reliable ways to get what they need

Our priority is to ensure availability and fulfilment through our integrated supply chain, which are critical to helping our customers get what they need from us. We are creating convenient fulfilment experiences for our customers, so they get the right products better, faster, more sustainably and more cost-effectively than before – all powered by intelligent, automated and integrated decision making.

39.8%

ONLINE SALES GROWTH

Making up 15.3% of total Group Sales

#1
THE WAREHOUSE

IN VALUE PERCEPTION ACROSS KEY COMPETES[1]

5.8%
Total Retail
(+0.1 pts from FY21)

18.8%
Core Retail[2]
(+1.1 pts from FY21)

MARKET SHARE FOR THE GROUP

In terms of availability, we have improved our processes for assortment decisions, which enables us to determine what and how much should be carried in a merchandise category. We are increasing our continuity ranging, reducing product churn, and delivering value through improved quality and everyday low prices. Due to higher average inventory held during the year, our stock turn has decreased slightly from 5.3 times in FY21 to 4.9 in FY22.

We continue to invest in inventory and supply chain infrastructure, to ensure the right stock is in the right place at the right time, delivering an exceptional customer experience. In FY22 we started the implementation of the Enterprise Resource Planning (ERP) finance and inventory systems. Other core inventory systems development includes the Group Order Management System (GOMS), replacing our legacy Warehouse Management System (WMS) in our distribution centres, and additional network redesign.

In FY22 we started the process to redesign our delivery and fulfilment network. Our vision is to create an integrated supply chain that will deliver market leading service for our customers. One key deliverable this year was the successful deployment of our new Warehouse Management System in our main NIDC giving us better visibility and control of stock flow through the facility. But that's just the beginning, with all aspects of supply chain from forecasting and planning to transportation optimisation in scope.

We know our customers are increasingly buying the products they want online, and we are developing our websites and apps to deliver on this experience. Online sales for the Group, increased to $503.3 million (FY21: $360.1 million), an increase of 39.8%, and now accounts for 15.3% of total Group sales. The Warehouse saw the biggest online sales growth at 60.5%, followed by Noel Leeming at 50.3% - notably all brands grew their online gross profit faster than online sales, showing excellent progress on improving the profitability of the channel long term.

Online traffic for the Group also increased 41.9% to 259 million sessions, with The Warehouse app driving the majority of growth with app sessions up 186% year on year. The Warehouse, Noel Leeming and Torpedo7 also saw significant improvements in online conversion, ranging from +10% to +30% year on year.

Our customers are loving the convenience of shopping online and collecting their goods instore, driving Click & Collect sales growth of 54.9% across our integrated retail brands (excluding 1-day and TheMarket.com), which is more than double the 21.1% growth we saw in FY21. Click & Collect sales now represent 49.0% of total online sales for these brands. The Warehouse same-day pick-up offering saw Click & Collect sales increase 86.8%, making up 45.9% of The Warehouse online sales, while Noel Leeming's 1-hour pick-up continues to provide a huge convenience for our customers, with Click & Collect sales increasing 40.4% to make up 57.7% of Noel Leeming online sales.

Our mobile apps for TheMarket.com, The Warehouse and Noel Leeming continue to be loved by Kiwis, with all three apps charting as top 10 shopping apps during the year – including The Warehouse app reaching the number 1 app download spot out of all New Zealand apps for nine days during the peak Easter trading periods.

3 Helping customers to have access to affordable solutions that help them live sustainably

Our insights show a clear trend and link between cost of living and the desire to live more sustainably. We are committed to providing customers with sustainable and affordable solutions, to not only help them save money, but to help everyone to do their bit to look after our planet, our people, and our communities.

The Warehouse Group has set a new ambition with a roadmap to zero emissions by 2040. The outcomes of this ambition are four fold – it is a commitment to *accelerate our products' sustainability performance* and *achieve zero emissions in our operations*. Specifically for our customers, it is *offering our customers a range of everyday sustainable living solutions and building circularity solutions.*

It means helping customers buy more sustainable products and to reduce their packaging waste, helping

customers live a healthy lifestyle, save energy and water, and reduce their transportation emissions while helping customers with their product waste through resale, exchange, trade-in and recycle options. It is also giving customers confidence in the knowledge that The Warehouse Group is doing everything it can to reduce our own operational carbon emissions and to be a zero-waste organisation.

In 2022, we carried over 35,600 private label products with sustainable features across the Group, accounting for over $213 million in sales during the year. These are products that are either sourced through sustainable production methods, made from more sustainable materials or have sustainable packaging.

We have also increased our circularity solutions for our customers, including soft plastic recycling options in 38 The Warehouse stores and e-waste and mobile phone recycling in 16 Noel Leeming and five Warehouse Stationery stores. Other solutions we are trialling include the TerraCycle recycling programme for hard to recycle items such as toothpaste tubes and caps, toothbrushes,

coffee capsules and Zuru Bunch O' Balloons. The Warehouse also ran a toy recycling initiative as part of Mega Toy Month, during which we collected 40 cubic metres of plastic toy waste which will be recycled into playground surfacing, picnic tables, benches and musical instruments.

4 Helping customers to feel recognised and rewarded

Growing customer engagement and relationships means everything in retail, and we are working hard to provide what our customers want and need through the power of our portfolio, delivering the products and the services they most want to keep them coming back to us. This year we launched MarketClub into The Warehouse and TheMarket.com as our membership programme.

In less than a year since its launch, MarketClub has rapidly grown to nearly 600,000 active members in FY22, who are now enjoying incredible offers and value above and beyond our everyday low prices, including a free-shipping subscription on TheMarket.com.

We are particularly encouraged by how The Warehouse customers are choosing to become MarketClub members, as the programme provides them even further value and discounts on their everyday shopping at The Warehouse.

MarketClub will continue its expansion across the Group in FY23 as we launch new features and brands. We see significant growth opportunities for the programme in the future, and will continue to invest into MarketClub as a key driver of customer value and growth, including investments into digital systems and integrated membership experiences across online, apps and instore.

5 Helping customers get easy and high-quality customer service every time

Providing excellent customer service online and instore every time is critical to our customer experience. Changes in customer behaviour and shift to increased online shopping and Click & Collect delivery means we are working with our agile teams to ensure we have the right people and the right places to deliver the service and experience our customers should be able to expect.

We are enhancing our systems to better support our customers by scheduling team members when and where they are needed. Our Group Workforce Management Solution is integrated with other systems to align workforce processes across the business, and our ERP systems allow for accurate demand forecasting, planning and budgeting.

We have optimised labour investment to improve productivity throughout our stores and distribution centres, including an employee engagement programme to identify opportunities for increased efficiencies in store. Our move to agile structure in store and field operations further allows for flexible roles to optimise resource allocations to meet customer demands.

Significance

Retail is an unforgiving sector, and customers will only choose us first if shopping with us is easier and more convenient than shopping with anyone else. If customers cannot buy what they are looking for, they have other places they can turn to. If we fail to understand what our customers want and how they prefer to buy and receive purchases, we are compromising their willingness to come back to us.

Materiality

Online commerce has changed customer expectations about their shopping experiences. While physical store shopping is still a significant consumer activity, online shopping continues to grow. That means we face greater competition from a broader range of general and specialist retailers both here and overseas. This represents a considerable and ongoing material risk to our business and one we intend to combat by investing actively in our supply chain coordination, data optimisation around each customer, improved digital capabilities and attractive stores that our customers enjoy shopping in. In acknowledgement of the potential future need to repurpose or reformat our physical store network, the Group has prioritised flexibility in our store lease profile over tenure.

Future focus areas

- Extend MarketClub across the Group to enhance customer convenience and to make them feel valued across our brands
- Expand our sustainable living offerings for customers
- Provide reliable and flexible fulfilment experiences that exceed customer expectations
- Continue to deliver value leadership in The Warehouse.

[1] *Source: TWG Brand Tracker. The Warehouse leads on "good value for money" perception vs key competes and 81% vs larger compete set (+2 pts vs LY). Key competes has been extended this year to include grocery competes into the competitive set, given our increased participation in this market. The Warehouse Group good value for money perception vs this wider competitive set was 79% in FY21.*

[2] *Core Retail means all categories excluding restaurants, fuel, liquor stores, entertainment, supermarkets and travel.*

OUR RELATIONSHIPS

Te Ara Whanaungatanga

We want to build strong relationships with our communities and our stakeholders to deliver sustainable value and positive change.

In addition to our customers and our team members, we have valuable stakeholder relationships with:

- Our community and government partners
- Our suppliers
- Our investors.

Our community and government partners

The Group has been supporting New Zealand communities since the first The Warehouse store opened in 1982. Guided by our purpose of helping Kiwis live better every day and having a charitable foundation as our second largest shareholder, we have been able to continue to support our communities with more than $3.7 million raised for New Zealand charities and community groups this year, bringing the total raised to date to more than $79 million across the Group.

At a national level our key charity partners include Sustainable Coastlines, Youthline, Women's Refuge, Variety – the Children's Charity, The Salvation Army, Parenting Place, Whānau Āwhina Plunket, The Period Place, Hillary Outdoors and Life Education Trust.

The Warehouse Group Business (TWGB) has been working with Kiwi businesses to source and set up the products they need since 2019. Our inclusion on the panel for the All of Government Office Supplies contract, alongside the appointment to the panel for the All of Government IT contract, gives TWGB endorsement to sell to approximately 2,700 government agencies, including schools.

CHARITIES AND COMMUNITIES
$3.7 million raised

KEY PARTNERSHIPS
Sustainable Coastlines, Women's Refuge, The Salvation Army and Auckland City Mission

TWGB partnered with the Ministry of Education to support the Lunches in Schools programme including the supply of whiteware and appliances for participating schools, as well as the supply of bring your own device (BYOD) learning devices to students needing to learn from home during lockdowns.

This year, TWGB partnered with the Auckland City Mission for the building fit-out of HomeGround/Te Tāpui Atawhai, a new housing and social services facility for Auckland's homeless and most vulnerable. This included supplying all the whiteware and appliances, along with all necessary homewares and textiles from The Warehouse, for 80 apartments all with full-service delivery and installation.

Our suppliers

Ethical sourcing

The Warehouse Group has been improving its private label ethical sourcing programme continuously since 2004. This focused primarily on private label suppliers within The Warehouse, Warehouse Stationery and Torpedo7.

The Warehouse Group Ethical Sourcing Policy[1] stipulates the requirements for suppliers providing private label products to The Warehouse Group. This requires suppliers to ensure that, among other things, adequate management systems are deployed, child labour shall not be used, employment is freely chosen, working conditions are safe and hygienic, workers' monetary entitlements are met or exceeded, working hours are not excessive, freedom of association or collective bargaining are not restricted, and environmental protection measures are sound.

Our Ethical Sourcing Policy requires ongoing disclosure of the identity and location of all primary manufacturing sites associated with each purchase order, the qualification of these sites against internationally benchmarked labour and environmental standards as a condition of order placement, and the acceptance of ongoing monitoring.

In FY22, The Warehouse Group's private label products were sourced from around 670 factories primarily located in China, Bangladesh, India, Vietnam, Malaysia, Pakistan and Malaysia, involving about 300,000 workers.

Our private label factories must undergo Ethical, Labour and Environmental audits. In FY22, a total of 243 new factories (75% of applicants) qualified to enter our supply chain via third-party audits. In FY22, we conducted 255 Labour and Environmental audits on existing suppliers using third parties and maintained internal continuous improvement oversight, working actively with 236 factories to assist them achieve compliance with our standards and local regulations.

Ongoing audits are also undertaken to review external environmental accreditation such as ISO 14001 or Oeko-Tex 100 and review the factories' environmental management resources such as policies, environmental hazard registers, and records associated with energy and water conservation. We also physically assess the actions taken to monitor wastewater discharge, control air pollutants, dispose of solid waste, enable recycling, and deal with any hazardous wastes. Any environmental shortcomings identified in these audits are remedied with corrective action plans arising from the audit. Factories' environmental audit scores averaged 89% in FY22 (FY21: 88%), any non-conformance with all audit measures are addressed through corrective action plans.

Engaging suppliers

Our programme at Tier 1 factory level is relatively mature – we can now trace and qualify the factories associated with nearly 100% (500 suppliers) of these sources.

In the past 12 months we have undertaken a pilot programme to understand the carbon emissions reporting and maturity in a target group of 30 Tier 2 suppliers, located in China, Bangladesh, and India. Typically, these are facilities providing materials, subsidiary processing or other components to our final manufacture (Tier 1) sites.

As we had no prior commercial relationship with this supplier group, we held a series of trainings introducing them to The Warehouse Group and familiarising them with our labour and environmental policies. We then distributed and asked them to respond to a self-assessment questionnaire closely mirroring the audit tool we use to assess externally Tier 1 suppliers. The self-assessment addressed standard labour and environmental questions, including child labour, as well as supplier readiness to measure and respond to the call to reduce their carbon emissions. The latter falls into the "Purchased Goods and Services" sector of The Warehouse Group's Scope 3[2] emissions boundary and represents an important area of future focus for us as we seek to reduce emissions beyond our immediate operations.

Self-assessment responses from this group indicated compliance with existing labour, including child labour and workers' rights to exercise freedom of association or collective bargaining, and environmental regulations. However, literacy about carbon emission calculations and the motivation to engage on this topic was low – likely because their governments' national commitments to emissions reduction had not yet been cascaded to these industrial chains. Around one third of respondents were able to reply, at least in part, to the Greenhouse Gas section of the assessment.

We plan to expand that further in the coming years, especially the carbon emission reduction component. This is a complex undertaking. We will need to collaborate across stakeholder groups and look to identify information systems solutions we and our suppliers can use to measure our enterprise and product footprints and quantify the impact of our emissions reduction initiatives. As signatories to New Zealand's Climate Leaders Coalition[3] we are adopting short and long-term gross absolute science aligned targets for these emissions to support the delivery of substantial reductions needed to limit future warming to 1.5 degrees.

Supplier scorecards

Another important initiative influencing suppliers towards more sustainable and climate friendly practices is the development of a new supplier scorecard, which, in addition to typical commercial performance measures, also contains a 35% weighting to their labour and environmental audit outcomes, and the share of their product range carrying more sustainable materials and packaging.

This scorecard will be used to guide sourcing decisions and supplier selection.

Our investors

Our relationship with our shareholders is critical to our success as a key provider of capital and owners of the business. We engage with our shareholders through regular investor meetings, the release of our interim and annual reports, our annual shareholder meeting, and through market updates via the NZX in accordance with the principles of continuous disclosure. We welcome all individual and group meetings with a variety of investor groups to gain further insights into what is most important to them.

As you will read through our Financial Capital section of this report, our aim is to increase return on capital, to be value accretive for our shareholders and to deliver consistent and sustainable total shareholder returns.

This is our fourth Integrated Report through which we inform all stakeholders of our full retail value creation process. This adopts the principle that decisions made in one part of the business can have impacts through the whole retail value chain to improve outcomes for all stakeholders, including our customers, our people, our community, and our investors.

This is the second year we have included Global Reporting Initiatives (GRI) as our sustainability reporting framework. We have listened to what is material and most important to our shareholders and other stakeholders, and in accordance with this framework have assessed and reported on material economic, environmental and social matters relevant to the Group and our stakeholders. This year we have taken this a step further and sought external limited assurance on selected GRI disclosures. Refer to page 111 for the GRI report and accompanying limited assurance audit report.

We have reviewed the requirements of Task Force on Climate-related Financial Disclosures (TCFD) reporting, and we welcome the recent release of the New Zealand External Reporting Board (XRB) exposure draft on New Zealand climate-related disclosures. We are reviewing these frameworks to ensure our own readiness to report under the XRB disclosures, and in line with TCFD reporting. We are working with the XRB, other retail listed peers, and external consultants to develop a retail sector scenario approach to this disclosure framework with a view to reporting under XRB and TCFD by 2024.

Our investors, analysts and shareholder groups are asking more about our environmental and sustainability ambition, and while we already voluntarily report a significant amount of information in this area including our vision, targets and reported metrics, we welcome the review of regulated disclosure in New Zealand to enable our investors to compare our ambitions, targets and performance against our peers.

Significance

Our size and scale mean we continue to play a role in New Zealand communities – nationally at a Group level and locally through our stores. We take this role seriously and work across many stakeholder groups to share our voice and work towards positive impacts. Our value "Do Good" means standing up for our people, our planet and our communities, and we have the opportunity to drive positive change through our ethical sourcing initiatives by working with suppliers who share the same values.

Materiality

Given the broad coverage of The Warehouse Group's stakeholders, we have not attempted to define or explain materiality to our relationships.

SUPPLIER INSIGHTS

290
in-person

on-site or group and virtual supplier training sessions

1,418
Suppliers completed e-learning lessons

on various labour and environmental management topics

DISTRIBUTED SUPPLIER SELF-ASSESSMENT QUESTIONNAIRES
to assess our Scope 3 emissions from suppliers and set a target to put measurements in place with suppliers by FY25

Future focus areas

- Continue to work within our communities and with key stakeholders to deliver a positive impact for the communities we serve.
- Continue our kaupapa to help Kiwi families thrive through such initiatives as healthy homes, period equity, back to school and safer homes.
- Partner with suppliers to increase the number of products made from sustainable materials or have other sustainable features and packaging.
- Work with suppliers through strategic relationships to ensure our suppliers are operating in accordance with our own ethical and responsible sourcing guidelines.
- Further develop a supplier scorecard to measure our suppliers' labour and environmental impact, and begin to measure our own Scope 3 emissions from these suppliers.
- Progress development and readiness to report under XRB CS1 and TCFD sustainability reporting frameworks.

[1] *Click here for the full The Warehouse Group Ethical Sourcing Policy*

[2] *https://ghgprotocol.org/standards/scope-3-standard*

[3] *https://climateleaderscoalition.org.nz/about/statement-of-ambition/*

OUR PEOPLE

Ngā Tāngata

We strive to create a dynamic, purpose-driven organisation that enables, equips and empowers our people to succeed.

Our initiatives for our people focus on three commitments:

- Be the best place to work by creating an environment of belonging and connection, celebrating the vast diversity of our people and providing equal opportunities for everyone
- Provide learning pathways and career development that grow our people both within the Group and beyond
- Build a strong and effective high-performance and agile culture that gets everyone home healthy and safe at the end of their day.

Be the best place to work

Looking after our teams in 2022

In FY22, COVID-19 continued to play a significant role in our business as new variants presented new challenges for our operations as well as the health and wellbeing of our people. Our top priority was to look after our 12,000 team members during this time. This included protecting our people from the ongoing spread of the virus, so we introduced a COVID-19 Vaccine Policy requiring our team and those who work with us to be fully vaccinated. While this policy has evolved over time in line with Government regulations and is now suspended, it played an important role in keeping our team safe. We also paid our teams in full even if our stores were closed and provided the support and time our people needed if they were required to isolate or fell sick with the virus.

To continue keeping our teams safe while on the shop floor or in our distribution centres, we worked extensively to enforce stricter social distancing, hygiene and mask wearing protocols in all of our locations. We also introduced regular Rapid Antigen Testing (RATs) in our North Island Distribution Centre as an additional safety measure to reduce the spread of COVID-19.

Navigating various lockdowns and changes in the COVID-19 Protection Framework meant we also continued evolving our way of working. This particularly applied to our support office teams who largely worked from home for the first half of the financial year. As we welcomed team members back to the office, we helped teams adopt hybrid and flexible working arrangements that balanced both personal needs and ongoing collaboration and delivery.

Beyond COVID-19, we continued to enhance our team member benefits. This year, we expanded our Parental Leave Policy to offer all permanent team members 26 weeks full pay, topping up the Government's paid parental leave payments to 100% of a team member's salary or wage. These changes are in addition to our existing parental leave benefits, which include ongoing employer KiwiSaver contribution and accumulation of annual leave at its full value during the parental leave period; the ability to take one day off each week for the first four weeks after returning to work while continuing to be paid as normal; and the ability for partners to take up to five days of paid leave within 21 days either before or after the new addition joins the family.

As the cost of living increased, we looked for further opportunities to provide our team with easy access to essentials they need at more affordable prices. We increased our standard team member discount on grocery items and pantry essentials at The Warehouse stores, and continued to expand our partnerships with other businesses to provide our team with discounted products and services, including health insurance, gym memberships, optometrist care, and mobile broadband. To look after our team members' health and wellbeing, we also provided our team flu and COVID-19 vaccinations, mole map spot checks and a range of wellbeing initiatives such as mindfulness workshops, wellbeing e-learnings and nutritionist resources.

We are proud of our ongoing retail wage commitment, entitling employees at The Warehouse and Warehouse Stationery with at least a year's worth of service to receive a minimum of $23.58 an hour, compared to New Zealand's minimum wage of $21.20 an hour. Our Noel Leeming team members receive a minimum of $21.35 an hour for sales roles and $22.50 an hour for non-sales roles, while our Torpedo7 team members receive an entry level wage of $21.20 for sales roles – with sales roles in Torpedo7 and Noel Leeming having the ability to earn additional commission. All our store teams are entitled to the same retail wage commitment, regardless of gender. At present 10.2% of our employees/contractors are covered by collective agreements.

For our Store Support Office (SSO) teams, we implemented contribution models for every role. This is a central component of our agile ways of working and sets out the skills and deliverables required for every role and determines someone's career path, development needs and remuneration. Our teams have worked incredibly hard, the growth against contribution models is clear, and employees' performance and remuneration can now be linked back to individual and group performance against these contribution models.

Due to improvements in our recruitment processes, systems and onboarding process, we have reduced the number of average days to fill roles to 33 days in FY22 across the Group, compared to 37 days in FY21 – in a very tight candidate market. Our onboarding in The Warehouse stores was a key focus area for us in FY22, and this group had its time to hire drop to an average of 29 days in FY22 compared to 35 days in FY21.

Celebrating diversity and inclusion

We're committed to building an environment where our team can bring their whole selves to work. In FY22, we focused on four pillars to increase our diversity and inclusion practices and reduce unconscious bias. These included fostering a sense of belonging across all cultures, genders, ages and sexual orientations; encouraging and enriching the understanding of Te Ao Māori; furthering our commitment to gender equity; and providing equal opportunities for all.

For our LGTBQIA+ (lesbian, gay, transgender, bisexual, queer, intersex and asexual) communities, we are proud to have maintained the Rainbow Tick accreditation for the fourth year in a row. We focused on growing team member learning and understanding on what's most important for our Rainbow community by encouraging completion of our 'Foundations of LGBTQIA+ Inclusion' digital module and donating a dollar on behalf of each person who did this to OutLine, a confidential counselling services and peer support phoneline for members of the LGBTQIA+ community.

From a Te Ao Māori perspective, we partnered with the Manukau Institute of Technology (MIT) to offer team members an introduction to te reo Māori courses as well as cultural competency courses to encourage adoption of the language and further understanding of Māori values and the role they play in our communities, our business and New Zealand. Our Te Kaa training programme also continued through FY22, inviting senior leaders to develop foundational knowledge about Māori culture and how to consider this when leading their teams – 34 senior leaders have received, or are currently completing, this training since the start of the programme.

