FY24 Interim Results
Six months ending 28 January 2024

20 March 2024

CONTENTS

CHAIR'S UPDATE

JOAN WITHERS

FOCUS ON OUR CORE BUSINESS

- The Group announced on 22 February 2024 that it has sold Torpedo7 to Tahua Partners Limited. This had a one-off, non-cash, pre-tax impairment impact of $60.1 million in the half year income statement, resulting in an overall **Group reported Net Loss After Tax of $23.7 million**.
- The Group reported **Continuing Sales[1] of $1.6 billion** for the 26 weeks ending 28th January 2024, down 4.9% compared to strong sales of $1.7 billion in FY23 H1.
  - **The Warehouse sales were $965.6 million, down 4.7%**
  - **Warehouse Stationery sales were $117.9 million, down 5.0%**
  - **Noel Leeming sales were $544.4 million, down 2.2%**
- Sales have been challenged by the current economic environment with the impacts of inflation, higher interest rates, and increased living costs on customers' household budgets impacting discretionary spending and therefore our brands.
- Our strategic reprioritisation is showing progress - our relentless focus on tight cost control and margin improvement has delivered a **160-basis points improvement in Group gross profit margin**.
- **Continuing Adjusted NPAT[1] delivered $30.7 million, up 18.9%** due to diligent cost management and reduction initiatives.
- This is a sobering result for the Group. We are laser focussed on our core brands and we have moved quickly to simplify our business to set us up to be a much leaner, sharper-focused Group.

Help Kiwis live better every day

Better products at even lower prices

Increase shareholder value and provide sustainable returns

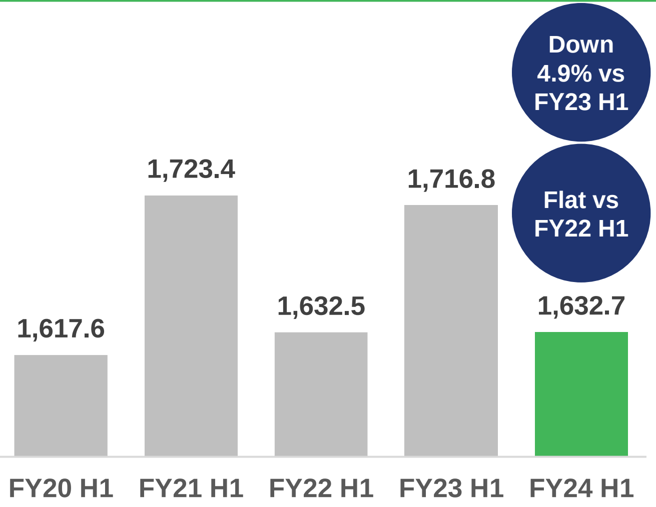
1. The Group announced on 22 February 2024 that it had sold the Torpedo7 business to Tahua Partners Limited. The assets and liabilities of this business are classified as Held for Sale, and the trading performance is excluded from continuing operations in the Group interim financial statements for the 26 weeks ending 28 January 2024. Refer to Note 18 and Note 19 of the interim financial statements for the 26 weeks ending 28 January 2024 for full details of discontinued operations and recognition of Torpedo7 as held for sale.
All financial results in this presentation are reported on a continuing operations basis (excluding Torpedo7) unless otherwise stated.

FY24 H1 FINANCIAL HIGHLIGHTS

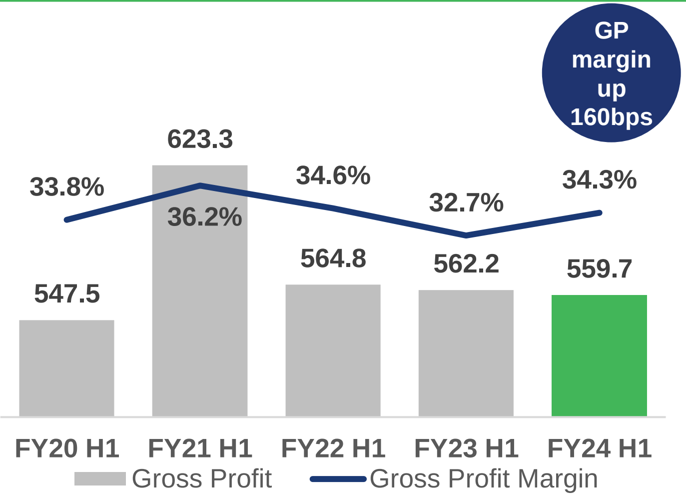
Grocery sales up 11.7% making up 20.2% of TWL sales