This year, we accelerated our focus on neurodiversity as we partnered with Brain Badge to boost understanding of diverse thinking across our teams. Through this partnership, we offered a series of workshops to educate our team members on different ways of thinking and the various types of neurodiversity including ADHD, Autism, OCD, dyslexia and more. We also introduced whole brain thinking assessments to our teams at SSO, providing insight into various thinking patterns across individuals and teams. We plan to expand these assessments beyond our head office teams in the future.

Increase to
46.6%
of senior leaders who are female (FY21: 44.4%)

Gender equity remains a core focus for us, and we're pleased to continue our efforts on maintaining 100% gender pay equity at Group level, with female leaders holding 46.6% of senior leadership roles. Since year end the board of directors has achieved a 50/50 gender split. We also had 99 team members participate in our Lean in Circles programme which aims to counteract gender bias, navigate gender dynamics, provide leadership development for women and work towards gender equity.

This year, we'll be launching team member-led community groups, enabling our teams to come together and drive the topics and initiatives they're most passionate about. Refer to page 101 for our full Diversity and Inclusion report.

100%
Gender pay equity
Against our target of 100% gender pay equity by 2022 (FY21: 89.0%)

Growing our people through learning and career development

A core part of our people strategy is anchored in accelerating the acquisition and development of future-ready talent. As such, strengthening our robust learning programmes and talent strategy is a priority in growing our people.

At The Warehouse Group, learning opportunities are vast, spanning from retail and role-based learning, leadership development and future-skills training, as well as transition assistance programmes. Overall, there are over 113,000 hours of learning available for our team members.

To support retail education, our team members are able to gain their NZQA Retail qualifications through our partnership with ServiceIQ. This year over 45 team members have completed or begun the certificate programmes (Retail Savvy and Retail Level 3) covering topics such as service excellence, product knowledge, health and safety on the job, and resilience in the face of an ever-evolving industry.

Through our TWG scholarship, we also offer team members support to complete a vocational qualification related to a career in retail. In FY22 we were pleased to grant the scholarship to 13 recipients representing all areas of the business, from our stores, distribution centres and a variety of departments across our support office.

For team members wanting to upskill or reskill in an area of their choice, our External Learning Fund provides all team members up to $2,000 per person to fund a course or training that supports their personal career development. Through both the TWG scholarship and our External Learning Fund, we provided over $500,000 in funding for our team members this year.

In FY22, we expanded our focus on compliance learning to store team members, including anti-corruption policies and procedures that help keep our team members and customers safe. These include topics such as privacy, consumer protection and unfair business conduct, fraud awareness, anti-bribery and corruption, insider trading and other related topics. As of 31 July 2022, 76% of our employees across SSO and Stores had completed the anti-corruption training. This training will be required every year and will be launched to our distribution team members in early FY23.

Developing our current and future leaders is an essential part of our talent strategy. We continue to expand our Store Leadership Programmes with over 40 team members taking part across all of our brands in FY22. This year, we also launched the Link Leadership Development Programme for current and aspiring leaders in our support offices with over 120 team members enrolled in its first two months. Additionally, we invited 40 top leaders from across the business to attend high-performance workshops, focused on unlocking personal and team potential. This will be expanded to 450 additional leaders across the business in early FY23.

For team members bidding farewell to The Warehouse Group, our NZ Future Skills Fund (NZFSF) is offered to all exiting team members to enable them to upskill or study any programme of work to support their employability in the future. For team members whose positions have ended due to retirement or termination of employment, transition assistance programmes are provided to support them with future employability and career growth beyond the Group.

Finally, we consistently encourage team members to take control of their own learning by providing a number of self-led learning opportunities. This includes our Udemy digital learning platform, which we've grown in FY22 to offer over 204,000 digital courses across an array of topics; personal proficiency programmes and more.

A total of 78,894 hours has been spent on training our team members during FY22. This equates to approximately 6.7 hours training per person per year and covers a range of programmes that provide learning and development opportunities for our current team members as well as transition assistance programmes.

Health, safety and wellbeing

The health and safety of our people, our customers and our suppliers is of utmost priority for the entire Group, to promote a safety culture that supports a workplace where everyone gets home safely at the end of their day.

We have an open and consultative approach talking about and reporting on health, safety and wellbeing matters at all levels of the organisation from the Board-level Health, Safety and Wellbeing (HSW) Committee to store safety huddles. The Group's HSW plan and reported metrics are monitored at Leadership Squad level, and reported to the HSW Committee.

This year, we have implemented further programmes, initiatives and training modules across our teams to increase the awareness of health and safety, and reduce the risk of injury to our people and customers. The implementation of a new health and safety system, EcoPortal, also means we can track and monitor health and safety programmes, measurements and incidents, and take mitigating action quickly. This year we also achieved Tertiary level of performance under the ACC Accredited Employers Partnership Programme, which is the highest level.

This year has seen a significant increase in the number of retail store ram raids, particularly in Auckland, and our business has been no exception. These have been widely publicised in the media, and we are working with the New Zealand Police to combat these events. Ram raids not only cause damage to our stores, resulting in financial loss through store repairs and loss of product, but they have a severe impact on the mental wellbeing of our people and their ability to feel safe at work. We are working with NZ Police to install mitigating factors in our stores such as increased bollards, smoke cannons, extra cameras and security, and we are providing counselling and support for our store team members to ensure they feel safe at work, particularly after any incidents in our stores.

Critical risk management

The Group's HSW plan includes a critical risk programme which addresses our various identified high-risk activities which have the potential to result in a fatality or an individual sustaining a life-altering injury. While all health and safety risks are actively addressed, two significant risks have been assessed as having the highest potential to occur and result in more severe consequences – those being violent and aggressive behaviour (VAB) and traffic management.

The number of serious VAB incidents towards our team members was 38 in the year ending July 2022 (down from 39 in FY21). All permanent store team members have completed a simulation training programme for de-escalation and prevention skills for violence and abuse – this will be refreshed every year and is part of our new employee induction programme. As a result of traffic management safety plans implemented in FY21, including online traffic management training, traffic management critical events reduced 65.6% year on year, following a 60% decrease in FY21, to just 11 recorded events in FY22.

Further health and safety improvements, training and other initiatives have been a real focus for our teams this year. The number of Severity 1 events associated with our critical risks decreased 45.3% in FY22, following a 45.7% reduction in FY21, to just 52 Severity 1 critical risk events in FY22. The Total Severity 1 Frequency Rate (SV1FR) was 5.9 per million hours worked, a significant decrease of 36.6% from 9.3 per million hours worked in FY21.

We are also pleased to report Total Recordable Injuries (TRI) decreased 26.3% to 386 in FY22, while the Total Recordable Injury Frequency Rate (TRIFR) was 24.7 per million hours worked in FY22, a decrease of 33.6% compared to 37.2 per million hours worked in FY21.

Same day injury reporting was 89% in FY22, against our target of 96% by FY25, while incidents closed within 10 days was 90% against our target of 96% by FY25.

Safety assurance reviews

We undertake internal safety assurance reviews across our store network, with 99 store reviews completed this year, a decrease year on year due to COVID-19 disruptions (FY21: 152 store reviews). These reviews ensure our stores have in place the necessary legal requirements, ACC Accredited Employer requirements and store level critical risk controls. This programme of work provides the Leadership Squad and the Board assurance that the underlying HSW processes are effectively keeping team members, contractors and members of the public safe. The safety assurance reviews have been integral in the management and improvement of our hazards and risks and working towards best practice, so much so that we will be rolling these out across our logistics and fulfilment locations in FY23.

Over the last few years, we have been actively working on moving from a culture of compliance to a culture of care. We are attributing this shift to the more positive results we have been achieving.

Wellbeing

Team member wellbeing continues to be an important focus for us. This year, we launched our partnership with Benestar, a leading employee assistance programme and wellbeing provider, offering our team a holistic suite of wellbeing support. This includes access to physical, financial and mental wellbeing support through free coaching and counselling services, self-help support options, online resources and LiveChat or phone call.

We also partnered with Groov, a wellbeing organisation founded by former All Black and mental health advocate Sir John Kirwan to provide over 1,000 leaders in our business with an end-to-end programme to help them look after their teams and their personal mental wellbeing. Through Groov, team members have access to advice on how to help lead wellbeing discussions with their team, interactive modules to help close knowledge gaps and ideas on ways to put in place regular wellbeing checkpoints or 'rituals' in their day-to-day lives.

Future focus

FY22 saw us further evolve and grow agile ways of working to enable high-performing teams who deliver the best outcomes for our customers and business. A constant consideration for us is where other parts of the business can benefit from the autonomy, faster decision making and career development opportunities that comes with agile methodologies. As such, FY23 will see us extend our agile ways of working to include our commercial (TWG Business), services and store leadership teams across The Warehouse, Warehouse Stationery and Noel Leeming.

This move, along with the continuous expansion of our learning and development programmes, will contribute to our goal of building a purpose-driven, adaptive and future-ready workforce.

We'll also be looking to embed our new vision (to make sustainable living easy and affordable for everyone) into our core business priorities and deliverables. An essential element of this includes helping our people understand our collective responsibility as a team to bring this vision to life. As such, we'll be reviewing our team member contribution models to introduce a sustainable living variable tailored to each of our teams and their roles.

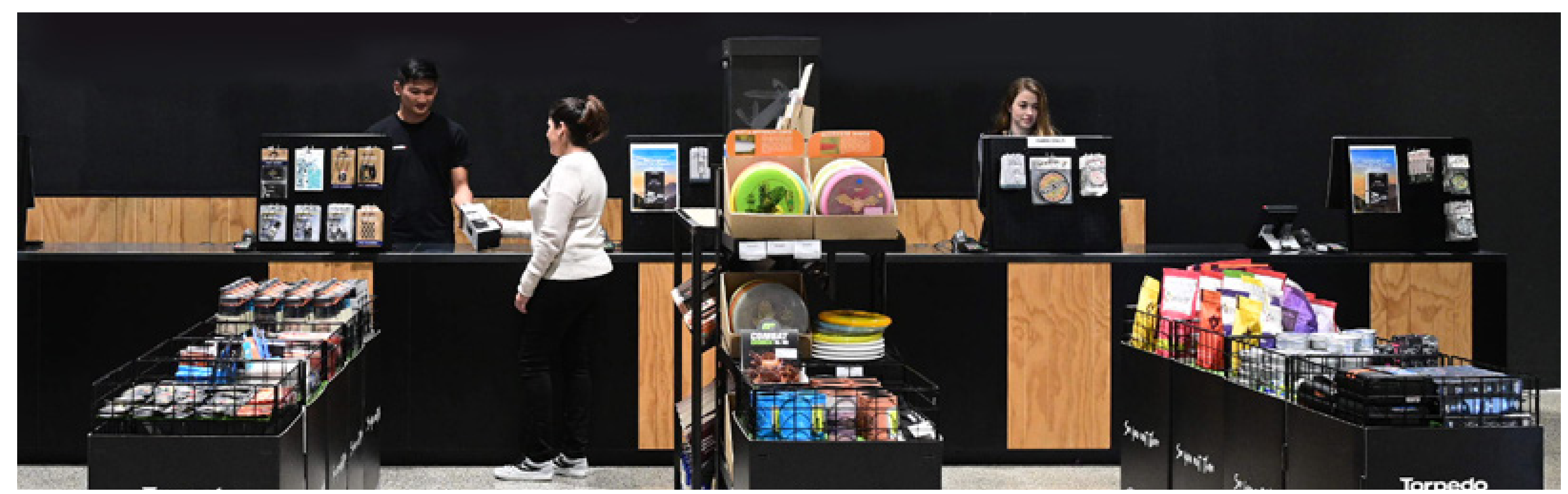
For health, safety and wellbeing, our focus is always on continuous improvement as we work towards best practice. Our focus going forward is building knowledge and empowering our team members to become proactive with health, safety and wellbeing. There is a deliberate move from compliance to care as we evolve our wellbeing offer to focus on the holistic wellbeing of our team members. We will be offering education and support across four key aspects of wellbeing: physical, mental, financial and ways of working.

EMPLOYEE NPS METRICS

+24
Instore team members up 8 pts

+36
DC and FC team members up 10 pts

+48
SSO team members up 14 pts



FINANCIAL CAPITAL

Tahua Hautaonga

Our financial capital initiatives continue to focus on ensuring financial resilience while deploying more capital to execute our strategy.

Our demand for capital within the business reached a new high in FY22, with core systems and investment in our store network being the largest areas of investment. Our strategy on financial capital focuses on the following key areas:

- **Financial resilience** while enabling investment;
- **Managing gross profit margin** while maintaining sales growth;
- **Efficient allocation of capital** based on group strategy and return metrics; and
- **Increased return on invested capital over a five-year horizon.**

We continue to evolve our business planning and performance review process under an agile operating model. There is an increasing focus on our five-year plan, the translation of this into an Annual Business Plan (ABP), and how this is reviewed and amended during the year through our Quarterly Business Review (QBR) process. The business, more than ever, faces an excess of demand for its financial and human capital resources. Prioritising and sequencing these demands to maximise long term value has been a significant focus during FY23 planning.

Financial Resilience

FY22 continued to challenge the resilience of our people and the financial performance of the Group. Due to COVID-19 lockdowns, our Auckland stores were closed for 84 days, and the rest of New Zealand stores were closed for a minimum of 21 days in the first half of the year, and we operated for 74 days at Red level during the second half. This required our people, systems and infrastructure to once again pivot as our customers shopped online. We are extremely proud of our team who adapted, and our systems which allowed our distribution and fulfilment centres to deliver on this change of operations.

Our revenue was impacted during this period and seasonal inventory which would normally have a high turnover during August to October 2021 was not sold to plan, resulting in increased discounting and clearance. This was compounded by shipping delays which impacted the recovery experienced in Q2, and has continued through to year end contributing to total inventory being $105 million higher than the prior year.

Financial Performance

Total Group Revenue was $3.3 billion in FY22, down 3.5% from $3.4 billion in FY21. All our brands were impacted by store closures and restricted operations, but we were also lapping an extremely strong FY21 which delivered a significant rebound in financial performance after the COVID-19 impacts of FY20. On the basis of comparable Adjusted NPAT, the FY22 result of $96.9m EBIT was the Group's second best result in the last 15 years based on comparable Adjusted NPAT.

The Warehouse sales decreased 4.3% from $1,805 million to $1,727m in FY22 but finished the year strongly up 0.4% in the final quarter and showing an improving trend. Warehouse Stationery sales decreased 9.1% from $275m to $250m in FY22. Warehouse Stationery was particularly impacted by decreased back to school and home office sales as a lot of our customers were well stocked with these supplies from prior years.

Noel Leeming sales decreased 2.8% from $1,128 million to $1,097m in FY22, after an exceptionally strong FY21 when sales grew 11.7%. Torpedo7 bucked this trend, with Kiwi's demand for outdoor pursuits and increased store footprint driving extraordinary sales growth of 8.0% from $159 million in FY21 to $171 million in FY22.

While total store foot traffic for the year decreased 12.1% across the Group,[2] our strong online presence did help to partially offset the loss of in-store sales. Foot traffic saw an improving trend towards the end of the year with Q4 down 9.9% on last year. Online sales were up 39.8% compared to last year across the Group, including TheMarket.com, and contributing 15.3% of total Group sales.

The Warehouse saw a significant increase in online traffic sessions and app downloads, resulting in online sales growth of 60.5% compared to last year and contributing 10.5% of The Warehouse sales. Warehouse Stationery also experienced strong online sales, as people were required to learn and work from home without being able to go instore, resulting in 20.8% growth in online sales, making up 13.7% of Warehouse Stationery sales. Noel Leeming's 1-hour Click & Collect offering saw a surge in online participation, with online sales growth of 50.3% compared to last year, making up 16.3% of Noel Leeming sales. Torpedo7 online sales surpassed the brand's overall sales growth, with 31.0% growth in online sales, making up 35.3% of Torpedo7 sales.

We are extremely proud of our distribution and fulfilment centres for stepping up and meeting the challenge of these increased online, fulfilment and delivery requirements.

LIQUIDITY AT YEAR END
Compared with target liquidity range of $350 million to $450 million

FY22 SHAREHOLDER RETURN
FY22 NZX50 decline: 8.1%

FINAL DIVIDEND
Total Dividend 20.0 cps

The first half of FY22 saw significant challenge in our gross profit margin due to increased shipping costs, cost of fulfilment, product mix and clearance activity required to clear unsold inventory. We are pleased to report a turnaround in gross profit margin performance in the second half of FY22 as trading normalised and adapted to shipping cost and other inflationary pressures. Gross profit margin was 35.3% for the full year FY22, down from a strong performance of 36.4% in FY21, but an improvement from 34.7% in the first half to 36.1% in the second half of FY22.

Cash Flow and Financial Position

Operating cash flows were $105.4 million, a decrease of 53.3% on the prior year reflecting the decrease in revenue and gross margin in the year, combined with higher working capital primarily due to increased inventory on hand at year end. This has been in part driven by a continuation of shipping delays and the objective of carrying sufficient inventory for our critical Q2 trading period, which last year was impacted by availability.

This higher working capital, combined with a record capital expenditure of $140.6 million (before Cloud Computing Arrangement accounting adjustments), higher than usual dividend cash flow of $95.9 million with FY21 final dividend of 17.5 cents paid during FY22, has resulted in a $201.7 million movement in the Group's cash position and finishing the year with $41.2 million of net debt.

The Group's largest term commitment is its leased property portfolio which comprises 246 out of our 249 stores and our distribution centres. The Group maintains lease profile flexibility by having the majority of store lease renewals within five years and the majority of lease final expiry dates greater than 10 years. Our store lease Weighted Average Lease Term (WALT) until next term renewal date was 3.1 years as at FY22, compared to 3.9 years as at FY21.

Capital Expenditure

We have previously indicated that capital expenditure will increase in the coming years as we increase our investment in core systems, supply chain infrastructure, store development and digital assets and growth initiatives across the Group. We are conscious that we spend capital on the right initiatives and projects which will deliver on our strategic priorities and drive shareholder value.

Capital expenditure (before Cloud Computing Arrangement accounting adjustments[3]) was $140.6 million in FY22, an increase from $83.2 million in FY21.

The Group's major investments in the year were in Core Systems, including the development of ERP Finance and inventory for which the Finance module was deployed during the FY22 financial year, with further development coming in FY23 to deploy the inventory module of this project. Other Core Systems investment include delivery of our Warehouse Management System, Master Data Management, and development of our Group Order Management System.

Store development has been underspent in recent years, and we have seen this expenditure increase this year with refurbishment of existing stores, and the development of new stores. This includes the integration of 10 Warehouse Stationery SWAS stores, The Warehouse store refurbishments in Whangārei, Invercargill and Upper Hutt, and three new Torpedo7 stores in Invercargill, Whangārei, and Petone.

We continue to invest in digital and customer facing initiatives, including development of the Group eCommerce Platform behind each brand's apps and websites and further development of TheMarket.com as this marketplace grows in merchants, customers, and session visits to deliver a record Gross Merchandise Value (GMV) of $110 million.

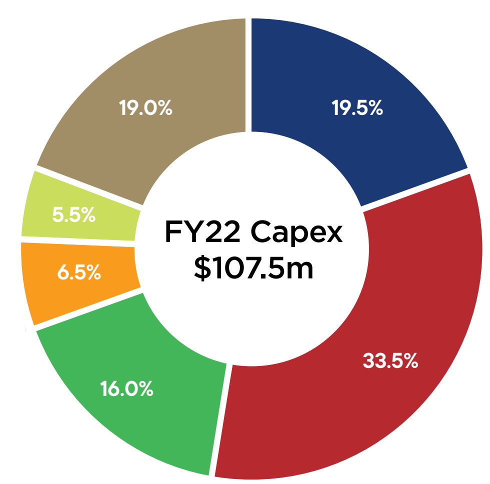
Capital Expenditure and Cloud Computing Arrangements

The Group previously capitalised costs incurred configuring and customising software in cloud computing arrangements as intangible software assets, as the Group considered that it would benefit from these costs over the expected term of the arrangement. As a result of the International Financial Reporting Interpretation Committee (IFRIC) decision issued in April 2021, the Group changed its accounting policy relating to implementation costs for Cloud Computing Arrangements, or Software as a Service (SaaS), resulting in a reduction of capital expenditure in FY22 and a retrospective restatement of the Group's financial statements in FY21.

Capital expenditure as a percentage of depreciation and amortisation was 209% in FY22, compared to 129% in FY21[4] (after SaaS adjustment). The coming years will continue to see increased capital expenditure, particularly in core systems and customer-facing digital initiatives as key projects continue. We expect capital expenditure in FY23 to be between $115–$135 million after removing SaaS investments, or $145–$165 million on a comparable basis.

Access to capital

Our financial commitment is to maintain access to diverse capital sources. The Group maintains three primary sources of capital – operating cash flow, debt



$million	FY22 Pre-SaaS	SaaS adjustment	FY22 Post-SaaS	FY21 Post-SaaS
Core systems	39.8	(18.8)	21.0	9.0
Store development	36.0	-	36.0	13.7
Other Information Systems	26.9	(9.8)	17.1	9.9
Digital and Customer	10.9	(3.9)	7.0	10.5
Supply Chain	5.9	-	5.9	4.9
Other	21.1	(0.6)	20.5	15.7
Total Capital Expenditure	140.6	(33.1)	107.5	63.7

[1] Comparable Adjusted NPAT excluding adjustment for cloud computing arrangements
[2] Excluding COVID-19 impacted store closure periods and not adjusting for the increased SWAS stores
[3] Refer to Note 1.5, 2.3 and 17.0 of the 2022 Financial Statements for full details
[4] FY21 Capex and Depreciation have been restated due to the change in accounting treatment for software implementation costs associated with cloud computing arrangements.

and equity. The Warehouse Group has been listed on the NZX for 28 years, and we were pleased to be included back in the NZX50 from May 2022. Our market capitalisation was $1.1 billion at FY22 year end.

During the year we secured additional bank facilities of $90 million increasing our total facilities to $420 million and available Group liquidity of $378.8 million at year end, compared to $490.5 million in prior year. The Group's liquidity policy targets a liquidity range of between $350 million to $450 million.

Bank facilities include $140 million of Sustainability Linked Loans which affirm our commitments and targets under sustainable packaging, ethical sourcing, reduction of carbon emissions, and gender equity.

Dividends and Total Shareholder Return

The Group has declared a final dividend of 10.0 cps for the 2022 financial year. Combined with the FY22 interim dividend of 10.0 cps, resulting in total dividends of 20.0 cps for the year.

$million	FY22	FY21
Cash on hand	25.0	160.5
Borrowing	(66.2)	-
(Net Debt) / Cash	(41.2)	160.5
Total Facilities	420.0	330.0
Available Facilities	378.8	330.0
Total Liquidity	378.8	490.5

The Group is focused on Return on Invested Capital (ROIC) as its measure of business performance. ROIC represents the return generated by the operating assets of the business and, relative to Return on Funds Employed, includes the value of Right of Use Assets which largely relate to leased premises of physical stores, distribution centres and fulfilment centres. The Group is delivering shareholder value where ROIC is greater than its cost of capital. In FY22, ROIC was 9.9% (FY21: 17.1%[5]).

The 2022 financial year has seen volatile performance of New Zealand and global share markets, as interest rates and inflation increase, impacting all areas of the economy and financial markets. The Group delivered Total Shareholder Return (TSR) of 2.5% in FY22, due to the dividends return in FY22 being offset by a decrease in the share price of 5.5%, compared to a TSR of 74.9% for the 2021 financial year. The Group's TSR is a significant out performance of the market with NZX50 gross index decline of 8.1% in FY22.

Significance

Well managed financial capital enables the Group to execute the various initiatives we identify as important for the long-term sustainability of the Group. Our strategy is focused on developing all six capitals within the business – we are investing in our network, developing customer focused initiatives, developing our people, and investing in products and infrastructure to make sustainable living easy and affordable for everyone. These include financial and non-financial outcomes, but the ability to develop, implement and achieve them is dependent on our financial resources.

Materiality

To deliver on our values to 'Do Good', to 'Think Customer' and to 'Own it" and make it happen requires the Group to have a robust financial capital base. We have focused on achieving a strong balance sheet that provides capital headroom to weather potential downturns and fund investment in value-enhancing initiatives and strategies. Financial discipline is of utmost importance to us and is core to making sure that we are here for good and for all New Zealanders.

Future focus areas

- Optimise working capital across the Group including further development of our inventory planning and merchandising framework
- Evolve capital and labour resource allocation under the agile framework
- Maintain diversified bank facilities to support investment in strategic initiatives while maintaining target liquidity
- Implement the inventory component of the ERP system
- Continue building financial and operational risk management capability and maturity.

[5] *FY21 ROIC has been restated in line with restated financial statements for the year ended 1 August 2021.*

PROTECTING OUR ENVIRONMENT

Manaaki Taiao

We are committed to providing customers with sustainable and affordable solutions, not only to help them save money, but to do their bit to save the planet.

We have ambitious goals to make sustainable living easy and affordable for everyone, and to achieve zero emissions in our operations (Scope 1 & 2) by 2040. Refer to page 28 for further details on initiatives we are embedding to achieve these. Specifically, we are committed to:

1. Increasing the number of sustainable products with sustainable packaging and certified ingredients, and helping our suppliers reduce their GHG emissions;
2. Enabling sustainable living solutions that help our customers live a healthy, low-carbon lifestyle;
3. Providing circularity solutions that reduce the amount of post-consumer waste going to landfill; and
4. Increasing the sustainability performance of our operations and decreasing our operational carbon emissions (Scope 1 & 2) to zero by 2040.

Sustainable products and packaging

Increasing the sustainability of our products and packaging is one of the biggest contributions we can do to make sustainable living easy and affordable for everyone. Our ambition is to

- **increase the share of private label products and packaging which is sustainable, or which have a circularity solution, to 50% by 2025 and 100% by 2035; and**
- **reduce the Group's Scope 3 emissions generated by our suppliers by 50% by 2035 and 80% by 2040.**

"Sustainable products and packaging" mean products that have at least one of the following attributes – sourced through certified sustainable production methods; made from sustainable materials; or has sustainable packaging. We understand "sustainable products" as a wide range of sustainable features and certifications and also as a broad concept pointing to a spectrum of continuous improvement across a product's entire life cycle rather than an absolute that has been achieved. We anticipate that the scope of our definition will continue to develop as we and our suppliers gain more capability and insight.

In FY22, 22% of private label sales were from products with one or more sustainable materials or production features, up from 15% in FY21, representing 35,600 individual product lines and $213 million in sales. 22% of our private label sales were from products with sustainable packaging in FY22.

Sustainable cotton

We are a member of the Better Cotton Initiative (BCI)[1] – the world's largest sustainable cotton initiative operating in 24 countries around the world and accounting for 20% of global cotton production. The fees we pay for every kilogram we source from BCI all go directly to Better Cotton programmes and farmer training in the field.

In the past year, over 60% of The Warehouse private label cotton garments and home textile sales, or 26,000 product lines, were linked to our investments in Better Cotton production techniques.

This meant that:

- An estimated 1.36 billion litres of water were saved;
- An estimated 866 kilograms of pesticides were avoided; and
- Farmers benefited from an estimated €592,000 additional profit[2], thanks to our sourcing of Better Cotton.

We are also developing an alternate approach to sourcing sustainable cotton – using fabric made from cotton fabric offcuts from garment making. This approach mechanically reconfigures waste cotton fabric into new yarn without the use of additional water or dyes. Recycled cotton garments have been well received by customers and achieved sales of close to $1.5 million in the past year.

Man made fibres

Polyester is a widely used material in garments and home décor and we are looking to mitigate the environmental impact of this otherwise non-renewable fabric by incorporating more recycled content from polyester waste and used beverage containers. In the 12 months to July 2022, 7.5% of our polyester ranges featured recycled polyester.

Products include puffer jackets whose outer fabric and inner filling is made from recycled polyester equivalent to about 20 plastic bottles; cushion ranges with recycled polyester fill; and pillows with recycled polyester fill equivalent to 16 recycled bottles per pillow.

The benefit of products made from recycled materials, whether natural or synthetic in origin, is that they have a reduced carbon footprint when compared to products using virgin materials. This connects directly to our longer-term ambition to reduce the Scope 3 emissions associated with purchased goods and services in our supply chain.

Wood & paper products

We are a member of the Forest Stewardship Council (FSC)[3] and the Programme for the Endorsement of Forest Certification (PEFC)[4] to source certified, sustainable forest management wood and paper products within our stationery, art and craft, furniture and other homeware products. In FY22, certified wood and paper products accounted for $52 million in sales.

An innovative example in the paper products category is a wheat straw (agricultural waste) and recycled wood-based photocopy paper sourced from one of our India partners. This product achieved around 25% of total copy paper sales, all of which carry some form of sustainable management certification.

Our membership of initiatives like BCI, FSC and PEFC, along with certifications such as Oeko-Tex 100 and Rainforest Alliance, help extend our influence on the origin of the supply chain and give our customers confidence that their purchases are making a positive difference.

[1] https://bettercotton.org/

[2] *Better Cotton Farmers experience profit increases for a variety of reasons, most commonly due to increased yields and/or optimised use of inputs (such as irrigation water, pesticides or synthetic fertiliser).*

[3] https://fsc.org/en

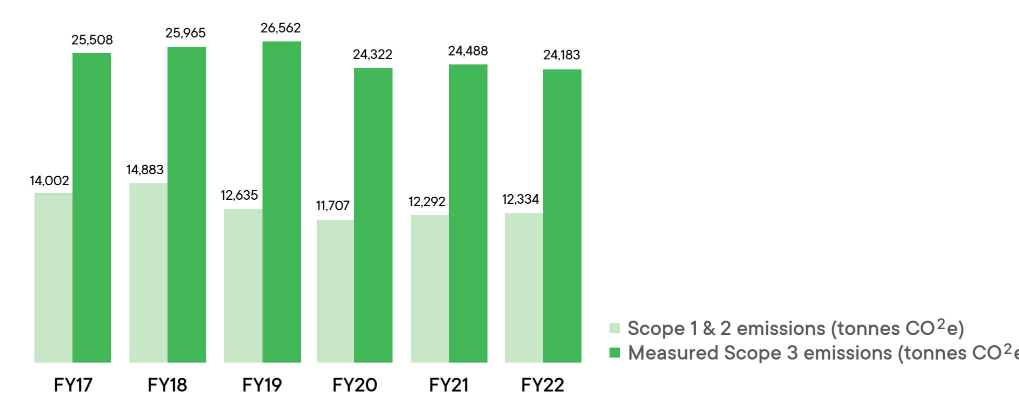
[4] https://pefc.org/

TARGETS | FY22 PROGRESS

We are at the start of our sustainability journey to make sustainable living easy and affordable for everyone. Page 28 details this vision, our new Sustainability Building Blocks and our ambitious targets to deliver these outcomes. Not all of the initiatives behind these targets are embedded in the organisation and measurable yet. Where we have started progressing these initiatives, we have listed our FY22 progress here.

Area	Targets	FY22 Progress
Sustainable products – Increasing the number of sustainable products with sustainable packaging and certified ingredients, and helping our suppliers reduce their GHG emissions	Increase the share of private label sales with sustainable packaging to 50% by 2025 and 100% by 2035.	22% of private label sales were derived from products with sustainable packaging in FY22.
	Increase the share of private label sales from sustainable products, or products with circularity solutions to 50% by 2025 and 100% by 2035.	35,600 private label individual product lines carried a sustainable material or production feature, accounting for $213 million in sales (22% in FY22).
Sustainable living solutions – Enabling sustainable living solutions that help our customers live a healthy, low-carbon lifestyle	Install Electric Vehicle (EV) charging stations at all possible stores by 2030.	13 of the 28 The Warehouse stores which offer free EV charging have been upgraded to 25kw DC rapid chargers.
Circularity solutions – Providing circularity solutions that reduce the amount of post-consumer waste going to landfill	Enable 2.5 million customers to use our waste recycling or circular reuse solutions by 2030.	38 The Warehouse stores offer soft plastic recycling • 63.5 tonnes of soft plastic waste collected (up 59.6%) 16 Noel Leeming and 5 Warehouse Stationery stores offer e-waste recycling • 58.9 tonnes of e-waste collected (up 7.5%) 140 Noel Leeming and Warehouse Stationery stores offer ink and toner recycling • 8.8 tonnes (27,096 units) of ink and toner items collected 521.3 tonnes of whiteware collected from Noel Leeming customers 3 The Warehouse stores offer TerraCycle NZ recycling
Sustainable operations – Increasing the sustainability performance of our operations and decreasing our operational carbon emissions (Scope 1 & 2) to zero by 2040	Reduce Scope 1 & 2 emissions aligned to a 1.5°C trajectory with the pathway to zero emissions by 2040. • Reduce Scope 1 & 2 emissions by 42% by 2030 (from 2020 base year)[1] • 100% transition of passenger fleet EV by 2025 • 75% of stores with 100% LED lighting by 2025	Scope 1 & 2 emissions increased 0.3% compared to FY21 Scope 1 & 2 emissions increased 5.4% compared to our 2020 base year 98% of the Group's light passenger fleet is EV (including fully EV and hybrid) 28% of stores have full LED lighting (FY21: 25%)
	Become a zero-waste status organisation by 2025.	Diverted 73.4% of operational waste from landfills in FY22 (FY21: 77.9%)

SCOPE 1, 2 AND MEASURED SCOPE 3 EMISSIONS (tCO_2e)[2]



[1] *FY20 was set as our base year in accordance with our SLL agreement which aligns our Scope 1 & 2 emissions reduction targets to 1.5°C SBTi criteria.*

[2] *Refer to The Warehouse Group 2022 Emissions Inventory Report for full details including standards, methodologies, assumptions, and calculations used.*

SOFT PLASTIC RECYCLING

Available at **38** The Warehouse stores

Helped Kiwis recycle 63.5 tonnes of soft plastic waste (up 19.6% from FY21) equivalent to 10.6 million

E-WASTE RECYCLING

Via partner TechCollect NZ

Available at **16** Noel Leeming stores

5 Warehouse Stationery stores

Helped our customers recycle 58.9 tonnes of e-waste (up 7.5% from FY21)

INK & TONER RECYCLING

Available at **140** Noel Leeming and Warehouse Stationery stores

Recycle all ink and toner brands

Collected 8.8 tonnes (27,096 units) in FY22

Sustainable Packaging

Customers continue to tell us that they want products with less packaging that they can recycle readily in their kerbside bins. The elimination of unnecessary packaging and its compatibility with New Zealand's kerbside recycling infrastructure is the primary focus of our sustainable packaging programme.

In FY22, 22% of private label sales were derived from products with sustainable consumer packaging able to be recycled via New Zealand's kerbside recycling infrastructure.

Some examples of packaging that we revised significantly to achieve superior environmental outcomes are:

- Bed textiles formerly packaged in non-recyclable vinyl satchels that we switched to reusable cloth bags or light card belly bands;
- Removing expanded polystyrene from flat-pack furniture cartons; and
- Replacing the generic use of PVC blister packs for Tech Accessories with small cartons or card hang sell solutions - projected to save 43 tonnes of non-recyclable plastic annually.

Scope 3 emissions

We have set an ambitious target to reduce Scope 3 emissions by 50% by 2035 and by 80% by 2040. Scope 3 emissions remain the most challenging aspect of climate action for any mass retailer globally, and represent the vast majority of our Group total emissions. The majority of our Scope 3 emissions are generated by our trade suppliers, as well as through the use of our products by our customers. As of today, we report only on our measured Scope 3 emissions, generated from the moment we take ownership of the products we source. This includes the emissions associated with our freight, transportation and shipping from port of ownership to our distribution centres, our stores and customers, as well as the emissions generated from our operational waste. In FY22, our measured Scope 3 emissions reduced by 1.2% compared to FY21, and reduced by 0.6% compared to our 2020 base year.

In the past 12 months we have undertaken a pilot programme to understand the carbon emissions reporting maturity in a target group of 30 Tier 2 trade suppliers, located in China, Bangladesh, and India. Typically, Tier 2 suppliers are facilities providing materials, subsidiary processing or other components to our final manufacture (Tier 1) sites.

Completing this pilot programme is the first step in understanding our trade suppliers' emissions profile and crafting a strategic Scope 3 emissions reduction roadmap. As well as working directly with our suppliers, we have developed a new understanding of the data capabilities required to build a product and materials specific, carbon accounting and emissions reporting capability in service of our Scope 3 emissions reduction goals.

Sustainable living solutions

We are launching a new customer value proposition around sustainable living solutions. This area is in its infancy with initiatives currently being developed. Among other aspects, we intend to deliver solutions to reduce our customers' energy and water usage and increase the customer benefits to live a healthy, productive and sustainable life.

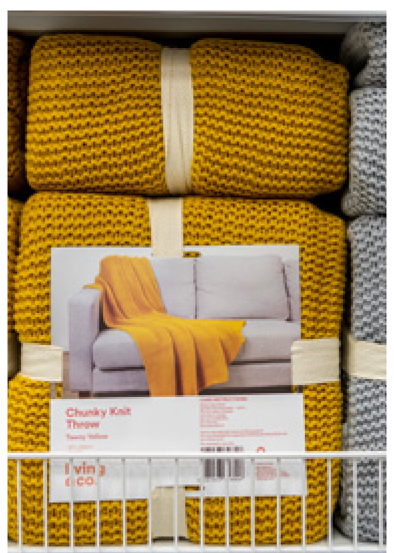
We are in the process of installing Electric Vehicle (EV) charging stations to all possible stores by 2030, and 13 of the 28 The Warehouse stores which already offer free EV charging have been upgraded to 25kW DC rapid chargers.

Circularity solutions

Enable 2.5 million customers to use our waste recycling or circular solutions by 2030

In addition to the reduction and improvement of packaging of our products, we continue to offer and expand circular solutions for our customers to help them minimise waste to landfill. Our goal is to enable 2.5 million customers to reduce their own waste, particularly from the products we sell, by 2025.

We continue to trial our TerraCycle NZ recycling programme, which takes hard-to-recycle products and packaging such as toothpaste tubes and coffee capsules, at three pilot stores. We are looking to expand the scheme to more locations in FY23. The Warehouse were proud to run New Zealand's first ever toy recycling pilot programme as part of Mega Toy Month, during which we collected 40 cubic metres of toys across 22 stores in a month. The collected toys will be turned into new materials to be given a second life.



ENERGY CONSUMPTION WITHIN THE ORGANISATION[1,2]

	FY22 consumption	FY22 consumption (GJ)	GJ increase/ (decrease) vs 2021
Diesel	2,799,125	106,955	14.3%
Jet fuel	298,362	13,811	367.2%
LPG	177,087	4,700	–16.8%
Petrol – premium	21,875	774	–34.9%
Petrol – regular	40,929	1,439	45.6%
Total Fuel Consumption	**3,337,379 litres**	**127,679**	**22.4%**
Total Electricity Consumption	**89,197,673kWh**	**321,109**	**(2.5%)**
Total Energy Consumption		**448,788**	**3.5%**

FY22 Energy intensity ratio[1, 3]
136 GJ / $million of revenue
up from 127 GJ / $million in FY21

FY22 energy consumption[1]
14,446 GJ up 3.5% compared to FY21

[1] *Refer to The Warehouse Group 2022 Emissions Inventory Report, link can be found below. The methodology for measuring TWG energy consumption and conversion factors is based on the Ministry for the Environment "Measuring Emissions: A Guide for Organisations: 2020 Detailed Guide"*

[2] *Includes diesel, jet kerosene, LPG, petrol and electricity energy consumption used within the organisation*

[3] *Energy intensity ratio includes energy consumption within the organisation only.*

[4] *Refer to [The Warehouse Group 2022 Emissions Inventory Report.](The Warehouse Group 2022 Emissions Inventory Report)*

As part of our Healthy Homes campaign, we ran a Healthy Heater Swap, whereby customers could trade in their un-flued LPG gas heaters for a healthier, electric option for free. We also bring convenient circular opportunities to our customers in the comfort of their own home, by removing and recycling old whiteware for our customers when we deliver their new purchases to their homes.

Through these initiatives we diverted a total of 653 tonnes of post-consumer waste from landfill disposal, including soft plastics, e-waste, ink and toners, whiteware, office furniture and heaters.

Sustainable operations

Climate action is of the utmost importance to The Warehouse Group and reducing our direct carbon emissions (Scope 1 & 2) is one of the most important aspects of our sustainability plan. Our ambition is to reach zero emissions in our operations by 2040 – using no carbon offsets.

This year we have adopted new emission reduction targets aligned to the Science Based Targets Initiative (SBTi) and aligned with no more than 1.5°c of global warming.

- Reduce Scope 1 & 2 emissions by 42% by 2030 (against our 2020 baseline), with a pathway to zero emissions by 2040
- Reduce domestic and international freight emissions by 40% by 2030 (Scope 3)
- Use only sustainable transportation fuel by 2040 (Scope 3)
- Become a zero-waste status organisation by 2025. (Scope 3).

This year our carbon emissions footprint covering our Scope 1, 2, and measured Scope 3 was 36,518 tonnes of CO2 equivalent (tCO_2e)[4]. The Group's Scope 1 & 2 emissions increased by 0.3% compared to FY21 and increased 5.4% compared to our 2020 base year. Total emissions decreased by 0.7% compared to FY21 and increased 1.4% compared to our 2020 base year, which was the year most impacted by COVID-19 with seven weeks of lockdown periods.

The Group's greenhouse gas (GHG) emissions intensity ratio was 11.09 total gross GHG emissions per revenue (tCO2e/$million) in FY22 (FY21: 10.77), comprising Scope 1 & 2 emissions intensity ratio of 3.74 tCO2e/$million and measured Scope 3 emissions intensity ratio of 7.34 tCO_2e/$million, an increase of 2.9% compared to FY21 and a decrease of 2.4% compared to our 2020 base year.

This is insufficient to meet our reduction target. We will need greater reductions over the coming years to reach our 2040 target.

Various initiatives mentioned above have shown their positive impacts on our emission footprint this year, including:

- The Group's international sea freight emissions reduced by 3,002 tonnes, a 20.8% reduction compared to FY21 due to the sea freight containers optimisation initiative (Scope 3);
- Torpedo7 reduced its international air freight by 140 tonnes (81.9%) compared to FY21 (Scope 3);
- As of July 2022, 98% of the Group's light passenger fleet is EV (Scope 1);
- The Warehouse fleet emissions decreased by 52 tonnes (26.4%), Noel Leeming fleet emissions decreased by 139 tonnes (10.3%), and Torpedo7's fleet emissions decreased by 5 tonnes (7.0%), compared to FY21 (Scope 1); and
- In FY22 we converted a further seven stores to energy efficient LED lighting with 28% of our stores now having 100% LED lighting (up from 25.0% in FY21) (Scope 2). This effort was slowed down by COVID-19 related issues with getting light fittings into the country. Five new stores are about to be retrofitted and several more are currently under negotiation.

The above initiatives which contributed to a decrease in our emissions were offset by the following factors:

- The significant increase in customers online shopping has resulted in an increase in Scope 3 emissions caused by the increase of road courier and air courier delivery (Scope 3);
- The Warehouse's international air freight increased by 300 tonnes (148.5%), due to significant shipping disruption as well as high-volume and urgent sourcing needs for the likes of PPE and COVID-19 Rapid Antigen Testing (RAT) kits (Scope 3);
- The Warehouse's store electricity use increased by 240 tonnes (3.6%) (Scope 2); and
- Torpedo7's international sea freight increased by 137 tonnes (20.9%) from FY21 (Scope 3).

These are significant areas of opportunities and challenges as the number of consumers choosing the convenience of online shopping continues to grow. To mitigate that trend, we need to optimise our sourcing practice to find new efficiencies and reduce emissions. We are already investigating with our shipping and freight partners – both domestically and internationally – alternative shipping options and low emissions freight such as hydrogen and the continued electrification of light delivery trucks which will result in lower emissions output and carbon intensity.

Carbon emissions reporting

We have been Toitū net carbon zero certified since 2019. This certification covers our Scope 1, 2, and measured Scope 3 emissions. Measured Scope 3 emissions covers product transportation, business travel and waste services. This year we offset 100% of our Group carbon emissions (36,518 tonnes) by investing in UN Clean Development Mechanism projects.

In December 2021, under the Carbon Disclosure Project (CDP) framework, we were thrilled to be scored an A- "Leadership" for Supplier Engagement, and we have held this rating for the second year in a row. We were awarded an overall rating of B under the CDP framework, putting us in the category of "Management". The initiatives we are putting in place across the Group are designed to take us back to a "Leadership" position under this framework, considering CDP's increased expectations of the integration of sustainability and climate impact in our business.

Our annual carbon emissions reporting follows the strictest audit standards (carbonzeroCertTM) of our reporting partner, Toitū Envirocare. Our reduction targets are aligned with the New Zealand Climate Leaders Coalition commitments, which reflect the Paris Agreement guidelines. The Warehouse Group is certified in accordance with ISO 14064-1:2018 and ISO 14064-3:2019.

For an in-depth review of performance against energy and greenhouse gas emissions please refer to The Warehouse Group Emissions Inventory Report which can be found here.

Become a zero-waste organisation by 2025

To become a zero-waste organisation by 2025 will require us to reduce unnecessary, non-recyclable shipping and freight packaging, and where residual waste occurs ensure this is diverted from landfill.

The majority of our internal waste is generated from shipping and freight packaging around products which is removed and disposed of at our distribution centres, and general use waste in our stores and Store Support Office (SSO). By working with our national waste and recycling service providers, we diverted 73.4% of our operational waste from landfills in FY22 (FY21: 77.9%). The decrease of waste diversion rate is due to our ongoing store refurbishment programme, generating a significant amount of non-recyclable materials that have to be safely disposed of into landfills. We will continue to work with our national waste and recycling service providers and refurbishment contractors to better minimise waste generated from this space.

Where possible, when waste is sent to landfill, we use landfills which have Landfill Gas Recovery Facilities (LGRF) which capture greenhouse gas generated from the breakdown of organic matters to reduce the negative climate impacts of landfill gas. In FY22, 89.5% (FY21: 96.3%) of landfill waste was sent to landfills with LGRF.

The Warehouse Group disposed of 0.091 tonnes of hazardous waste in FY22.

At our distribution centres we work with fibre and plastic wrap recyclers through which we diverted 1,332 tonnes of recyclable waste from landfills in FY22 (FY21: 1,321 tonnes).

In our stores, our national waste and recycling service providers supply comprehensive waste minimising solutions, including comingle paper and cardboard recycling. At our SSO, we provide a wide variety of recycling services to our team members, including food waste services which diverted 13 tonnes of compostable organic waste in FY22.

This year, we continue our work as an Impact Partner of All Heart New Zealand, a charity that helps corporates redirect and repurpose unwanted and redundant items. Through this partnership, we redirected or repurposed 51.4 tonnes of items from landfills, and gave these items a new life with communities in need. Through this collaboration, we also created more than 200 hours of living wage employment in our communities.

All waste which is directed to disposal or diverted from disposal to recovery operations are performed offsite.

Significance

The US Climate Change Conference in Glasgow, where The Warehouse Group joined the New Zealand business delegation and represented the country's Climate Leaders Coalition, whose members represent 38% of the of the New Zealand economy collectively, was a reminder of the enormous task left to do to meet the world's decarbonisation commitments by 2050.

In the retail sector, sustainability now means an end-to-end transformation of our value chain to address fast changing consumer behaviors, the acceleration of public policy toward circularity and net zero, and the changes made possible by technological innovation. These trends are driving us toward a new retail model where non-sustainable options are becoming outdated and unacceptable, and sustainable options become the required norm.

We see significant upside from accelerating the transformation of our products and services, with the opportunity to improve customers' ability to live sustainably, to accelerate our ambition to zero emissions, all while achieving market share gains, margin improvements and maintaining our value positioning.

We also see new business models and business opportunities in waste, circularity, subscription models, second-hand trading platforms, waste to feedstock, and land-to-market nature-based solutions. This follows the significant increase in the price of carbon credits, and the reallocation of capital that the decarbonisation of our economy and the rise of sustainable finance are creating.

Materiality

In October 2021, New Zealand became the first country in the world to pass a law that will ensure financial organisations and publicly listed companies such as The Warehouse Group disclose and ultimately act on climate-related risks and opportunities.

With a market share of 18.8% of core retail in New Zealand, we have a role to play to ensure that all New Zealanders can live a sustainable lifestyle. The 2022 Kantar Better Futures Survey shows New Zealanders' personal commitment to living sustainably continues an upward trend with 43% of those surveyed, up from 36% in 2021 and 32% in 2020. The same survey shows that in New Zealand, more people are claiming to undertake circular shopping behaviours with 78% of those surveyed claiming to dispose of clothing and household items through online community groups rather than throwing them out.

Beyond the immediate customer needs, we take on the responsibility to address the threats that environmental degradation and climate change poses to the health and wellbeing of current and future generations, its direct economic cost, and its impact on the prosperity of our communities.

There is a clear call for more to be done to change lifestyles to restrict the increase in global temperature of no more than 1.5°C.

Future focus areas

In FY22, we have set up our Group sustainability ambitions, commitments and targets, and have identified the resources investment required to achieve our ambitions. We have also set the technical and operational foundations needed to deliver our current performance in sustainably sourced products, circularity, and emissions reduction. In FY23 and beyond we will build further capabilities to support our new vision to make sustainable living easy and affordable for everyone. This includes:

- Creating new roles with technical expertise deployed in our most material areas of focus including sourcing, logistics, operations and customer engagement;
- Building our 12,000 team members' sustainability mindset, craft and deliveries and embedding sustainability outcomes in their contribution models;
- Creating new learning and development pathways to ensure that our team members are properly supported to deliver against the Group ambitions;
- Building the data capacity we need to fill the gap between generic carbon emissions data and product specific carbon accounting;
- Partnering with our suppliers in their own decarbonisation efforts; and
- Making sustainability our superpower to attract new talent.

We recognise that while we do not yet know where some of the solutions will come from, we believe that our current approach will equip us to take advantage of them when they are available. We also recognise that several targets we are pursuing will challenge our capabilities or require that we change the way we do business. These targets maintain our ability to increase our ambition subsequently as new solutions become available.

[1] *Weights are reported using waste management providers' waste measurement methodologies.*

Operational Waste[1]	Waste Generated (tonne)	Waste Diverted from Disposal (tonne)	Waste directed to Disposal (tonne)
General Waste	7,756	4,244	3,512
Paper	4,005	4,005	-
Fibre and a plastic wrap	1,343	1,343	-
Hazardous Waste	<1 tonne	-	<1 tonne
Total Operational Waste	**13,216**	**9,704**	**3,512**
Percentage of waste diverted and directed to disposal		**73.4%**	**26.6%**

Financial Statements

For the 52 week period ended 31 July 2022

The financial statements have been presented in a style which attempts to make 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 green 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.

Certain comparative amounts reported for the previous year have been restated following adoption of the Cloud Computing Arrangement agenda decision issued by the International Financial Reporting Standards Interpretations Committee (IFRIC) in April 2021. Information relating to these adjustments are detailed in notes 1.5 and 17.0.

These financial statements have been approved for issue by the Board of Directors on 27 September 2022.

Joan Withers
Board Chair
27 September 2022

Dean Hamilton
Audit and Risk Committee Chair
27 September 2022

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 31 July 2022

	Note	2022	(Restated) 2021
		$000	$000
Retail sales	2.1	3,294,332	3,414,601
Cost of retail goods sold	8.1	(2,129,950)	(2,173,245)
Gross profit		1,164,382	1,241,356
Other income	3.1	7,683	7,050
Employee expense	3.2	(575,361)	(582,098)
Depreciation and amortisation expense	2.2	(146,122)	(143,344)
Other operating expenses	3.3	(291,812)	(253,434)
Operating profit	2.1	158,770	269,530
Unusual items	5.0	-	(86,955)
Earnings before interest and tax		158,770	182,575
Net interest expense	3.5	(36,831)	(37,458)
Profit before tax		121,939	145,117
Income tax expense	4.1	(34,851)	(37,247)
Net profit for the period		87,088	107,870
Attributable to:			
Shareholders of the parent		89,311	109,311
Minority interests	11.5	(2,223)	(1,441)
		87,088	107,870
Earnings per share attributable to shareholders of the parent			
Basic earnings per share	6.0	25.9 cents	31.7 cents

Consolidated Statement of Comprehensive Income

For the 52 week period ended 31 July 2022

	Note	2022	(Restated) 2021
		$000	$000
Net profit for the period		87,088	107,870
Items that may be reclassified subsequently to the income statement			
Movement in foreign currency translation reserve		294	55
Movement in derivative cash flow hedges		8,873	26,651
Tax relating to movement in hedge reserve		(2,484)	(7,463)
Other comprehensive income		6,683	19,243
Total comprehensive income		93,771	127,113
Attributable to:			
Shareholders of the parent		95,994	128,554
Minority interest	11.5	(2,223)	(1,441)
Total comprehensive income		93,771	127,113

Consolidated Balance Sheet

As at 31 July 2022

	Note	2022	(Restated) 2021
		$000	$000
ASSETS			
Current assets			
Cash and cash equivalents	11.2	24,999	160,526
Trade and other receivables	8.2	87,853	79,545
Inventories	8.1	562,313	457,151
Derivative financial instruments	12.2	29,491	8,837
Current taxation	4.2	1,505	-
Total current assets		706,161	706,059
Non current assets			
Trade and other receivables	8.2	11,664	4,408
Derivative financial instruments	12.2	-	1,310
Property, plant and equipment	9.1	224,355	194,619
Intangible assets	9.2	151,825	127,179
Right of use assets	10.1	673,278	736,524
Investment in associate	1.6	3,839	-
Deferred taxation	4.3	89,227	95,958
Total non current assets		1,154,188	1,159,998
Total assets	2.4	1,860,349	1,866,057
LIABILITIES			
Current liabilities			
Borrowings	11.2	66,150	-
Trade and other payables	8.3	480,596	436,579
Derivative financial instruments	12.2	668	4,353
Taxation payable	4.2	-	10,878
Lease liabilities	10.2	95,849	97,812
Provisions	8.4	49,831	74,515
Total current liabilities		693,094	624,137
Non current liabilities			
Lease liabilities	10.2	724,991	794,379
Provisions	8.4	21,165	23,371
Total non current liabilities		746,156	817,750
Total liabilities	2.4	1,439,250	1,441,887
Net assets		421,099	424,170
EQUITY			
Contributed equity	11.3	360,235	360,235
Reserves	11.4	12,739	6,056
Retained earnings		48,940	60,573
Total equity attributable to shareholders		421,914	426,864
Minority interest	11.5	(815)	(2,694)
Total equity		421,099	424,170

Consolidated Statement of Cash Flows

For the 52 week period ended 31 July 2022

	Note	2022	(Restated) 2021
		$000	$000
Cash flows from operating activities			
Cash received from customers		3,304,417	3,425,114
COVID-19 wage subsidy		-	(67,550)
Payments to suppliers and employees		(3,119,707)	(3,061,563)
Income tax paid	4.2	(42,514)	(32,132)
Interest paid		(36,773)	(37,910)
Net cash flows from operating activities		105,423	225,959
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and computer software		456	190
Purchase of property, plant and equipment and computer software		(107,469)	(61,878)
Purchase of associate	1.6	(4,500)	-
Purchase of minority interest	11.5	(1,716)	(239)
Net cash flows from investing activities		(113,229)	(61,927)
Cash flows from financing activities			
Proceeds from borrowings		66,150	-
Early termination of interest rate swaps		-	(9,767)
Lease principal repayments		(98,264)	(99,383)
Treasury stock dividends received		381	254
Dividends paid to parent shareholders		(95,863)	(62,678)
Dividends paid to minority shareholders		(125)	-
Net cash flows from financing activities		(127,721)	(171,574)
Net cash outflow		(135,527)	(7,542)
Opening cash position		160,526	168,068
Closing cash position	11.2	24,999	160,526

Reconciliation of Operating Cash Flows

For the 52 week period ended 31 July 2022

	Note	2022	(Restated) 2021
		$000	$000
Net profit		87,088	107,870
Non cash items			
Depreciation and amortisation expense	2.2	146,122	143,344
Right of use asset impairment	10.1	-	1,582
Share based payment expense	3.2	-	93
COVID 19 landlord rent relief	10.2	(1,775)	-
Movement in deferred tax	4.3	4,239	4,975
Interest rate hedge derivatives write-off	5.0	-	3,340
Total non cash items		148,586	153,334
Items classified as investing or financing activities			
Loss on disposal of property, plant and equipment		1,128	637
Loss from investment in associate	1.6	661	-
Gain on lease terminations	2.5	(2,681)	(1,237)
Supplementary dividend tax credit	4.2	481	246
Total investing and financing adjustments		(411)	(354)
Changes in assets and liabilities			
Trade and other receivables		(15,564)	1,227
Inventories		(105,162)	(63,541)
Trade and other payables		30,159	14,497
Provisions		(26,890)	13,030
Income tax		(12,383)	(104)
Total changes in assets and liabilities		(129,840)	(34,891)
Net cash flows from operating activities		105,423	225,959

Consolidated Statement of Changes in Equity

For the 52 week period ended 31 July 2022

	Note	Share Capital	Treasury Shares	Hedge Reserves	Foreign Currency Translation Reserve	(Restated) Retained Earnings	Minority Interest	(Restated) Total Equity
		$000	$000	$000	$000	$000	$000	$000
For the 52 week period ended 31 July 2022								
Balance at the beginning of the period		365,517	(5,282)	6,171	(115)	60,573	(2,694)	424,170
Profit/(loss) for the period		-	-	-	-	89,311	(2,223)	87,088
Movement in foreign currency translation reserve		-	-	-	294	-	-	294
Movement in derivative cash flow hedges		-	-	8,873	-	-	-	8,873
Tax relating to movement in hedge reserve	4.3	-	-	(2,484)	-	-	-	(2,484)
Total comprehensive income/(loss)		-	-	6,389	294	89,311	(2,223)	93,771
Contributions by and distributions to owners								
Minority put options exercised		-	-	-	-	(5,943)	4,227	(1,716)
Dividends paid	7.1, 11.5	-	-	-	-	(95,382)	(125)	(95,507)
Treasury stock dividends received		-	-	-	-	381	-	381
Balance at the end of the period		365,517	(5,282)	12,560	179	48,940	(815)	421,099
		(note: 11.3)	(note: 11.3)	(note: 11.4)	(note: 11.4)	(note: 17.0)	(note: 11.5)	
For the 52 week period ended 1 August 2021								
Balance at the beginning of the period		365,517	(5,456)	(13,017)	(170)	13,301	(794)	359,381
Profit/(loss) for the period		-	-	-	-	109,311	(1,441)	107,870
Movement in foreign currency translation reserve		-	-	-	55	-	-	55
Movement in derivative cash flow hedges		-	-	26,651	-	-	-	26,651
Tax relating to movement in hedge reserve	4.3	-	-	(7,463)	-	-	-	(7,463)
Total comprehensive income/(loss)		-	-	19,188	55	109,311	(1,441)	127,113
Contributions by and distributions to owners								
Share rights charged to the income statement		-	-	-	-	-	93	93
Share rights vested		-	-	-	-	1,697	(1,697)	-
Minority put options exercised		-	174	-	-	(1,558)	1,145	(239)
Dividends paid	7.1	-	-	-	-	(62,432)	-	(62,432)
Treasury stock dividends received		-	-	-	-	254	-	254
Balance at the end of the period		365,517	(5,282)	6,171	(115)	60,573	(2,694)	424,170
		(note: 11.3)	(note: 11.3)	(note: 11.4)	(note: 11.4)	(note: 17.0)	(note: 11.5)	

1.0 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 (IFRS).

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. Certain comparative amounts reported for the previous year have been restated following adoption of the Cloud Computing Arrangement agenda decision issued by the International Financial Reporting Standards Interpretations Committee (IFRIC) in April 2021. Information relating to these adjustments are detailed in notes 1.5 and 17.0.

The principal accounting policies 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 significant or 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 consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Material subsidiaries at year end are listed below.

		Percentage Ownership	
Name of Entity	Principal Activity	2022	2021
The Warehouse Limited	Retail	100	100
Noel Leeming Group Limited	Retail	100	100
Torpedo7 Limited	Retail	100	100
TheMarket.Com Limited	Online marketplace	97	88
Eldamos Investments Limited	Property	100	100
The Warehouse Nominees Limited	Investment	100	100

1.4 Reporting period

These financial statements are for the 52 week period 2 August 2021 to 31 July 2022. The comparative period is for the 52 week period 3 August 2020 to 1 August 2021. 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 last occurred during the 2020 financial year.

1.5 Changes in accounting policies, interpretations and agenda decisions

There have been no changes to the principal accounting policies applied in the preparation of these financial statements except for the Group's policy relating to capitalising implementation costs for cloud computing arrangements.

Cloud Computing Arrangements

In April 2021, the International Financial Reporting Interpretation Committee (IFRIC) issued an agenda decision clarifying the accounting treatment for software implementation costs in cloud computing arrangements, concluding that in most instances these are likely to be an operating expense.

The Group previously capitalised costs incurred to configure and customise software in cloud computing arrangements as intangible software assets, as the Group considered that it would benefit from these costs over the expected term of the arrangement. As a result of the IFRIC decision, the Group changed its accounting policy relating to implementation costs for cloud computing arrangements (refer note 9.2) resulting in a retrospective restatement of the Group's financial statements (refer note 17.0). The policy change reduced the carrying value of the Group's software by $63.6 million and lowered pre-tax profit by $15.9 million (2021: $11.6 million) as a result of recognising a new expense for cloud computing implementation costs offset by a reduction in the amortisation expense related to the previously capitalised software costs.

Notes to the Financial Statements - Basis of Preparation
For the 52 week period ended 31 July 2022

1.6 Significant transactions and events in the financial year

Group structure

TheMarket.com

The Group increased its shareholding in TheMarket.com from 88.5% to 97.0%, when two put options were exercised in accordance with TheMarket.com share rights plan (refer note 11.5). The Group also amalgamated 1-day Limited with TheMarket.com Limited effective from the commencement of the current financial year to align the legal structure with the way these two businesses are managed.

Investment in associate

In August 2021 the Group invested $4.5 million to acquire a 26% interest in ZOOM Health Limited (ZOOM). ZOOM is a health technology company and shareholder in ZOOM Care Limited, an online pharmacy that delivers prescription medicine to patients. During the year the Group recognised $0.7 million as a proportionate share of ZOOM's trading losses, which reduced the carrying value of the investment to $3.8 million.

Other changes

The Group's discontinued Diners Club (NZ) business which ceased operating in April 2020 was placed into a formal solvent liquidation during the year and removed from the Companies Office register. There were no other changes to the Group's company structure during the year. Immediately following balance date the Group legally amalgamated Noel Leeming Group Limited with The Warehouse Limited. This amalgamation is designed to simplify support office functions but will not result in changes to the store operations or branding. The Group also acquired the remaining 3% minority interest in TheMarket.com in August 2022 for a consideration of $0.7 million.

Impact of COVID-19

The Group's sales were significantly impacted in the first half of the financial year when all stores across the network were closed from mid-August 2021 for three weeks in response to a government initiated nationwide COVID-19 lockdown. The lockdown restrictions eased for much of New Zealand following the initial 3-week lockdown period but continued in Auckland, and intermittently in Northland and parts of the Waikato for another 9 weeks. The Group did not experience the same sales rebound that occurred when the stores reopened following previous lockdowns and while customers gravitated to online shopping during this period, the increase in online sales and Click & Collect sales did not replace the decrease in expected instore sales.

Sales continued to be impacted into the second half of the financial year even though the Government relaxed the COVID-19 settings and shifted away from Alert Levels and lockdowns to the less restrictive traffic light system. In response to the rising cases of the COVID-19 Omicron variant in late January 2022, the government set its traffic light restrictions to its highest red light setting across all of New Zealand for a period of 80 days before moving to a less stringent orange setting in mid-April 2022. At these settings the Group's stores were open, but there was hesitancy amongst our customers to shop in stores, while Omicron remained present in the community. This hesitancy has now largely dissipated but contributed to a decrease in foot traffic of more than 10% compared to last year, reflecting the change in customer shopping habits during the year.

Product supply was impacted by COVID-19 due to ongoing challenges in the supply chain and increased shipping costs. In addition to losing potential sales, the longer lead times means the Group is carrying higher levels of inventory and goods in transit to ensure stock availability, which resulted in higher working capital at the end of the year.

COVID-19 also caused an increase in team member absenteeism through illness and isolation requirements, with some team members unable to work. The Group continued to pay its team members in full during these periods.

1.7 Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the Group to make judgements, estimates and assumptions that affect 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) Inventory (note 8.1)
(b) Lease liabilities and right of use assets (notes 10.1 and 10.2)
(c) Derivative financial instruments (note 12.2)
(d) Cloud computing arrangements (note 17.0)

1.8 Non-GAAP financial information

The Group uses operating profit, earnings before tax and interest, 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 are detailed in note 5.0.

2.0 SEGMENT INFORMATION

2.1 Operating performance	Note	Retail Sales		Operating Profit		Retail Operating Margin	
		2022	2021	2022	2021	2022	2021
		$ 000	$ 000	$ 000	$ 000	%	%
The Warehouse		1,726,936	1,804,861	75,742	177,869	4.4 %	9.9 %
Warehouse Stationery		249,749	274,646	23,058	34,325	9.2 %	12.5 %
Warehouse segment		1,976,685	2,079,507	98,800	212,194	5.0 %	10.2 %
Noel Leeming		1,096,744	1,128,184	53,907	64,748	4.9 %	5.7 %
Torpedo7		171,474	158,706	(2,240)	1,586	-1.3 %	1.0 %
TheMarket.com		49,954	54,455	(24,734)	(20,704)		
Other Group operations		6,866	7,141	(8,961)	(28,803)		
Inter-segment eliminations		(7,391)	(13,392)	-	-		
Group		3,294,332	3,414,601	116,772	229,021	3.5 %	6.7 %
Adjustments for NZ IFRS 16	2.5			41,998	40,509		
Operating profit				158,770	269,530		
Unusual items	5.0			-	(86,955)		
Earnings before interest and tax				158,770	182,575		

Retail sales
Retail sales are recognised when the customer receives the goods which typically occurs at the point of sale for instore 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 fair value of the consideration received or receivable, net of returns, discounts and excluding Goods and Services Tax (GST).

Operating segments
The Group has four operating segments trading in the New Zealand retail sector and an online marketplace (includes 1-day). These segments 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. The Group has disclosed its segment operating profit performance that excludes the impacts of NZ IFRS 16 Leases, which is consistent with internal reporting and the way the Group monitors financial performance.

Each of the four main retail segments represents a distinct retail brand that operate throughout New Zealand. Customers can purchase product from the retail chains either online or through the Group's physical retail store network. The Group's store network currently has 89 (2021: 90) The Warehouse stores, 68 (2021: 70) Warehouse Stationery stores, 68 (2021: 71) Noel Leeming stores and 24 (2021: 21) Torpedo7 stores. The Warehouse and Warehouse Stationery have 35 (2021: 25) stores which are combined within one location, these stores are included in the store numbers for both brands. The Warehouse and Warehouse Stationery have 35 (2021: 25) stores which are combined within one location, these stores are included in the store numbers for both brands. The Warehouse predominantly sells general merchandise and apparel, Noel Leeming sells technology and appliance products, Torpedo7 sells sporting equipment and the Warehouse Stationery sells stationery products.

Other Group operations include a property company, a chocolate factory, the Group's overseas sourcing operations and the residual cost of unallocated support office functions.

2.2 Depreciation and amortisation	Note	PPE and Software		Right of Use Assets		Total	
		2022	2021	2022	2021	2022	2021
		$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
The Warehouse segment		36,720	34,882	67,275	67,675	103,995	102,557
Noel Leeming		8,208	8,218	18,166	18,246	26,374	26,464
Torpedo7		1,282	2,113	7,118	6,966	8,400	9,079
TheMarket.com		3,655	2,598	916	850	4,571	3,448
Other Group operations		1,643	1,441	1,139	355	2,782	1,796
Depreciation and amortisation expense		51,508	49,252	94,614	94,092	146,122	143,344
Comprising:							
Property, plant and equipment (PPE)	9.1	38,204	41,396				
Computer software	9.2	13,304	7,856				
		51,508	49,252				

Notes to the Financial Statements - Financial Performance
For the 52 week period ended 31 July 2022

2.3 Capital expenditure	Note	Capital Expenditure	
		2022	2021
		$ 000	$ 000
The Warehouse segment		95,381	45,480
Noel Leeming		3,198	11,453
Torpedo7		3,657	1,003
TheMarket.com		3,290	5,462
Other Group operations		1,920	256
Capital expenditure		107,446	63,654
Comprising:			
Property, plant and equipment (PPE)	9.1	69,176	39,715
Computer software	9.2	38,270	23,939
		107,446	63,654

The Warehouse segment includes capital expenditure that relates to corporate assets which are are also used by the wider Group.

2.4 Balance sheet information	Note	Total Assets		Total Liabilities	
		2022	2021	2022	2021
		$ 000	$ 000	$ 000	$ 000
The Warehouse segment		590,929	444,892	377,399	353,595
Noel Leeming		191,511	188,324	139,218	149,077
Torpedo7		76,578	50,380	22,769	20,761
TheMarket.com		21,540	21,288	11,137	9,009
Other Group operations		88,335	85,062	1,069	2,023
Operating assets/liabilities		968,893	789,946	551,592	534,465
Unallocated assets/liabilities					
Cash and borrowings		24,999	160,526	66,150	-
Derivative financial instruments	12.2	29,491	10,147	668	4,353
Right of use assets/Lease liabilities		673,278	736,524	820,840	892,191
Intangible goodwill and brands	9.2	72,956	72,956	-	-
Taxation assets/liabilities	4.2, 4.3	90,732	95,958	-	10,878
Total Group		1,860,349	1,866,057	1,439,250	1,441,887

2.5 Adjustment for NZ IFRS 16 (Leases)	Note	2022	2021
		$ 000	$ 000
Pre NZ IFRS 16 rent expense		133,931	134,946
Right of use asset amortisation	10.1	(94,614)	(94,092)
Lease impairments		-	(1,582)
Gain on lease terminations		2,681	1,237
Impact on operating profit	2.1	41,998	40,509
Lease liability interest	3.5	(36,683)	(38,497)
Impact on net profit before tax (excluding unusual items)		5,315	2,012

3.0 INCOME AND EXPENSES

3.1 Other income	Note	2022	2021
		$000	$000
COVID-19 landlord rent relief	10.2	1,775	-
Tenancy rents received		2,165	2,251
Other		3,743	4,799
Other income		7,683	7,050

3.2 Employee expense	2022	2021
	$000	$000
Wages and salaries	566,174	542,841
Directors' fees	884	787
Performance based compensation	8,303	38,377
Equity settled share based payments expense	-	93
Employee expense	575,361	582,098

3.3 Other operating expenses	2022	2021
	$000	$000
Other operating expenses include:		
Provision for bad and doubtful debts expense	2,467	767
Loss on disposal of plant and equipment	1,128	637
Asset impairments	-	1,582
Donations	106	499
Net foreign currency exchange (gain)/loss	(67)	105

3.4 Auditors' fees	2022	2021
	$000	$000
Auditing the Group financial statements	711	697
Reviewing the half year financial statements	112	97
Other non-audit or review services		
- Agreed upon procedures	24	14
- Taxation services	10	10
- Other services	71	58
Total fees paid to PricewaterhouseCoopers	928	876

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.

3.5 Net interest expense	Note	2022	2021
		$000	$000
Interest on deposits and use of money interest received		(592)	(1,048)
Interest on borrowings		740	9
Interest on leases	10.2	36,683	38,497
Net interest expense from continuing operations		36,831	37,458

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	2022	2021
		$000	$000
Profit before tax		121,939	145,117
Taxation calculated at 28%		34,143	40,633
Adjusted for the tax effect of:			
Non deductible expenditure		725	503
Income tax relating to prior year property disposals		-	(3,295)
Income tax over provided in prior year		(17)	(594)
Income tax expense		34,851	37,247
Income tax expense comprises:			
Current year income tax payable	4.2	30,612	32,272
Deferred taxation	4.3	4,239	4,975
Income tax expense		34,851	37,247

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.

The following table details the movement in income tax receivable/(payable) during the current and prior year.

4.2 Balance sheet - current taxation asset/(liability)	Note	2022	2021
		$000	$000
Opening balance		(10,878)	(10,982)
Foreign exchange movement		-	(2)
Current year income tax payable	4.1	(30,612)	(32,272)
Net taxation paid		42,514	32,132
Supplementary dividend tax credit		481	246
Closing balance		1,505	(10,878)

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

4.3 Balance sheet - deferred taxation asset	Note	Inventory	Leases	Property, Plant Equipment and Software	Employee Provisions	Derivatives	Other	Total
		$000	$000	$000	$000	$000	$000	$000
For the 52 week period ended 31 July 2022								
Opening balance		12,941	41,648	18,328	17,483	(2,400)	7,958	95,958
Charged/(credited) to the income statement	4.1	(2,241)	(1,499)	4,263	(1,750)	-	(3,012)	(4,239)
Net charged to other comprehensive income		-	-	-	-	(2,484)	(8)	(2,492)
Closing balance		10,700	40,149	22,591	15,733	(4,884)	4,938	89,227
For the 52 week period ended 1 August 2021								
Opening balance		15,713	42,211	16,077	19,348	6,744	8,306	108,399
Charged/(credited) to the income statement	4.1	(2,772)	(563)	2,251	(1,865)	(1,681)	(345)	(4,975)
Net charged to other comprehensive income		-	-	-	-	(7,463)	(3)	(7,466)
Closing balance		12,941	41,648	18,328	17,483	(2,400)	7,958	95,958

5.0 ADJUSTED NET PROFIT

Adjusted net profit reconciliation	Note	2022	2021
		$ 000	$ 000
Adjusted net profit		85,484	167,175
Add back: Unusual items			
Restructuring costs		-	(16,065)
Interest rate hedge derivatives write-off	12.5	-	(3,340)
COVID-19 wage subsidy		-	(67,550)
Unusual items before taxation and NZ IFRS 16 adjustments		-	(86,955)
Adjustments for NZ IFRS 16	2.5	5,315	2,012
Income tax on the unusual items above		(1,488)	23,784
Income tax relating to prior year property disposals		-	3,295
Unusual items after taxation and NZ IFRS 16 adjustments		3,827	(57,864)
Net profit from continuing operations attributable to shareholders of the parent		89,311	109,311

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 impact relating to the lease accounting standard are also excluded from adjusted net profit.

The Group did not classify any items as unusual during the year.

2021 COVID-19 wage subsidy

In December 2020 the Group voluntarily repaid the Government COVID-19 wage subsidy it received in March 2020. The Group classified both the receipt and offsetting repayment of the COVID-19 wage subsidy which spanned two different financial years as unusual items.

2021 Restructuring costs

The restructuring costs relate to professional fees and redundancy costs incurred as part of the Group's transition to an Agile way of working completed last year.

6.0 EARNINGS PER SHARE

Earnings per share calculation	Note	2022	2021
Net profit attributable to shareholders of the parent ($000s)		89,311	109,311
Adjusted net profit ($000s)	5.0	85,484	167,175
Basic			
Weighted average number of ordinary shares (net of treasury shares) on issue (000s)		345,354	345,301
Basic earnings per share (cents)		25.9	31.7
Adjusted basic earnings per share (cents)		24.8	48.4

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 are similarly calculated using adjusted net profit as the numerator.

The Group has not calculated a dilutive earnings per share as it has no dilutive potential ordinary shares which entitle a holder to ordinary shares in the Group. Minority shareholders in TheMarket.com hold put options (refer note 11.5) which are not dilutive but entitle the minority shareholders to receive ordinary shares in the Group if they exercise the options based on a settlement value equivalent to the fair value of the minority shareholding sold.

Notes to the Financial Statements - Financial Performance
For the 52 week period ended 31 July 2022

7.0 DIVIDENDS

7.1 Dividends paid	2022	2021	2022	2021
	$ 000	$ 000	CENTS PER SHARE	CENTS PER SHARE
Prior year final dividend	60,698	-	17.5	-
Interim dividend	34,684	45,090	10.0	13.0
Special dividend	-	17,342	-	5.0
Total dividends paid	95,382	62,432	27.5	18.0

Dividend policy

Following two years of disruption caused by the COVID-19 pandemic the Group has returned to its pre-COVID-19 pattern of declaring two dividends annually, the first in respect of the half year (interim dividend) and second in respect of the full year result (final dividend). 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.

In accordance with this policy the Board declared a fully imputed final dividend of 10.0 cents per ordinary share on 27 September 2022 to be paid on 2 December 2022 to all shareholders on the Group's share register at the close of business on 17 November 2022. As an additional consideration this year the Board also considered the impact of changing the accounting policy regarding cloud computing (refer note 17.0) as part of its process to determine the amount of the final dividend. The dividend pay-out ratio adjusted to exclude the impact of the change in accounting policy is 71.6% (2021: 70.2%).

7.2 Dividend policy reconciliation	Note	2022	2021	2022	2021
		$ 000	$ 000	CENTS PER SHARE	CENTS PER SHARE
Special dividend		-	17,342	-	5.0
Interim dividend		34,684	45,090	10.0	13.0
Final dividend (declared after balance date)		34,684	60,698	10.0	17.5
Total dividends declared in respect of the current financial year		69,368	123,130	20.0	35.5
Group adjusted net profit	5.0	85,484	167,175		
Pay-out ratio (%)		81.1%	73.7%		

7.3 Imputation credit account	2022	2021
	$ 000	$ 000
Imputation credits at balance date available for future distribution	132,796	142,492

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	2022	2021
	$000	$000
Finished goods	485,486	413,352
Inventory provisions	(17,244)	(21,966)
Retail stock	468,242	391,386
Goods in transit from overseas	94,071	65,765
Inventory	562,313	457,151

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.

Significant judgements and estimates

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	Note	2022	2021
		$000	$000
Trade receivables		35,526	36,193
Prepayments		34,256	17,204
Rebate accruals and other debtors		29,735	30,556
Trade and other receivables		99,517	83,953
Less non current prepayments	17.0	(11,664)	(4,408)
Current trade and other receivables		87,853	79,545

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	2022	2021
	$000	$000
Local trade creditors and accruals	280,208	266,486
Foreign currency trade creditors	113,722	93,524
Goods in transit creditors	32,684	17,883
Capital expenditure creditors	2,995	3,018
Goods and services tax	7,475	10,155
Reward schemes, Lay-bys, Christmas Club deposits and gift vouchers	22,692	22,036
Payroll accruals	20,820	23,477
Trade and other payables	480,596	436,579

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 of recognition. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

8.4 Provisions	Current		Non current		Total	
	2022	2021	2022	2021	2022	2021
	$000	$000	$000	$000	$000	$000
Employee entitlements	43,305	67,603	14,323	15,667	57,628	83,270
Make good provision	1,660	1,471	6,842	7,704	8,502	9,175
Sales return provision	4,866	5,441	-	-	4,866	5,441
Provisions	49,831	74,515	21,165	23,371	70,996	97,886

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	2022	2021	2022	2021	2022	2021	2022	2021
		$000	$000	$000	$000	$000	$000	$000	$000
Cost		93,527	93,527	657,409	638,450	11,389	10,785	762,325	742,762
Accumulated depreciation		(15,293)	(14,193)	(552,413)	(531,438)	-	-	(567,706)	(545,631)
Opening carrying amount		78,234	79,334	104,996	107,012	11,389	10,785	194,619	197,131
Additions	2.3	571	-	32,668	39,111	35,937	604	69,176	39,715
Disposals		-	-	(1,236)	(831)	-	-	(1,236)	(831)
Depreciation	2.2	(816)	(1,100)	(37,388)	(40,296)	-	-	(38,204)	(41,396)
Closing carrying amount		77,989	78,234	99,040	104,996	47,326	11,389	224,355	194,619
Cost		94,098	93,527	678,732	657,409	47,326	11,389	820,156	762,325
Accumulated depreciation		(16,109)	(15,293)	(579,692)	(552,413)	-	-	(595,801)	(567,706)
Closing carrying amount		77,989	78,234	99,040	104,996	47,326	11,389	224,355	194,619

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 lives 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 2022	Goodwill 2021	Brand Names 2022	Brand Names 2021	Computer Software 2022	Computer Software 2021	Total 2022	Total 2021
		$000	$000	$000	$000	$000	$000	$000	$000
Cost		94,380	94,380	23,523	23,523	75,371	51,932	193,274	169,835
Impairment and accumulated amortisation		(36,924)	(36,924)	(8,023)	(8,023)	(21,148)	(13,792)	(66,095)	(58,739)
Opening carrying amount		57,456	57,456	15,500	15,500	54,223	38,140	127,179	111,096
Additions	2.3	-	-	-	-	38,270	23,939	38,270	23,939
Disposals		-	-	-	-	(320)	-	(320)	-
Amortisation	2.2	-	-	-	-	(13,304)	(7,856)	(13,304)	(7,856)
Closing carrying amount		57,456	57,456	15,500	15,500	79,869	54,223	151,825	127,179
Cost		94,380	94,380	23,523	23,523	113,354	75,371	231,257	193,274
Impairment and accumulated amortisation		(36,924)	(36,924)	(8,023)	(8,023)	(34,485)	(21,148)	(79,432)	(66,095)
Closing carrying amount		57,456	57,456	15,500	15,500	78,869	54,223	151,825	127,179

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 has 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
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 (refer note 1.5)
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 projections regarding future operating performance. 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. The valuations are then scaled down to align with the average values assessed by a selection of the Group's external equity research analysts.

The Group's brand and goodwill 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 brand and goodwill assets and the allocation to cash generating units along with the key assumptions used in the impairment tests to extrapolate cash flows beyond the 5 year projection period are set out in the table below.

Impairment testing	Noel Leeming 2022	Noel Leeming 2021	The Warehouse 2022	The Warehouse 2021
	$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				
Operating margin (%)	5.3	5.0	5.7	8.0
Terminal growth rate (%)	2.0	1.5	2.0	1.5
Pre-tax discount rate (%)	14.2	14.3	13.1	13.2
Post-tax discount rate (%)	10.2	10.3	9.4	9.5

Operating margin represents earnings before interest, taxation, unusual items and the impact of NZ IFRS 16. The Warehouse segment also includes the Warehouse Stationery business, the operating margin assumptions for this business division are different from those of the primary business at 11.9% (2021: 11.3%). The annual impairment testing for both Noel Leeming and The Warehouse cash generating units indicated ample headroom and that the carrying amounts of the attributed brand and goodwill assets were not impaired.

10.0 LEASE LIABILITIES AND RIGHT OF USE ASSETS

10.1 Right of use assets	Note	Cost 2022	Cost 2021	Accumulated Depreciation 2022	Accumulated Depreciation 2021	Carrying Amount 2022	Carrying Amount 2021
For the 52 week period ended 31 July 2022		$000	$000	$000	$000	$000	$000
Opening balance		1,505,137	1,498,007	(768,613)	(723,832)	736,524	774,175
Foreign exchange movement		95	-	(22)	-	73	-
Additions		34,092	55,494	-	-	34,092	55,494
Depreciation	2.2	-	-	(94,614)	(94,092)	(94,614)	(94,092)
Reassessment of lease terms	10.2	(1,075)	5,271	-	-	(1,075)	5,271
Lease impairments		-	-	-	(1,582)	-	(1,582)
Lease surrenders and terminations		(35,599)	(53,635)	33,877	50,893	(1,722)	(2,742)
Closing balance		1,502,650	1,505,137	(829,372)	(768,613)	673,278	736,524

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	2022	2021
For the 52 week period ended 31 July 2022		$000	$000
Opening balance		892,191	934,788
Foreign exchange movement		75	-
Additions		34,092	55,494
Interest for the period	3.5	36,683	38,497
Reassessment of lease terms	10.1	(1,075)	5,271
COVID-19 landlord rent relief	3.1	(1,775)	-
Lease repayments		(134,947)	(137,880)
Lease surrenders and terminations		(4,404)	(3,979)
Closing balance		820,840	892,191

COVID-19 landlord rent relief

The Group negotiated rent reductions with its landlords as a result of the temporary store closures caused by the COVID-19 pandemic during the year. The Group applied the NZ IFRS 16 (Leases) practical expedient introduced in May 2020 to account for the landlord rent concessions which meant the rent reductions were accounted for as negative variable lease payments.

10.3 Lease liability maturity analysis	Gross Lease Payments 2022	Gross Lease Payments 2021	Interest 2022	Interest 2021	Carrying Amount 2022	Carrying Amount 2021
As at 1 August 2021	$000	$000	$000	$000	$000	$000
Within one year	129,927	133,653	(34,078)	(35,841)	95,849	97,812
One to two years	120,767	125,275	(30,241)	(32,157)	90,526	93,118
Two to five years	311,475	330,591	(70,202)	(75,942)	241,273	254,649
Beyond five years	456,230	524,906	(63,038)	(78,294)	393,192	446,612
Lease liability	1,018,399	1,114,425	(197,559)	(222,234)	820,840	892,191
Current lease liability					95,849	97,812
Non-current lease liability					724,991	794,379
Lease liability					820,840	892,191

Significant judgements and estimates

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 right of use asset and lease liabilities 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 the 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 4.48% (2021: 4.32%).

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 first quarter ending October or exceed 50% in each of the remaining quarters of the year, and

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.

11.2 Bank facilities	2022	2021
	$000	$000
Cash and cash equivalents	24,999	160,526
Borrowings	(66,150)	-
Net debt	(41,151)	160,526
Committed bank credit facilities	420,000	330,000
Liquidity buffer	378,849	490,526

Net debt in the table above excludes lease liabilities recognised under NZ IFRS 16 (refer note 10.2).

The Group adopted a new liquidity policy last year to provide balance sheet resilience in response to the COVID-19 pandemic. The new policy, which remains unchanged, is to maintain a liquidity buffer of between $350 million to $450 million. The policy permits the liquidity buffer to exceed the policy range where it is caused by temporary cash flow fluctuations.

Sustainability Linked Loans

During the year the Group restructured $140 million of its committed bank credit facilities to be Sustainability Linked Loans (SLLs). The facility fee pricing for the SLLs are linked to the achievement of mutually agreed sustainability targets that span a 4 year period and meet the requirements of the Loan Market Association's Sustainability Linked Loan Principles (2021). 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	
	2022	2021	2022	2021
	$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

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.

Treasury shares	Treasury Shares		Ordinary Shares	
	2022	2021	2022	2021
	$000	$000	000	000
Opening balance	5,282	5,456	1,489	1,557
Ordinary shares used to settle share rights plan obligations	-	(174)	-	(68)
Closing balance	5,282	5,282	1,489	1,489

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	2022	2021
	$000	$000
Cash flow hedge reserve	12,560	6,171
Foreign currency translation reserve	179	(115)
Reserves	12,739	6,056

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.

11.5 Minority interest	2022	2021
	$000	$000
Opening balance	(2,694)	(794)
Net loss attributable to minority interest	(2,223)	(1,441)
Share rights charged to the income statement	-	93
Share rights vested	-	(1,697)
Minority put options exercised	4,227	1,145
Dividends paid to minority shareholders	(125)	-
Closing balance	(815)	(2,694)

Minority interest reserve

A minority interest is an ownership position in a Group subsidiary where the shareholder owns less than 50% of outstanding shares and has no control over decisions. Minority interests are measured based on the minority shareholder's proportionate share of the net asset value of the subsidiary and also includes the accumulated value of unvested share rights in the minority subsidiary which have been granted and recognised as an employee share based payment expense.

The fair value of share rights granted in a subsidiary are measured at grant date and recognised as an employee share based payment expense over the vesting period with a corresponding increase in the minority interest reserve. Upon vesting of these share rights, the balance of the minority interest reserve relating to the share rights is offset against the proportionate share of the net asset value of the subsidiary acquired by the minority shareholder, with any difference in the value attributed to settling the commitment transferred to retained earnings.

At balance date the Group's minority shareholders held a 50% (2021: 50%) shareholding in ChocolateWorks and a 3% (2021: 11.5%) shareholding in TheMarket.com.

TheMarket.com share rights plan

Share rights were granted (June 2019) as a performance incentive to key executives in TheMarket.com (an online marketplace), collectively representing a 16% interest in TheMarket.com. The share rights (160,000 rights) were divided into three equal tranches and were fully vested between June 2019 and March 2021. At the time of vesting the shares were independently valued at $5.00 (June 2019), $6.37 (March 2020) and $11.53 (March 2021).

The share rights plan includes a put option which, if exercised, allows the participants to put their vested shares back to the Group until March 2024. When a put option is exercised, the Group is required to purchase the TheMarket.com shares based on the fair value of the shares at that time. During the year participants exercised put options representing 85,480 shares (2021: 44,520 shares) which were settled for a combined consideration of $1,715,933 (2021: $441,070).

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	Current		Non current		Total	
	2022	2021	2022	2021	2022	2021
	$000	$000	$000	$000	$000	$000
Forward exchange contract assets	29,491	8,837	-	1,310	29,491	10,147
Forward exchange contract liabilities	(668)	(4,353)	-	-	(668)	(4,353)
Derivative financial instruments	28,823	4,484	-	1,310	28,823	5,794
Classified as:						
Cash flow hedges	17,444	7,262	-	1,310	17,444	8,572
Fair value hedges	11,379	(2,778)	-	-	11,379	(2,778)
Derivative financial instruments	28,823	4,484	-	1,310	28,823	5,794

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 as to 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 hedge

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 hedge

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.

Significant judgements and estimates

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.

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		13 - 18 Months		Total	
	Note	2022	2021	2022	2021	2022	2021	2022	2021
		$000	$000	$000	$000	$000	$000	$000	$000
Trade and other payables	8.3	480,596	436,579	-	-	-	-	480,596	436,579
Derivatives - gross settled (currency forward contracts)									
- outflow	12.5	223,430	228,007	173,783	154,501	-	27,578	397,213	410,086
- inflow		(244,543)	(226,957)	(181,254)	(159,357)	-	(28,713)	(425,797)	(415,027)
Financial liabilities and derivatives		459,483	437,629	(7,471)	(4,856)	-	(1,135)	452,012	431,638

12.4 Credit risk

Credit risk arises from the financial assets of the Group which are exposed to potential counterparty 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 counterparties to have a minimum Standard & Poor's credit rating of at least A (2021: 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. In order 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. A review of the hedge policy was performed towards the end of last year and as a result of this review some policy limits were amended in June 2021. The amended 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 (previously 40% to 100% for the next 0 to 6 months)
- to hedge 50% to 90% of US dollar commitments expected in the next 5 to 12 months (previously 0% to 85% for the next 7 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		12 Month Hedge Level	
	2022	2021	2022	2021	2022	2021	2022	2021
	$000	$000	$000	$000	CENTS	CENTS	%	%
Currency forward contracts								
Buy US dollars/Sell New Zealand dollars	28,823	5,794	397,213	410,086	0.6742	0.7049	68.9	70.9

The spot rate used to determine the mark-to-market carrying value of the US dollar forward contracts at balance date was $0.6290 (2021: $0.6966).

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 31 July 2022		$000	$000	$000	$000	$000
Foreign currency trade creditors	8.3	(113,722)	7,443	7,443	(9,098)	(9,098)
Derivative financial instruments						
Currency forward contracts - cash flow hedges	12.2	17,444	-	(20,033)	-	24,488
Currency forward contracts - fair value hedges	12.2	11,379	(7,413)	(7,413)	9,061	9,061
Total increase/(decrease)			30	(20,003)	(37)	24,451
At 1 August 2021						
Foreign currency trade creditors	8.3	(93,524)	6,121	6,121	(7,482)	(7,482)
Derivative financial instruments						
Currency forward contracts - cash flow hedges	12.2	8,572	-	(21,011)	-	25,688
Currency forward contracts - fair value hedges	12.2	(2,778)	(6,119)	(6,119)	7,480	7,480
Total increase/(decrease)			2	(21,009)	(2)	25,686

13.0 KEY MANAGEMENT

Key management includes the Directors of the Company and those employees deemed to have disclosure obligations under subpart 6 of the Financial Markets Conduct Act 2013, being the Group Chief Executive Officer and his 9 (2021: 9) 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	2022	2021
	$000	$000
J Withers (Chair)	177	166
A J Balfour	112	98
W K Easton (resigned May 2022)	75	79
D R Hamilton	111	96
J W M Journee	98	86
J M Raue	116	101
R E Taulelei (appointed February 2021)	104	38
R J Tindall (appointed November 2020)	91	56
K R Smith (retired November 2020)	-	39
Sir Stephen Tindall (retired November 2020)	-	28
Total	884	787

J W M Journee and R J Tindall each received fees of $13,750 (2021: $13,750) and D R Hamilton a fee of $7,563 in their capacity as directors of a Group subsidiary company (TheMarket.Com Limited).

Key management	Note	2022	2021
		$000	$000
Base salary		7,157	7,271
Annual performance based compensation		-	3,858
Three year performance based compensation		1,629	3,325
Share-based compensation	11.5	-	35
Termination benefits		846	322
Total		9,632	14,811

14.0 COMMITMENTS

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

Capital commitments	2022	2021
	$000	$000
Within one year	17,628	16,858

15.0 CONTINGENT LIABILITIES

	2022	2021
	$000	$000
Standby letter of credit	17,500	-
Bank guarantees provided to landlords and the New Zealand Exchange Limited	456	456
Total contingent liabilities	17,956	456

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 CLOUD COMPUTING ARRANGEMENTS

The Group is part way through a substantial multi-year programme to replace its core Information and Technology infrastructure systems moving away from being predominantly 'on-premise' to a cloud-based architecture.

In April 2021, the International Financial Reporting Interpretation Committee (IFRIC) issued an agenda decision clarifying the accounting treatment for software implementation costs in cloud computing arrangements. IFRIC concluded that costs incurred to configure or customise software in cloud computing arrangements can be recognised as intangible assets only if they create an intangible asset that the Group controls. Implementation costs that cannot be capitalised as intangible assets are expensed as incurred, unless they are paid to the providers of the cloud-based software as part of the wider hosting arrangement, in which case these upfront costs are recorded as a prepayment and amortised over the expected term of the arrangement.

The Group previously capitalised costs incurred configuring and customising software in cloud computing arrangements as intangible software assets, as the Group considered that it would benefit from these costs over the expected term of the arrangement. As a consequence of the IFRIC decision, the Group changed its accounting policy relating to implementation costs for cloud computing arrangements resulting in a retrospective restatement of the Group's financial statements. The result was a reduction in the carrying value of intangible software assets by $63.6 million (2021: $39.8 million), and a corresponding reduction in the amortisation expense of $9.3 million (2021: $6.0 million) in the income statement. The decrease in the amortisation expense was offset by the recognition of an expense for the configuration and customisation costs that were previously capitalised, resulting in a net reduction in pre-tax profit of $15.9 million (2021: $11.6 million).

17.0 CLOUD COMPUTING ARRANGEMENTS (continued)

The impact on the primary financial statements of the change to the Group's accounting policy in relation to cloud computing arrangements is detailed below:

		52 week period ended 31 July 2022			52 week period ended 1 August 2021		
Consolidated Income Statement	Note	Before Policy Change	Change in Policy	2022	Previously Reported	Change in Policy	Restated 2021
		$000	$000	$000	$000	$000	$000
Employee expense		(564,791)	(10,570)	(575,361)	(573,734)	(8,364)	(582,089)
Depreciation and amortisation expense	2.2	(155,436)	9,314	(146,122)	(149,303)	5,959	(143,344)
Other operating expenses		(277,176)	(14,636)	(291,812)	(244,255)	(9,179)	(253,434)
Operating profit		174,662	(15,892)	158,770	281,114	(11,584)	269,530
Income tax expense	4.1	(39,301)	4,450	(34,851)	(40,491)	3,244	(37,247)
Net profit for the period		98,530	(11,442)	87,088	116,210	(8,340)	107,870
Net profit for the period attribtable to shareholders		100,753	(11,442)	89,311	117,651	(8,340)	109,311
Basic earnings per share	6.0	29.2 cents	(3.3)cents	25.9 cents	34.1 cents	(2.4)cents	31.7 cents

	52 week period ended 31 July 2022			52 week period ended 1 August 2021		
Consolidated Statement of Cash Flows	Before Policy Change	Change in Policy	2022	Previously Reported	Change in Policy	Restated 2021
	$000	$000	$000	$000	$000	$000
Payments to suppliers and employees	(3,086,587)	(33,120)	(3,119,707)	(3,040,261)	(21,302)	(3,061,563)
Net cash flows from operating activities	138,543	(33,120)	105,423	247,261	(21,302)	225,959
Purchase of property, plant and equipment and computer software	(140,589)	33,120	(107,469)	(83,180)	21,302	(61,878)
Net cash flows from investing activities	(146,349)	33,120	(113,229)	(83,229)	21,302	(61,927)

		As at 31 July 2022			As at 1 August 2021		
Consolidated Balance Sheet	Note	Before Policy Change	Change in Policy	2022	Previously Reported	Change in Policy	Restated 2021
		$000	$000	$000	$000	$000	$000
Trade and other receivables - current	8.2	86,928	925	87,853	79,277	268	79,545
Trade and other receivables - non-current	8.2	-	11,664	11,664	-	4,408	4,408
Intangible assets	9.2	215,442	(63,617)	151,825	166,991	(39,812)	127,179
Deferred taxation	4.3	74,939	14,288	89,227	86,120	9,838	95,958
Total assets		1,897,089	(36,740)	1,860,349	1,891,355	(25,298)	1,866,057
Net assets		457,839	(36,740)	421,099	449,468	(25,298)	424,170
Retained earnings		85,680	(36,740)	48,940	85,871	(25,298)	60,573
Total equity		457,839	(36,740)	421,099	449,468	(25,298)	424,170

	As at 2 August 2020		
Consolidated Statement of Cash Flows	Previously Reported	Change in Policy	Restated 2020
	$000	$000	$000
Trade and other receivables - current	84,263	84	84,347
Trade and other receivables - non-current	-	834	834
Intangible assets	135,566	(24,470)	111,096
Deferred taxation	101,805	6,594	108,399
Total assets	1,854,861	(16,958)	1,837,903
Net assets	376,339	(16,958)	359,381
Retained earnings	30,259	(16,958)	13,301
Total equity	376,339	(16,958)	359,381

Significant judgements and estimates

The Group carried out a detailed assessment to quantify the impact of changing its accounting policy in relation to cloud computing arrangements. The review process was complex and interpreting the IFRIC agenda decision required the Group to make judgements, estimates and assumptions to evaluate and reassess the nature of the software costs incurred and to understand the Group's contractual rights in relation to customisation and configuration expenditure. The review of software assets to identify and assess the Group's control over its cloud computing arrangements was jointly performed by the Group's Finance and Information Technology teams.

The Group considered several factors to conclude on the appropriate accounting treatment. These factors included the nature and key terms of licence arrangements, ownership of intellectual property rights, ability to restrict access to systems, ability to remove software applications from their current cloud environment and run them on alternative environments, ability to determine when upgrades are applied and whether associated implementation activities were distinct from the software hosting arrangement. The Group concluded that, with the exception of certain middleware integration software, it did not have control over all aspects of many of the Group's cloud-based software solutions including its Salesforce, Manhattan and Oracle systems and that the associated previously capitalised implementation costs should be expensed.

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 31 July 2022, 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 (IFRS).

What we have audited

The Group's financial statements comprise:

- the consolidated balance sheet as at 31 July 2022;
- 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, which include significant accounting policies 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.

In addition to our role as auditor, our firm carries out other services for the Group in the areas of executive remuneration benchmarking, access to general training materials, agreed upon procedures at the Annual Shareholders' Meeting, the calculations of the Negative Pledge Agreement, revenue and total assets confirmation and a tax audit for an overseas subsidiary. 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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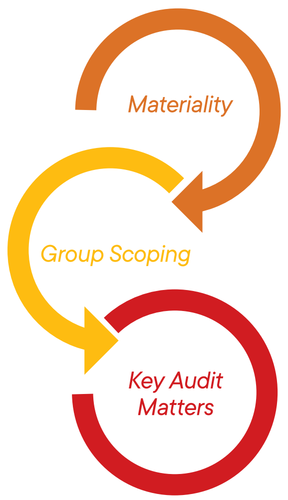
Description of the key audit matter	How our audit addressed the key audit matter
Inventory costing and valuation The carrying value of the Group's inventory as at 31 July 2022 was $562.3 million (2021: $457.2 million) with inventory provisions of $17.2 million (2021: $22.0 million). To calculate the cost of inventory, the Group uses a weighted average method and also includes expenditure incurred to purchase the inventory and transport it to its current location. The Group measures inventory at the lower of cost and net realisable value by deducting a provision from the cost of inventory that is determined based on various factors including historical data, current trends and product information from buyers. Determining the appropriate level of provisions involves judgement including management's expectations of future sales levels and estimation of selling price adjustments. 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. Note 8.1 of the financial statements describe the accounting policy on inventory and the judgements and estimates applied by management to determine the inventory provision.	We performed the following procedures to audit the cost of inventory, on a sample basis: • tested the accuracy of the weighted average cost calculation by reperforming the calculation; • checked the cost of inventory to supplier and freight invoices and supplier rebate contracts; and • attended cycle counts to observe that finished goods have been counted and any stock variances have been appropriately recorded. On inventory provisions, we performed the following: • updated our understanding of inventory processes and assessed the design and implementation of relevant inventory controls, especially controls over the cyclical count process; • observed a sample of management's stocktake procedures at selected locations to confirm existence of inventory and that aged and clearance items were identified and accounted for; • held discussions with management to understand and corroborate the assumptions used to estimate inventory provisions; • reviewed management's retrospective review of inventory provisions in the prior period versus inventory write offs in the current period; • tested the net realisable value of finished goods on a sample basis by comparing its cost with the most recent retail price less cost to sell and that finished goods were valued at the lower of cost or net realisable value; • reviewed the inventory aging schedules to check whether provisions were recorded for aged stock in accordance with Group policy on a sample basis; • performed a reasonableness test of the shrinkage provision by comparing the amount against the actual shrinkage for the period; • compared all inventory provisions for each inventory category as a percentage of the gross carrying amount versus the prior 52 week period and understood the rationale for material or unexpected changes; and • reviewed the financial statement disclosures against the accounting standard requirements.

Our audit approach

Overview



Overall group materiality: $7.1 million, which represents approximately 5% of a three-period weighted average profit before tax from continuing operations adjusted for restructuring costs, the COVID-19 wage subsidy repayment, brand impairments and gains on property disposals applicable to the previous two periods. A higher weighting was applied to the current period.

We chose this approach as it reduces the impact of one-off results which do not reflect the long term performance of the business.

Full scope audits were performed for two of the five trading entities within the Group based on their financial significance and representing 93% of the Group's retail sales for the period.

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

As reported above, we have one key audit matter, being Inventory costing and valuation.

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.

We identified subsidiaries that, due to their financially significant contribution to the Group's overall results, required a full scope audit. In addition, we also performed specific audit procedures on certain balances and transactions of other subsidiaries. Audits of each subsidiary are performed at a materiality level calculated with reference to a proportion of the Group materiality relative to the financial significance of the business concerned.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, 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, 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.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by those charged with governance and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

Independent Auditor's Report

To the shareholders of The Warehouse Group Limited

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Lisa Crooke.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants

Auckland

27 September 2022

GOVERNANCE REPORT

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

We believe strong corporate governance is the foundation of sustainable business creating long-term value for our shareholders.

This governance report gives an overview of the policies and processes that are in place throughout The Warehouse Group Limited (the Company), which follow best-practice standards of corporate governance.

In this section we introduce you to our Leadership Squad and our Board of Directors, we share our Governance Statement, Remuneration Policy, Directors' and other governance disclosures, information for shareholders, sustainability index and a directory to help you contact us.

We support and comply with the NZX Corporate Governance Code (the NZX Code). This statement generally 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. This governance statement was approved by the Board on 27 September 2022 and is current as at that date. The Company's constitution, the Board and committee charters, codes and policies referred to in this statement can be viewed at www.thewarehousegroup.co.nz/about-us/corporate-governance

LEADERSHIP SQUAD

Our Leadership Squad (LS) works individually and collectively to ensure our business is positioned for continued success and is able to take advantage of future opportunities, while mitigating challenges as they arise.

Our Leadership Squad is a group of highly qualified and diversely experienced individuals who leverage a "collective leadership model" through co-sponsorship of business areas. This model focuses on working together to lead the business forward in an ever-changing environment, while enabling team members to perform at their best.

Nick Grayston Chief Executive Officer
Nick's role as leader of the business means he is focused on building a sustainable and profitable organisation, driving operational turn around and leading a high-performing team, all by putting our customers at the heart of everything that we do. Under agile, his role has changed from traditional command and control to servant leadership: setting the vision and then enabling execution by removing blockages.

Jonathan Oram Chief Financial Officer
Jonathan is responsible for processes that drive the allocation of resources, performance and reporting across the Group. His responsibilities include business planning, finance functions, legal and risk, property and the Group B2B operations.

Tania Benyon Chief Product Officer
Tania is responsible for sourcing and building the best assortment of products for customers across our The Warehouse, Warehouse Stationery and Noel Leeming brands, and ensuring these are delivered in the most efficient and timely fashion. This includes our end-to-end supply chain transformation and network redesign.

Jonathan Waecker Chief Customer and Sales Officer
Jonathan is responsible for maximising customer experiences and sales within The Warehouse, Warehouse Stationery and Noel Leeming brands. In addition, he is responsible for attracting, engaging and retaining customers through marketing, communications, customer experience and eCommerce activities, leading brand strategy and driving customer engagement across the Group's portfolio of brands.

Sarah Kearney Chief Digital Officer
Sarah is responsible for the development of our strategic eCommerce and digital customer experience across our The Warehouse, Warehouse Stationery and Noel Leeming brands, as well as sharing her passion for customer engagement through innovation, transformation and data with The Warehouse Group team.

Ian Carter Chief Store Operations Officer
Ian is responsible for developing and implementing store operation strategies for The Warehouse, Warehouse Stationery and Noel Leeming that deliver great in-store experiences for our customers and team while maximising store sales and profitability.

Edwin Gear Chief Information Officer
Edwin is responsible for leading the information services team, ensuring systems security and business continuity while leading technology transformation into the future.

Richard Parker Chief Human Resources Officer
Richard is responsible for attracting and retaining world-class retail talent and for ensuring that the Group is the best place to work in New Zealand for all our team members.

Justus Wilde CEO TheMarket.com
Justus is the CEO of our digital marketplace platform and is responsible for leading and building this platform as the digital future of shopping.

Simon West CEO Torpedo7/Executive Chair TheMarket.com
Simon is the CEO of our outdoor adventure brand Torpedo7 and is responsible for profitably building the business post its turnaround stage, along with supporting TheMarket.com team to achieve its aspirations in the digital future of shopping.

Left to right:
Rear: Edwin Gear, Jonathan Oram, Nick Grayston, Richard Parker, Ian Carter
Front: Simon West, Sarah Kearney, Tania Benyon, Jonathan Waecker
Absent: Justus Wilde

OUR BOARD

Joan Withers MBA, CFInstD
Chair & Independent Non-Executive Director

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 NZ Limited, Origin Energy Limited and Sky Network Television Limited. Joan has previously held Chair positions at Television New Zealand Limited and Auckland International Airport.

Joan is a Trustee of the Sweet Louise Foundation and is Chair of a steering committee working to increase the percentage of South Auckland Māori and Pacific Island students taking up roles in the health sector. She is also cofounder and a director of On Being Bold Ltd, a group of senior businesswomen working to help NZ women fulfil their career potential in tandem with enjoying a fulfilling personal life.

INTERNAL
- 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 NZ Limited
- Sweet Louise Foundation
- Origin Energy Limited
- On Being Bold Limited

Robert 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 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 Limited, a family investment company, where his exposure to 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.

INTERNAL
- Disclosure Committee
- Corporate Governance and Nomination Committee
- People and Remuneration Committee
- Health, Safety and Wellbeing Committee
- TheMarket.com Board

OTHER DIRECTORSHIPS
- K One W One Limited
- The Tindall Foundation
- Foundation Services Limited

John Journee BCom, CFInstD, MAICD
Independent Non-Executive Director

John has had an extensive retail career, which includes executive experience across sectors that span general merchandise, fashion apparel, FMCG, consumer electronics, telecommunications, hospitality and electricity retailing.

Over his 30-year career he has spent 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 had CEO roles with Noel Leeming and foodservice distributor Southern Hospitality.

INTERNAL
- Audit and Risk Committee
- Health, Safety and Wellbeing Committee
- Environmental and Social Sustainability Committee
- TheMarket.com Limited Board

OTHER DIRECTORSHIPS
- Vanishing Point Limited
- Farmlands Society
- Colonial Motor Company Limited
- Quantiful Limited (Member, Advisory Board)
- West Auckland Trust Services Limited

Julia Raue CMinstD, GAICD
Independent Non-Executive Director

Julia has extensive digital, customer, data, strategy and business transformation experience across a number of sectors including airline, telecommunications, local government and not-for-profit in New Zealand and Australia. She has a strong track record of delivering award-winning innovative customer-facing products and services.

Julia has been a professional director for seven years, holding governance roles across a range of sectors including media, broadcasting, energy, retail, insurance, technology and healthcare. She has previously held Director positions at Television New Zealand Limited and Z Energy Limited. Prior to governance, Julia was the Chief Information Officer of Air New Zealand, and in 2009 she was awarded the New Zealand CIO of the Year award.

INTERNAL
- Health, Safety and Wellbeing Committee (Chair)
- Audit and Risk Committee
- Environmental and Social Sustainability Committee

OTHER DIRECTORSHIPS
- Jade Software Corporation Limited
- Southern Cross Medical Care Society
- Southern Cross Healthcare Limited
- Trustee - Southern Cross Health Trust
- Trustee – Global Women NZ

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.

Most recently, he was General Manager (Markets) for Icebreaker Clothing with responsibility for the company's global business units in New Zealand, Australia, USA, Canada, Europe and Asia as well as the development of the company's rapidly growing eCommerce and retail business units. His prior experience includes senior roles in Monster.com and Seek.com, both successful online recruitment sites, and nine years in global senior roles with Nike, including General Manager of Asia Pacific.

Tony's governance career has included Independent Director roles at Silver Fern Farms, Methven Limited, Les Mills International and RealNZ.

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

OTHER DIRECTORSHIPS
- Les Mills International Limited
- RealNZ Limited
- BLIS Technologies Limited
- Pioneer Energy Limited

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 successfully led the business through a period of significant change and improvement in financial performance, staff and supplier engagement, sustainability and consumer trust in brand.

His 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.

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

OTHER DIRECTORSHIPS
- Fulton Hogan Limited (Chair)
- Auckland International Airport Limited
- Tappenden Holdings Limited

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 our 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 cofounder 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 and ANZCO Foods Ltd, is a member of the APEC Business Advisory Council and acts as an advisor to venture capital firm Movac.

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

OTHER DIRECTORSHIPS
- New Zealand APEC Business Advisory Council (Chair)
- Wellington Regional Stadium Trust (Chair)
- Moana NZ (Chair)
- Sealord Group Limited
- ANZCO Foods Ltd
- Advisor - Movac
- Limited Partner, Movac Fund 5 LP

Caroline Rainsford BCom
Independent Non-Executive Director
Appointed: August 2022

Caroline is currently the Country Director for Google NZ, where she is responsible for driving the overall revenue and business strategy for New Zealand, and in 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 region. 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.

INTERNAL
- Health, Safety and Wellbeing Committee

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, 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 the stakeholders that are critical to our success (shareholders, employees, customers, suppliers, communities and society at large) as determined by the Company and the Board using their business judgement. We fulfil this purpose in a way that is consistent with the Board and Management's fiduciary duties and the stewardship of the Company on behalf of shareholders.

The Board Charter, last approved in September 2022, is available in the Corporate Governance section of the Company's website, and sets out how the Board will achieve its purpose. The updated Charter includes a new expectation that Directors hold shares in the Company. The number of shares to be held will be as specified by the Board from time to time, and the shareholding may be acquired over a five-year period.

The Charter is reviewed at least every two years. The Board's key responsibilities contained in the Charter are covered in the below table.

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 Leadership Squad; • 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; • ensure that effective risk management procedures are in place and are being used;
Health and Safety	• ensure, so far as reasonably practical, 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.

Management and administration of the Company is undertaken by the Group CEO, who is assisted by the Leadership Squad, 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 102–103.

The Board

The Board comprises eight directors: Joan Withers (Chair), Dean Hamilton, John Journee, Tony Balfour, Robbie Tindall, Julia Raue, Rachel Taulelei and Caroline Rainsford. Director profiles are available on pages 94 and 95.

Chair

Joan Withers is Chair of The Warehouse Group Board, 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; and
- chairing Board and shareholder meetings.

The Warehouse Group Board Charter states the Company's Chair must not be the same person who is 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 with the responsibility of 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 that will ensure that any candidate it puts forward will enable the Board to:

- fulfil its responsibilities;
- represent a variety of skills, expertise, experience (including commercial and/or industry experience and diversity of backgrounds and thought); and
- competently address accounting, finance and legal matters.

The terms and conditions of appointment are set out in a letter of appointment which 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 website.

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

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, occasional overseas study tours and site visits. Directors are actively encouraged to attend.

Director Independence and Conflicts

The Board's standards for determining the independence of a Director, including the requirements of the NZX Listing Rules, are set out in full in the Board Charter.

Under these criteria, the Board has a majority of independent Directors and the roles of Chair and Group Chief Executive Officer (CEO) are not exercised by the same person.

Of the Board's eight Directors, Joan Withers (Chair), Dean Hamilton, Antony (Tony) Balfour, John Journee, Julia Raue, Rachel Taulelei and Caroline Rainsford are considered to be independent non-executive Directors. Robert (Robbie) Tindall is not deemed to be independent by virtue of associated shareholdings in the Company. The Board assesses the independence of directors on their appointment and at least annually thereafter.

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

BOARD SKILLS MATRIX

Governance plays a critical role in business. All business stakeholders deserve the highest standards of corporate governance from their boards.

Our Board skills and diversity self-assessment found that the Board holds many strong attributes, including highly relevant capability in governance processes with a diverse mix of skills among the Directors. There is a high concentration of skills in areas that will drive the Group to achieve our strategy through great execution, brand marketing and customer experience.

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

Primary skills

Secondary skills

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 Caroline Rainsford as our Future Director in August 2021. She has subsequently been appointed as a Director of the Company, effective August 2022.

Board Structure, Skills and Composition

The Board comprises Directors with a mix of qualifications, skills and experience appropriate to the Company's operations and strategic directions. The qualifications and experience of individual Directors are detailed on pages 94 and 95.

A comprehensive matrix of Director skills is on the preceding page. In line with Board succession planning, Board composition has been refreshed in recent years.

Board Evaluation

The Chair, with the assistance of appropriate external advisors, regularly assesses the performance of individual Directors whilst Directors also assess the collective performance of the Board and the performance of the Chair. A formal evaluation is regularly conducted with assistance from an outside facilitator.

Board Tenure

The Constitution provides that the minimum size of the Board shall not at any time be less 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. The Board considers that Directors retain independence of character and judgement regardless of length of service.

Name of Director	Originally Appointed	Last Reappointed/Elected
Joan Withers	23 September 2016	22 November 2019
Julia Raue	23 September 2016	22 November 2019
Antony (Tony) Balfour	15 October 2012	26 November 2021
John Journee	17 October 2013	26 November 2021
Dean Hamilton	20 April 2020	27 November 2020
Robbie Tindall	27 November 2020	27 November 2020
Rachel Taulelei	12 February 2021	26 November 2021
Caroline Rainsford	30 August 2022	

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 full 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 of a majority of non-executive, independent directors. Current members: • Tony Balfour (Chair) • Joan Withers • Robbie Tindall • Rachel Taulelei	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 who collectively provide the diversity of thought and judgement required.	Comprised of a majority of independent directors. Current members: • Joan Withers (Chair) • Tony Balfour • Dean Hamilton • Robbie Tindall	At least once 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 by overseeing the Company's compliance with this policy.	Comprised of the Board Chair, Chair of the Audit and Risk Committee, independent directors, Group Chief Executive Officer, Chief Financial Officer and Disclosure Officer. 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 risk and audit responsibilities.	Comprised of at least three independent directors. The Chair will be independent and may not be the Chair of the Company. Current members: • Dean Hamilton (Chair) • Joan Withers • John Journee • Julia Raue	At least three times each year.
Health, Safety and Wellbeing Committee	Assist the Board to govern health, safety and wellbeing.	Comprised of all Directors. Chair: • Julia Raue	At the discretion of the Committee Chair.
Environmental and Social Sustainability Committee	Assist the Board to govern the Company's environmental, social and sustainability responsibilities.	Comprised of a majority of independent directors and the Group Chief Executive Officer. • Rachel Taulelei (Chair) • Tony Balfour • Julia Raue • John Journee • Joan Withers • Group CEO	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 31 July 2022 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	13	6	4	2	4	9	4
Joan Withers	13	6	4	2	4	9	4
Tony Balfour	13	3[1]	4	2	2	1[1]	4
John Journee	13	6	3[1]		4		4
Robbie Tindall	13	3[1]	4	2	3	9	
Will Easton[2]	9	1[1]	3		2		
Dean Hamilton	12	6	1[1]	2	4	9	
Julia Raue	13	6			4		4
Rachel Taulelei	13	4[1]	4		4	1[1]	4

[1] Non-committee member in attendance
[2] Resigned from Board in May 2022

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 business faces and how they are managed are outlined on pages 34 and 35.

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 initiatives can be found on pages 46 to 49.

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 employees of the Group and its subsidiaries for losses from actions undertaken in the course of their legitimate duties. The insurance includes indemnity costs and expenses incurred to defend an action that falls outside the scope of the indemnity.

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 and threats to audit independence to ensure its policies and practices are consistent with emerging 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 comply with the Chartered Accountants Australia and New Zealand (CAANZ) Code of Ethics;
- 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; and
- the Audit and Risk Committee must approve significant permissible 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 shareholders at the 2004 Annual 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 2022 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 Warehouse Group Limited 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.

Internal Audit

The Company has an internal audit function which 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 senior management, review of the business process model of the Company and consideration of the findings of the strategic risk assessment. The programme considers risks also 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; and
- assist the Board in meeting its corporate governance and regulatory responsibilities.

ENGAGING WITH OUR INVESTORS

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 to its investors. The Company believes effective communication achieved by equal access to timely, accurate and complete information allows investors to make informed assessments of the Company's value and prospects. Investor communication is governed by the Investor Communications Policy.

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

- periodic and continuous disclosure to the NZX;
- annual reports;
- the Annual Shareholders' Meeting;
- the Company's website, which includes financial and operational information, and key Corporate Governance information; and
- analyst and investor briefings and roadshows.

Engagement with Investors

The Company values its dialogue with strategic stakeholders, institutional and retail investors, and believes effective engagement benefits both the Company and investors. ASMs, analyst and investor briefings and roadshows provide an important opportunity for this dialogue. Shareholders also have the opportunity to 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 all of the Company's governance charters and policies.

Annual Shareholders' Meeting (ASM)

The ASM provides an opportunity for Directors, the Group CEO, senior management 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 and this year is anticipated to be run as a hybrid meeting (being a combination of the physical meeting as well as a virtual online meeting). The 2022 ASM will be held on 25 November 2022. The Notice of Meeting will be circulated as soon as possible (at least 20 working days before the meeting) and will be posted on the Company's website.

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 virtually.

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, our share registrar. We would encourage shareholders 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

CODE OF ETHICAL BEHAVIOUR

"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 day-to-day behaviour and decision-making.

Code of Ethics

The Code of Ethics sets out the standards of conduct expected of everyone working at The Warehouse Group including Directors, our people, contractors and other agents. The Code of Ethics provides a guide to the conduct that is consistent with the Company's values and behaviours, business goals and legal obligations, and outlines internal reporting procedures for any breaches. Sanctions for breaches may include serious disciplinary action, removal from office and dismissal as well as other remedies, all to the extent permitted by law and as appropriate given the specific circumstances. An introduction to the Code of Ethics forms part of the induction and training process of new employees. The Code is available on the Corporate Governance section of the 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, employees and other associated persons. The policy and timing of black-out periods is set out in the Financial Products Trading Policy which is available on the Corporate Governance section of the website.

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 the securities are valued fairly.

Market Disclosure Policy

The Board has approved a Market Disclosure Policy which 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.

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 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 31 July 2022, and that operational results are in accordance with relevant accounting standards.

Non-Financial Reporting

The Warehouse Group's Corporate Governance section on the website includes all key governance documents including the Code of Ethics, Board and Committee Charters and relevant Company policies.

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

Use of Information by Directors

During the financial year, there were no notices from Directors of the Company, or its subsidiary companies, requesting to disclose or use Company information received in their capacities as Directors of the Company or its subsidiary companies which would not otherwise have been available to them.

DIVERSITY

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 31 July 2022 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 on the next page.

CELEBRATING DIVERSITY AND INCLUSION

The Group strives to create a workplace where our people feel they can bring their whole selves to work. We believe that can only happen in an environment where diversity and inclusion are embraced. That is why we're committed to continuously identifying ways we can improve diversity and inclusivity.

Areas of Focus	Objective	Target	Actual as at 31 July 2022	2021 Female	2021 Total	2022 Female	2022 Total
Gender	Improve representation of women at senior levels of business	50% of senior leadership roles held by women	Female representation	Female	Total	Female	Total
			Board	3	8	3	7
			Executive	2	12	2	10
			Direct report to executive team	30	60	25	48
			Other* *199 were non-disclosed	6,214	11,069	6,360	11,142

Areas of Focus	Objective	Disclosure on self-identification of gender where members identify as:	Female	Male	Gender Diverse
Gender	Gender composition of Directors and Officers	Board	3	4	0
		Executives	2	8	0

Areas of Focus	Objective	Category	Number of Employees in each category	Median Pay Ratio	Gender Pay Gap
Gender	100% Gender pay equity*	TWG - Total	11,200	100%	0%
		TWG Leadership	58	90%	10%
		SSO Agile	1,003	99%	1%
		SSO Non-Agile	515	79%	21%
		Stores	8,668	103%	–3%
	*undisclosed gender data is not included.	Distribution	956	100%	0%

Areas of Focus	Age representation	Under 30 years old #	Under 30 years old %	30–50 years old #	30–50 years old %	Over 50 years old #	Over 50 years old %
Age	Board	-	-	2	29%	5	71%
	Executive	-	-	4	40%	6	60%
	Direct report to executive team* *1 individual non-disclosed	-	-	31	65%	17	35%
	Other* *106 were non-disclosed	5,468	48%	3,750	33%	2,018	18%

Areas of Focus	Objective	Target	Actual as at 31 July 2022
Māori Culture	Build our Māori cultural competency	To earn and strengthen our position as a New Zealand employer and community partner by encouraging and enriching inclusion of Māori cultural and language practices throughout Aotearoa	In FY22 we launched our Whakatupu Te Kākano Māori courses, tuatahi and tuarua in partnership with MIT, which as the name translates to is about growing the seed of te reo in our employees. We also launched our TupuToa internships, increasing the frequency of te reo on instore radio and among our leadership group as well as recognising Matariki and Māori Language Week. In FY23 we aim to continue growing our cultural competency and embed this into our everyday business practices. We will continue to celebrate Māori culture through Matariki and Māori Language week, along with engaging with our partners in Te Kaa, our Whakatupu Te Kākano Māori courses, TupuToa and REA Foundation.
Diversity and Inclusion	Develop and celebrate our diversity	Senior Managers complete unconscious bias training and managing diversity in the workplace workshops Launch annual Diversity and Inclusion survey to build D&I understanding and demographic make-up D&I communities to be established across the Group to support initiatives close to our team members' hearts	Re-launched Lean in Circles to empower wāhine (women) through peer-to-peer mentoring and support networks. Celebrations: Auckland Pride Month, International Women's Day, Wellbeing Week with a focus on mental health, Gumboot Friday, Pink Shirt Day. Partnership with Brain Badge and Altogether Autism to champion diverse thinking.
	Continue to support our people through inclusive policies	Continue to support our Gender Transition Policy and Family Violence Policy (in 2021 we reviewed our Family Violence Policy and increased this to 15 days' paid leave and 3 free nights' accommodation)	
		Support parental leave policies such as Ease Back to Work to encourage mothers to return to work.	

For FY22 we focused on fostering an environment of inclusion for all types of diversity so that everyone feels like they belong. We aim to foster an environment where everyone feels safe to be themselves and bring their whole selves to work.

REMUNERATION REPORT

1. CEO remuneration 2022 ($ 000s)

	Base			Pay for Performance			
	Salary	Taxable Benefits	Subtotal	STI	LTI	Subtotal	Total Remuneration
Nick Grayston	1,513	103	1,616	877	1,075	1,952	3,568

2. 5 year summary of CEO remuneration ($ 000s)

Year	Group CEO	Total Earnings Paid	Base	Taxable Benefits	STI	STI as % of Maximum	LTI
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
2019	Nick Grayston	1,972	1,435	66	471	48%	-
2018	Nick Grayston	2,237	1,415	54	768	96%	-

Explanation of the above items

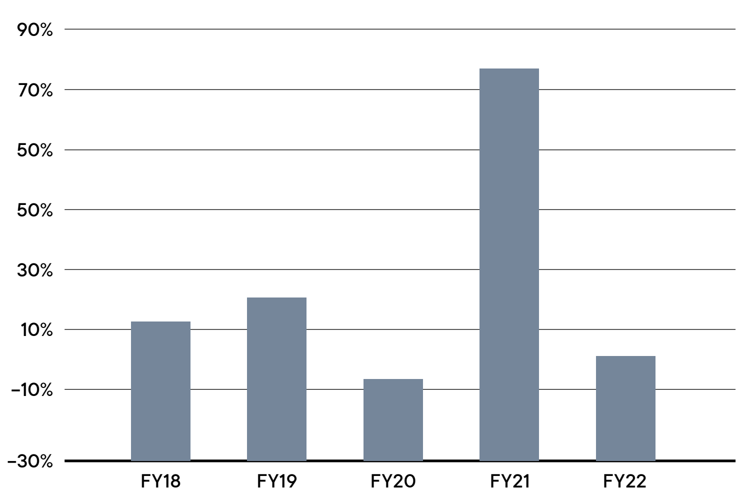
1. The 2022 Long-Term Incentive (LTI) value above relates to FY19–FY21 but was paid in FY22. The FY20–FY22 LTI and FY22 STI will be paid in FY23.
2. The actual remuneration paid includes holiday pay paid as per NZ legislation.
3. Taxable benefits are the value of employer KiwiSaver contributions.

3. Breakdown of pay for performance (2022)

	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).**	70% x 120%
	For this to be payable, the Group must firstly achieve a gate opener of 90% of the Adjusted 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.	30% x 120%
Long-Term Incentive (LTI) for the 3 years ending 2022	Cash based scheme. Potential 50% of base salary for On Target Performance.	100% weighting based on the three-year Group Adjusted NPAT, calculated as a percentage of the Budgeted Group Adjusted NPAT. 50% of potential paid if >95% of target achieved, increasing to a maximum of 150% for achievement of 125% of target.	150%

*As set out in section 6 the performance target for the CEO's LTI grants was changed in FY21 to be absolute TSR against the Company's cost of equity plus 1% over a three-year performance period and is now capped at 125%.

4. 5 year summary of Total Shareholder Return performance



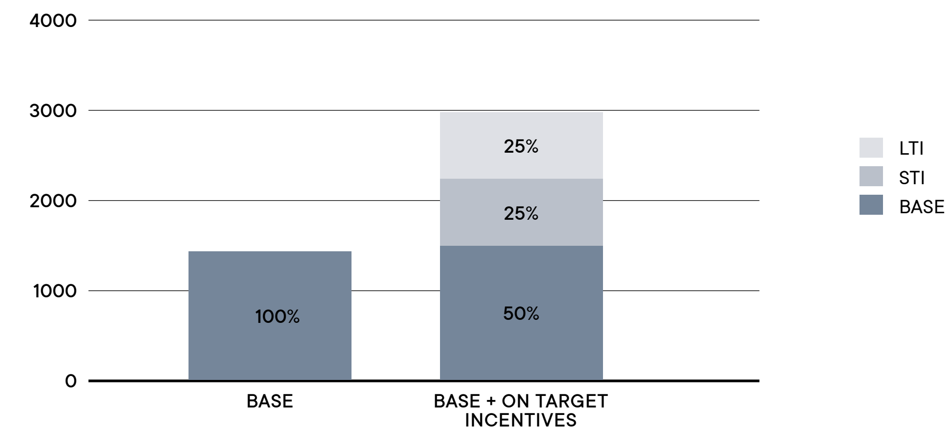
TOTAL SHAREHOLDER RETURN (TSR)

Financial Year 2018 (FY18)	3.3%
Financial Year 2019 (FY19)	20.2%
Financial Year 2020 (FY20)	−6.1%
Financial Year 2021 (FY21)	74.9%
Financial Year 2022 (FY22)	2.5%

STATUTORY DISCLOSURES

REMUNERATION REPORT (CONTINUED)

5. Potential CEO remuneration (2023)



$ 000	Base Package 2023			Pay for Performance at Target 2023			
	Salary	Taxable Benefits	Subtotal	STI	LTI	Subtotal	Total Remuneration
Nick Grayston	1,588	48	1,636	794	794	1,588	3,224

Explanation: Base salary is set at $1,588 million for the financial year. STI is 50% of base salary for On Target performance. The gate for payment is 90% of 2023 Group Adjusted NPAT budget. The STI is split: 70% based on Group financial results and 30% individual performance against goals. LTI is 50% of base salary, settled in cash, and is payable at the end of the three-year performance period if The Warehouse Group's target of absolute TSR against the Company's cost of equity plus 1% is achieved for the three-year period.

6. CEO LTI Grants

Year Invited	% of Salary	Settlement	Performance Period	Measure
FY19	50%	Cash	August 2018 to July 2021	Three-year Group Adjusted NPAT achieved calculated as a percentage of the budgeted Group Adjusted NPAT.
FY20	50%	Cash	August 2019 to July 2022	Three-year Group Adjusted NPAT achieved calculated as a percentage of the budgeted Group Adjusted NPAT.
FY21	50%	Cash	August 2020 to July 2023	Absolute TSR^ against the Company's cost of equity plus 1% over a three-year performance period.
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.
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.

^ TSR measure ensures Mangement's long-term incentives are more closely aligned to shareholder outcomes.

7. Required disclosures per guidelines

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 has not exercised discretion with regard to CEO's incentive pay for performance for 2022. Any payments made or forecasted are in line with contractual or scheme criteria.
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 are not 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.

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.

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	134
110 - 120	127
120 - 130	109
130 - 140	81
140 - 150	56
150 - 160	51
160 - 170	23
170 - 180	32
180 - 190	38
190 - 200	21
200 - 210	16
210 - 220	12
220 - 230	12
230 - 240	7
240 - 250	9
250 - 260	1
260 - 270	5
270 - 280	3
280 - 290	1

Remuneration ($ 000)	Number of Team Members
290 - 300	2
300 - 310	6
310 - 320	1
320 - 330	4
330 - 340	7
340 - 350	3
350 - 360	1
360 - 370	1
370 - 380	1
380 - 390	3
390 - 400	2
400 - 410	1
420 - 430	1
460 - 470	1
490 - 500	2
500 - 510	1
510 - 520	1
530 - 540	1
550 - 560	1

Remuneration ($ 000)	Number of Team Members
560 - 570	1
640 - 650	1
650 - 660	1
680 - 690	1
700 - 710	1
720 - 730	1
760 - 770	1
810 - 820	1
860 - 870	1
930 - 940	1
970 - 980	1
1,270 - 1,280	1
1,360 - 1,370	1
1,380 - 1,390	1
1,420 - 1,430	1
1,700 - 1,710	1
3,560 - 3,570	1

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 and Deputy Chair (if applicable) do not receive additional fees for membership of other Board committees.

Board/Committee Name	Position	as at 1 Jan 2021 Fees (Per Annum)	Fees changed as at 1 Dec 2021 Fees (Per Annum)
Board of Directors	Chair	$166,000[1]	$182,600[1]
	Member	$78,525	$87,000
Audit and Risk Committee	Chair	$25,000	$27,500
	Member	$7,500	$10,000
People and Remuneration Committee	Chair	$20,000	$25,000
	Member	$6,000	$6,600
Health, Safety and Wellbeing Committee	Chair	$15,000	$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

ACTUAL DIRECTOR REMUNERATION 2021/22

The fees paid to non-executive Directors for services in their capacity as directors during the year ended 31 July 2022 totalling $883,092 were paid as follows:

Name of Director	Board Fees[1]	Audit and Risk Committee[1]	People and Remuneration Committee[1]	Corporate Governance and Nomination Committee	Disclosure Committee	Health, Safety and Wellbeing Committee[1]	Environmental and Social Sustainability Committee[5]	Other Committees	Shares and Other Payments or Benefits	Total Individual Remuneration
Joan Withers (Chair)	$177,067 (Chair)	- (member)	- (member)	- (Chair)	- (member)	- (member)	- (member)	-	-	$177,067
Tony Balfour	$84,175	-	$23,333 (Chair)	- (member)	-	- (member)	$4,400 (member)	-	-	$111,908
William Easton (retired May 2022)	$69,675	-	$5,300 (member)	-	-	- (member)	-	-	-	$74,975
Dean Hamilton[4]	$84,175	$26,667 (Chair)	-	- (member)	- (member)	- (member)	-	-	-	$110,842
Julia Raue	$84,175	$9,167 (member)		-	-	$18,333 (Chair)[1]	$4,400 (member)	-	-	$116,075
Rachel Tulelei	$84,175	-	$6,400 (member)	-	-	- (member)	$13,333 (Chair)	-	-	$103,908
John Journee[3]	$84,175	$9,167 (member)	-	-	-	- (member)	$4,400 (member)	-	-	$97,742
Robbie Tindall[2]	$84,175	-	$6,400 (member)	- (member)	- (member)	- (member)	-	-	-	$90,575

[1] Chair, director and member fees increased from 1 December 2021.

[2] Robbie Tindall received an additional fee of $13,750 as a director of subsidiary company TheMarket.com Limited.

[3] John Journee received an additional fee of $13,750 as a director of subsidiary company TheMarket.com Limited.

[4] Dean Hamilton received an additional fee of $7,563 as a director of subsidiary company TheMarket.com Limited.

[5] Environmental and Sustainability Committee Chair and members paid from 1 December 2021 only.

DISCLOSURES OF INTERESTS BY DIRECTORS

General disclosures

The following are particulars of general disclosures of interest given by the Directors of the Company pursuant to section 140(2) of the Companies Act 1993 as at 31 July 2022:

ANTONY (TONY) BALFOUR

Director and Shareholder, Les Mills International Limited
Director, RealNZ Limited
Director, BLIS Technologies Limited
Director, Pioneer Energy Limited

JOHN JOURNEE

Director, Farmlands Society
Director, Colonial Motor Company Limited
Director, CMC Workplace Savings Scheme Trustee Limited
Director, Vanishing Point Limited
Member, Advisory Board, Quantiful Limited
Director, West Auckland Trust Services Limited

JULIA RAUE

Director, Jade Software Corporation Limited
Director, Southern Cross Healthcare Limited
Trustee, Southern Cross Health Trust
Director, Southern Cross Health Society
Director, Southern Cross Pet Insurance Limited
Director, Southern Cross Benefits Limited
Director, Rowdy Consulting Limited
Chair, NZ Rugby Appointments and Remuneration Committee
Trustee, Global Women
Member, Auckland Rugby Appointments Committee

JOAN WITHERS

Director, ANZ Bank New Zealand Limited
Director, On Being Bold Limited
Director, Sky Network Television Limited
Member, Appointments Panel Fonterra farmer elected directors
Trustee, Sweet Louise Foundation
Director, Origin Energy Limited

DEAN HAMILTON

Chair and Shareholder, Fulton Hogan Limited
Director and Shareholder, Auckland International Airport Limited
Director, Tappenden Holdings Limited

ROBERT (ROBBIE) TINDALL

Trustee, The Tindall Foundation
Trustee, Finn Lowery Foundation
Director, Foundation Services Limited
Director, K One W One Limited
Director, K One W One (No 2) Limited
Director, K One W One (No 3) Limited
Director, K One W One (No 4) Limited
Director, K One W One (No 5) Limited

RACHEL TAULELEI

Member, APEC Business Advisory Council
Chair, Wellington Regional Stadium Trust
Advisory Board Member, Movac
Limited Partner, Movac Fund 5 LP
Director, RLaw Limited
Director, Oho 2021 Limited
Director, ANZCO Foods Limited
Director and Chair, Aotearoa Fisheries Limited t/a Moana New Zealand
Director, Pupuri Taonga Limited
Director, Kura Limited
Director, Sealord Group Limited
Trustee, Katihiku Trust
Director, AFL Investments Limited
Director, CWBG Limited

DIRECTORS' SHAREHOLDINGS AS AT 31 JULY 2022

At 31 July 2022 the following Directors, or entities related to them, held interests in the Company shares:

	Beneficial Interest	Beneficial Interest	Non-beneficial Interest	Non-beneficial Interest	Related Party	Related Party
	2022	2021	2022	2021	2022	2021
D Hamilton			1,493,057	1,493,057		
J Journee	172,000	172,000				
J Raue	15,000	15,000				
R J Tindall	4,800	4,800			93,721,184	93,721,184
J Withers	80,419	68,419	1,493,057	1,493,057		
T Balfour			1,015,875	1,015,875		

SHARE DEALINGS BY DIRECTORS

During the 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	Date of Transaction	Number of Ordinary shares Acquired/ (Disposed)	Consideration
J Withers	October 2021	12,000	On market purchase of shares at an average price of $4.11 per share

TWENTY LARGEST REGISTERED SHAREHOLDERS AS AT 31 JULY 2022

	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 Limited	69,333,940	19.99
New Zealand Depository Nominee Limited <A/C 1 Cash Account>	5,123,048	1.48
National Nominees Limited – NZCSD <NNLZ90>	4,551,703	1.31
BNP Paribas Nominees (NZ) Limited – NZCSD <BPSS40>	4,016,856	1.16
Forsyth Barr Custodians Limited <1 CUSTODY>	3,941,571	1.14
Citibank Nominees (New Zealand) Limited – NZCSD <CNOM90>	3,924,587	1.13
Stephen Robert Tindall & John Richard Avery & Brian Mayo-Smith <SR Tindall Family A/C>	3,778,149	1.09
Custodial Services Limited <A/C 4>	3,724,462	1.07
Robert George Tindall & Stephen Robert Tindall & Pupuke Trustee Limited <Tindall A/C>	3,455,103	1.00
HSBC Nominees (New Zealand) Limited – NZCSD <HKBN90>	3,132,542	0.90
HSBC Nominees A/C NZ Superannuation Fund Nominees Limited – NZCSD <SUPR40>	2,988,602	0.86
HSBC Nominees (New Zealand) Limited A/C State Street – NZCSD <HKBN45>	2,537,155	0.73
Accident Compensation Corporation – NZCSD <ACCI40>	1,583,127	0.46
FNZ Custodians Limited	1,264,600	0.36
Hobson Wealth Custodian Limited <Resident Cash Account>	1,217,040	0.35
Simplicity Nominees Limited – NZCSD	999,208	0.29
Stephen Robert Tindall & John Richard Avery & Brian Mayo-Smith <MERANI A/C>	752,798	0.22
TEA Custodians Limited Client Property Trust Account – NZCSD <TEAC40>	708,162	0.20
	284,640,245	82.07%

[1] New Zealand Central Securities Depository Limited (NZCSD) is a depository system which allows electronic trading of members. As at 31 July 2022 total holdings in NZCSD were 25,960,477 or 7.48% of shares on issue.

DISTRIBUTION OF SHAREHOLDERS AND HOLDINGS AS AT 31 JULY 2022

Size of Shareholding	Number of Shareholders	Percentage	Number of Shares	Percentage
1 - 1,000	3,663	36.86%	1,677,796	0.48%
1,001 - 5,000	3,990	40.16%	8,797,252	2.54%
5,001 - 10,000	1,071	10.78%	7,022,586	2.02%
10,001 - 100,000	1,121	11.28%	24,527,955	7.08%
100,000 and over	91	0.92%	304,817,531	87.88%
	9,936	100%	346,843,120	100%
Geographic Distribution				
Auckland and Northland	3,827	38.52%	302,995,871	87.37%
Waikato and Central North Island	2,017	20.30%	12,871,727	3.71%
Lower North Island and Wellington	1,424	14.33%	11,687,281	3.37%
Canterbury, Marlborough and Westland	1,077	10.84%	6,363,246	1.83%
Otago and Southland	693	6.97%	10,832,747	3.12%
Australia	763	7.68%	1,265,032	0.36%
Other Overseas	135	1.36%	827,216	0.24%
	9,936	100%	346,843,120	100%

SUBSTANTIAL PRODUCT HOLDERS

According to notices given to the Company under the Financial Markets Conduct Act 2013, as at 31 July 2022, the substantial product holders in the Company and their relevant interests are noted below:

	Relevant Interest	Date of Notice
James Pascoe Limited	68,270,081	10 May 2018
Sir Stephen Tindall	84,141,524	19 March 2004
The Tindall Foundation	66,323,220	19 March 2004

STATUTORY DISCLOSURES

SUBSIDIARY COMPANY DIRECTORS

The following people held office as directors of subsidiary companies at 31 July 2022. Those who retired during the year are indicated with an (R).

Company	Directors
1-Day Liquor Limited	J Oram
Bond and Bond Limited	B Moors, J Oram
Boye Developments Limited	B Moors, J Oram
Eldamos Investments Limited	B Moors, J Oram
Eldamos Nominees Limited	J Oram
Noel Leeming Finance Limited	B Moors
Noel Leeming Financial Services Limited	B Moors, J Oram
Noel Leeming Furniture Limited	B Moors, J Oram
Noel Leeming Limited	B Moors, J Oram
The Book Depot Limited	J Oram
TheMarket.com Limited	N Grayston, J Journee, R Tindall, J Oram, D Hamilton
The Warehouse Card Limited	J Oram
The Warehouse Group Support Services Limited	J Oram
The Warehouse Investments Limited	J Oram
The Warehouse Limited	N Grayston, J Oram, T Edwards (R)
The Warehouse Nominees Limited	B Moors, J Oram
TWGI Operations Limited	J Oram
Torpedo7 Limited	T Edwards (R), S West, J Oram
TWGA Pty Ltd	I McGill, B Moors, J Oram
TWL Australia Pty Limited	I McGill, B Moors, J Oram
TWP No.1 Limited	J Oram, N Tuck (R)
TWP No.4 Limited	B Moors, J Oram
TWP No.5 Limited	B Moors, J Oram
ChocolateWorks NZ Limited	N Craig, A Razey, H Vetsch, K McKenzie, M Anderson (R), S Smith (R)
Warehouse Stationery Limited	B Moors
Lincoln West Limited	K Gardiner, G Helsby, G Lane, J Oram
Farran (Nine) Limited	K Gardiner, G Helsby, G Lane, J Oram
The Warehouse Planit Trustees Limited	J Withers
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
TW House Sourcing Private Limited (India)	K Kramer, T Benyon, M Anderton, C Srinivasan
The Warehouse (Shanghai) Trading Company Limited	K Kramer, T Benyon, M Anderton

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 31 July 2022 was 346,843,120 fully paid ordinary shares

Holders of each class of equity security as at 31 July 2022

Class of equity security	Number of Holders	Number of Shares or Rights
Ordinary shares	9,936	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.

ON-MARKET SHARE BUY-BACKS

The Company is not, at the date of this annual report, undertaking any on-market share buy-backs.

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 $106k (2021 $499,390) 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 New Zealand Exchange 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 27 September 2022 the Directors declared a fully imputed final dividend of 10.0 cents per share bringing the total dividend for the year to 20.0 cents per share. The dividends will be fully imputed at a rate of 28.0% and will be paid on 2 December 2022 to all shareholders on the share register at the close of business on 17 November 2022.

Dividends	2022	2021	2020	2019	2018
Interim	10.0	13.0	9.0	9.0	10.0
Special	-	5.0	-	-	-
Final	10.0	17.5	0.0	8.0	6.0
Total	20.0	35.5	0.0	17.0	16.0

AUDITOR

PricewaterhouseCoopers have continued to act as auditors of the company and have undertaken the audit of the financial statements for the 31 July 2022 year.

DISCIPLINARY ACTION

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

NZX WAIVERS

Details of all waivers granted and published by NZX within or relied upon by the Company in the 12 months immediately preceding The Warehouse Group Limited's balance date are available on the Company's website *www.thewarehousegroup.co.nz.*

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 are members.

	Initiatives	Associations
Environmental	• Paris Agreement • Climate Leaders Coalition 2019 Statement • Toitu Carbonzero • Low Emissions Heavy Freight Working Group • Carbon Disclosure Project (CDP) • Soft Plastics Recycling Scheme	• Climate Leaders Coalition (CLC) • Science Based Targets Initiative (SBTi) • Sustainable Business Council (SBC) • Energy Efficiency and Conservation Authority (EECA) • WasteMinz • Retail Network NZ
Human Resource and People	• Retailers Against Racism Pledge • P-TECH • BSR - Her Project https://herproject.Org/	• Tupu Toa • HRNZ • ShopCare • Lean In NZ • Brain Badge • Rainbow Tick
Product Sourcing and Development	• Better Cotton Initiative https://bettercotton.org/ • Forest Stewardship Council https://fsc.org/en	• New Zealand Business Round Table in China (NZBRiC) • Business for Social Responsibility (BSR)
Other	• Building industry inclusion on the content of Vocational Education with Services Workforce Development Council (WDC). • Providing of Vocational Education training through Te Pukenga • Working with MBIE on Future of Work • Advocacy work across many proposed legislation changes by Retail NZ	• Retail NZ • Tertiary Eduction Commission / WDC • Te Pukenga • Service IQ / ITO • New Zealand Business and Parliamentary Trust • Business NZ • NZ Marketing Association • Digital Boost Alliance Aotearoa

GLOBAL REPORTING INITIATIVES (GRI) MATERIALITY ASSESSMENT

The Warehouse Group's vision is to make sustainable living easy and affordable for everyone. We are committed to providing customers with sustainable and affordable products, packaging and circulatory solutions, and to increase the sustainability of our own operations by reducing waste and emissions. The Global Reporting Initiatives (GRI) Framework is an open and transparent way we can report on our progress on this ambition to our stakeholders.

This is the second year we have reported on the Environment, Social and Governance (ESG) topics which are material to The Warehouse Group through the GRI reporting framework.

We have maintained our view of material topics, which was determined in FY21 in our first year of GRI Reporting through an internal and external stakeholder mapping exercise. We interviewed a variety of stakeholders including customers, employees, suppliers, shareholders and business customers to determine a materiality assessment of economic, environmental, social and governance issues which are most important to our stakeholders. These include groups which our business has a significant impact on, and those which have a high interest in or considerable influence on the success of our business.

Value at stake reflects the impact on the economy, environment, and/or society which can lead to consequences for the organization's business model, reputation, or ability to achieve its objectives.

The following materiality matrix discloses the ranking of importance of these ESG issues.

This report has been prepared in accordance with the GRI Standards: Core option. We have applied the GRI reporting principles, including consideration of Stakeholder Inclusiveness, Sustainability Context, Materiality, and Completeness, when deciding what topics and content to include in this report.

The report has been internally reviewed, supported by evidence, signed off by management, and approved by the Board. The Warehouse Group has engaged Ernst & Young ('EY') to provide limited assurance over the metrics within the Group's GRI Disclosures, specifically in relation to 305 (Emissions) and 306 (Waste). Refer to page 115 for this audit report.

Importance to stakeholders	High	• GHG emissions • Waste & hazardous materials management • Business ethics* • Child labour & exploitive labour • Physical impacts of climate change & product carbon footprint	• Product packaging and waste • Product quality and safety • Future workforce • Materials sourcing and efficiency • Supply chain management • Access and affordability
	Low	• Water & wastewater managements • Ecological impacts • Customer welfare • Selling practice and product labelling • Air quality • Sustainability oversight • Critical incident risk management • Systematic risk management* • Business model resilience*	• Human rights, responsible sourcing, & community relations • Employee health & safety • Customer privacy • Data security* • Energy management • Employee engagements, diversity and inclusion • Labour practices & employee training • Product design & Lifestyle management • Competitive behaviour*
		Low	High
		Value at Stake – economic, environmental and social impacts	

* These topics are governance related topics which are not specifically covered under GRI economic, environmental and social topics and boundaries.

GENERAL DISCLOSURES

Indicator GRI 102:	Disclosure	Reference in this Annual Report	Omission or External Reference
102–1	Name of the organisation	The Warehouse Group	
102–2	Activities, brands, products, and services	Pag 15–25	
102–3	Location of headquarters	Page 115	
102–4	Location of operations	Page 15–25, 37, 115	
102–5	Ownership and legal form	Page 66	
102–6	Markets served	Page 15–25	
102–7	Scale of the organisation	Page 15–25: Store map and brands Page 46: Our People Page 50–52: Financial Capital Page 62: Consolidated Income Statement Page 63: Consolidated Balance Sheet Page 68–69: Note 2.0, Segment Note Page 101: Celebrating Diversity and Inclusion	
102–8	Information on employees and other workers	Page 46–49: Our People Page 101: Celebrating Diversity and Inclusion	Information on employees is not broken down by employment type or employment contract. An insignificant portion of the Group's activities is performed by workers who are not employees or who are seasonal workers.
102–9	Supply chain	Page 36–37: Our Networks Page 44–45: Our Relationships	
102–10	Significant changes to the organisation and its supply chain	None	
102–11	Precautionary Principle or approach	Page 34–35: Risk and Materiality Page 96–101: Corporate Governance	
102–12	External initiatives	Page 110	
102–13	Membership of associations	Page 110	
102–14	Statement from senior decision-maker	Page 6–9: Chair and CEO Report	
102–16	Values, principles, standards, and norms of behaviour	Page 10	
102–18	Governance structure	Page 91–99	
102–40	List of stakeholder groups	Page 40–49: Customers, Relationships, People Page 107: 20 largest shareholders Page 111: Stakeholders considered in GRI materiality matrix	
102–41	Collective bargaining agreements	Page 46: Our People	
102–42	Identifying and selecting stakeholders	Page 111	
102–43	Approach to stakeholder engagement	Page 111	
102–44	Key topics and concerns raised	Page 40–43: Our Customers Page 44–45: Our Suppliers, Our Investors Page 46–49: Our People	
102–45	Entities included in the consolidated financial statements	Page 66: Note 1.3	
102–46	Defining report content and topic boundaries	Page 111	
102–47	List of material topics	Page 111	
102–48	Restatements of information	None	
102–49	Changes in reporting	None	
102–50	Reporting period	2 August 2021 to 31 July 2022	
102–51	Date of most recent report	1 August 2021	
102–52	Reporting cycle	Annual	
102–53	Contact point for questions regarding the report	investors@thewarehouse.co.nz	
102–54	Claims of reporting in accordance with the GRI Standards	GRI Standards (Core Option), Page 111	
102–55	GRI content index	Page 112–114	
102–56	External assurance	• The disclosures under GRI Standards 102–5, 102–7 (in part), 102–40 (in part) 102–45 are covered by the external audit of the financial statements by PricewaterhouseCoopers, but these are not audited in accordance with GRI. Refer to pages 84–89 for this audit report. • GRI Standards 305 and 306 have been externally assured with limited assurance by Ernst & Young. Refer to page 115 for this audit report. • Carbon and energy emissions are obtained from Toitū certified emissions data. Refer to The Warehouse Group 2022 Emissions Inventory Report.	

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

ECONOMIC

Indicator	Disclosure	Reference in this Annual Report	Omission or External Reference
GRI 205: Anti-corruption (2016)			
103	Management Approach	Page 34, 46–49, 100	
205–2	Communication and training about anti-corruption policies and procedures	Page 48	
205–3	Confirmed incidents of corruption and actions taken	There have been four bribery incidents of note from external suppliers during the year ended 31 July 2022, and these vendors have been removed from our supply chain.	
GRI 206: Anti-competitive Behaviour (2016)			
103	Management Approach	Page 34, 99, 100	
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.	

ENVIRONMENTAL

Indicator	Disclosure	Reference in this Annual Report	Omission or External Reference
GRI 302: Energy (2016)			
103	Management Approach	Page 28–29, 32–33, 98	
302–1	Energy consumption within the organisation	Page 56	Refer to The Warehouse Group 2022 Emissions Inventory Report.
302–3	Energy intensity	Page 56	
302–4	Reduction of energy consumption	Page 56	
GRI 305: EMISSIONS 2016			
103	Management Approach	Page 28–29, 32–33, 98	
305–1	Direct (scope 1) GHG emissions	Page 55, 57–58	Refer to The Warehouse Group 2022 Emissions Inventory Report.
305–2	Energy indirect (Scope 2) GHG emissions	Page 55, 57–58	
305–3	Other indirect (Scope 3) GHG emissions	Page 55–58	
305–4	GHG emissions intensity	Page 57	
305–5	Reduction of GHG emissions	Page 55, 57–58	
GRI 306: WASTE 2020			
103	Management Approach	Page 28–29, 32–33, 98	
306–1	Waste generation and significant waste-related impacts	Page 55, 58	Refer to The Warehouse Group 2022 Emissions Inventory Report.
306–2	Management of significant waste-related impacts	Page 54–58	
306–3	Waste generated	Page 58	
306–4	Waste diverted from disposal	Page 55, 58	
306–5	Waste directed to disposal	Page 58	
GRI 307: ENVIRONMENTAL COMPLIANCE (2016)			
103	Management Approach	Page 28–29, 32–33, 98	
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	Page 44–45	
308–2	Negative environmental impacts in the supply chain and actions taken	Page 44–45, 56	The Warehouse Group Ethical Sourcing Policy

SOCIAL

Indicator	Disclosure	Reference in this Annual Report	Omission or External Reference
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018			
103	Management Approach	Page 48–49, 96, 98–99	
403-6	Promotion of worker health	Page 46–49	
403-9	Work-related injuries	Page 48–49	
GRI 404: TRAINING AND EDUCATION 2016			
103	Management Approach	Page 32–33, 46–49	
404-1	Average hours of training per year per employee	Page 48	Information on training hours per year by gender and employee category is not yet available. We will endeavour to work on this reporting in the future.
404-2	Programs for upgrading employee skills and transition assistance programs	Page 47–48	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016			
103	Management Approach	Page 32–33, 46–49, 96, 98, 100	
405-1	Diversity of governance bodies and employees	Page 101	
405-2	Ratio of basic salary and remuneration of women to men	Page 101	Information on salary and remuneration by employee category is not yet available. We will endeavour to work on this reporting in the future.
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016			
103	Management Approach	Page 44–45, 100	The Warehouse Group Ethical Sourcing Policy
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 44–45	
GRI 408: CHILD LABOUR 2016			
103	Management Approach	Page 44–45, 100	The Warehouse Group Ethical Sourcing Policy
408-1	Operations and suppliers at significant risk for incidents of child labour	Page 44–45	
GRI 409: FORCED OR COMPULSORY LABOR 2016			
103	Management Approach	Page 44–45, 100	The Warehouse Group Ethical Sourcing Policy
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Page 44–45	
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016			
103	Management Approach	Page 44–45, 100	The Warehouse Group Ethical Sourcing Policy
414-1	New suppliers that were screened using social criteria	Page 44	
414-2	Negative social impacts in the supply chain and actions taken	Page 44	

EY
Building a better working world

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

ASSURANCE CONCLUSION

Based on our limited assurance procedures described below, nothing has come to our attention, that causes us to believe that selected non-financial disclosures prepared by The Warehouse Group ("TWG") in its '2022 Integrated Report', is not reported and presented, in all material respects, in accordance with the criteria defined below.

SCOPE

Ernst & Young ('EY') has performed a limited assurance engagement over selected non-financial disclosures prepared by TWG in its 2022 Integrated Report ("the Report") for the year ended 31 July 2022 against the Global Reporting Initiative's Sustainability Reporting Standards in order to conclude that nothing has come to our attention to indicate that the non-financial disclosures are not reported accurately against these criteria.

SUBJECT MATTER

The Subject Matter for our limited assurance engagement included selected non-financial disclosures in the Report, for the year ended 31 July 2022, limited to those listed in Table 1 below.

Table 1: Selected Non-financial Disclosure

Climate Change

- **Direct (Scope 1) GHG emissions**
  Scope 1 greenhouse gas ('GHG') emissions of 2,800 tonnes of carbon dioxide equivalent (tCO_2-e);
- **Energy Indirect (Scope 2) GHG emissions**
  Scope 2 GHG emissions of 9,535 tCO_2-e
- **Reduction of GHG emissions**
  Increase of GHG emissions (Scope 1 & Scope 2) of 0.3% from 2021 to 2022

Waste

- **Waste generated**
  Waste generated of 13,216 tonnes
- **Waste diverted from disposal**
  Waste diverted from disposal of 9,704 tonnes
- **Waste directed to disposal**
  Waste directed to disposal of 3,512 tonnes

THE SUBJECT MATTER DID NOT INCLUDE:

Data sets, statements, information, systems or approaches other than the selected non-financial performance data specified in Table 1; and neither Management's forward-looking statements. Our Subject Matter does not include sustainability disclosures relating to TWG's funds, or for activities outside of TWG's self-declared reporting boundaries, as specified in the Criteria below

CRITERIA

In preparing the selected non-financial disclosures, Management determined the reporting criteria as set out in:

- The Global Reporting Initiative (GRI) Standards' Sustainability Reporting Standards, as follows:
  - GRI 305: Emissions 2016
  - GRI 306: Waste 2020
- GHG Protocol Corporate Accounting and Reporting Standard

With GHG emissions factors sourced from:

- New Zealand Ministry for the Environment, Measuring Emissions: A Guide for Organisations (2022)

TWG's organisational boundary is set out in TWG's 2022 Greenhouse Gas Emissions Inventory Report.

MANAGEMENT RESPONSIBILITY

The management of TWG is responsible for the collection and presentation of the Subject Matter in accordance with the criteria and for maintaining adequate records and internal controls that are designed to support assertions made in the selected non-financial disclosures.

ASSURANCE PRACTITIONER'S RESPONSIBILITY

EY's responsibility is to express a limited assurance conclusion on the selected non-financial disclosures, based on our review. We are also responsible for maintaining our independence and confirm that we have met the requirements of the *APES 110 Code of Ethics for Professional Accountants* including independence and have the required competencies and experience to conduct this assurance engagement.

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LEVEL OF ASSURANCE

A limited assurance engagement consists of making enquiries and applying analytical, controls testing, and other evidence-gathering procedures sufficient for us to obtain a meaningful level of assurance as the basis for providing a negative form of conclusion. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management's internal controls when determining the nature and extent of our procedures, these procedures were not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

OUR APPROACH

We conducted this review in accordance with the International Accounting Standards Board's *International Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (New Zealand) ('ISAE 3000'(NZ))*, and *Assurance Engagements on Greenhouse Gas Statements* ('ISAE 3410'), as well as the terms of reference for this engagement as agreed with TWG on 06 July 2022.

The procedures we performed were based on our professional judgement and included, but were not limited to, the following:

- Conducting interviews with key personnel to understand the process for collecting, collating and reporting the selected non-financial disclosures during the reporting period
- Gaining an understanding of the basis for calculating and reporting GHG emissions
- Checking that the calculation criteria had been applied in accordance with the methodologies outlined in TWG's criteria
- Undertaking analytical review procedures to support the reasonableness of the data
- Identifying and testing assumptions that support calculations
- Checking emissions factors and considered their consistency with the reporting criteria
- Reviewing the presentation of the information in TWG's 2022 Integrated Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

LIMITED ASSURANCE

Procedures performed in a limited assurance engagement vary in nature and timing, 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.

While 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. Further, our procedures did not include testing controls or performing procedures relating to checking the aggregation or calculation of data within IT systems.

USE OF OUR ASSURANCE STATEMENT

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

Ernst & Young Limited

Pip Best Partner

Auckland, New Zealand

27 September 2022

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DIRECTORY

Board of Directors

Joan Withers (Chair)
Tony Balfour
Dean Hamilton
John Journee
Caroline Rainsford
Julia Raue
Rachel Taulelei
Robbie Tindall

Group Chief Executive Officer

Nick Grayston

Group Chief Financial Officer

Jonathan Oram

Company Secretary

Erin Vercoe

Place of Business

26 The Warehouse Way
Northcote, Auckland 0627
PO Box 33470, Takapuna
Auckland 0740, New Zealand
Telephone: +64 9 489 7000
Facsimile: +64 9 489 7444
Website: www.thewarehousegroup.co.nz

Registered Office

C/- BDO
Level 4, 4 Graham Street
PO Box 2219
Auckland 1140, New Zealand

New Zealand Business Number (NZBN)

New Zealand Incorporation: 9429038766633

Auditor

PricewaterhouseCoopers
Private Bag 92162
Auckland 1142, New Zealand

Stock Exchange Listing

NZX trading code: WHS

Share Registrar

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road, Takapuna
Private Bag 92119, Auckland 1142, New Zealand
Telephone: +64 9 488 8777
Facsimile: +64 9 488 8787
Email: enquiry@computershare.co.nz
Website: www.computershare.co.nz/investorcentre

Shareholder Enquiries

Shareholders with enquiries regarding share transactions, changes of address or dividend payments should contact the Share Registrar.

Shareholdings can be managed electronically by using Computershare's secure website, www.computershare.co.nz/investorcentre. Functions include viewing your share balance, address changes, payment and tax information, updating payment instructions and your communications preference.

thewarehousegroup.co.nz