Cost of Doing Business down 1.5%

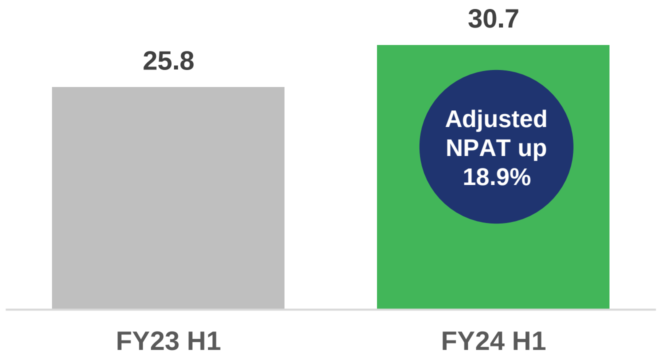
Continuing Group Sales[1] $m



Continuing Gross Profit[1] $m

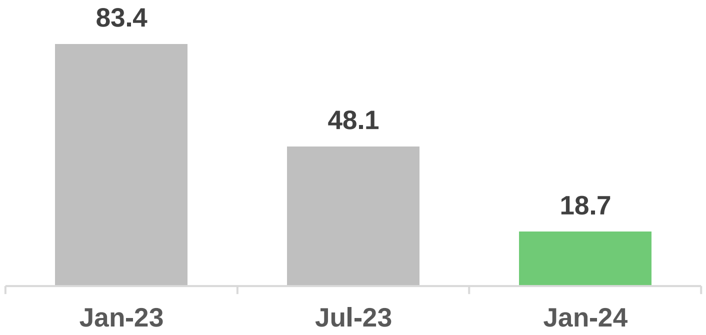


Continuing Adjusted NPAT[1] $m



Net Debt $m

LIQUIDITY HEADROOM $471.3M (FY23 H1: $381.6M)



1. ***All financial results in this presentation are reported on a continuing operations basis (excluding Torpedo7) unless otherwise stated.*** Refer to Note 18 and Note 19 of the interim financial statements for the 26 weeks ending 28 January 2024 for full details of discontinued operations and recognition of Torpedo7 as held for sale.

FY24 INTERIM DIVIDEND

- The Board is pleased to declare an FY24 interim dividend of 5.0 cents per share.
- The Board and Management are acutely aware of the impact the Group's recent performance has had on our shareholders.
- We are clear on the swift action needed to deliver sustainable growth and shareholder value. We remain confident in the underlying strength of our business and our ability to navigate through these challenges.
- The record date for the dividend will be 8 April 2024 and will be paid on 23 April 2024.

FY24 Interim Dividend 5.0 cps

NEW DIRECTOR – TONY CARTER

- The Warehouse Group is pleased to announce the appointment of Tony Carter as an Independent Director to the company's board, effective 1 May 2024.
- Tony is an outstanding appointment who brings wide-ranging retail, commercial and governance experience to complement the capability already in place around The Warehouse Group Board table.
- He has previously served as managing director of supermarket operator Foodstuffs and Mitre 10 stores, where he played a critical role in their strategic development and expansion.
- Tony's previous directorships have included roles at Fisher and Paykel Healthcare, Air New Zealand, Fletcher Building, ANZ Bank New Zealand, and Vector New Zealand.
- Tony Carter currently chairs the boards of MyFoodBag, Datacom Group and The Interiors Group, and is a director of Ravensdown.

GROUP UPDATE

CEO
NICK GRAYSTON

2024 STRATEGIC PRIORITIES

What we said we would do	How are we doing?
Focus on operational performance – minimise cost to serve, manage gross profit margin and reduce working capital.	• Reduced cost to serve due to improved cost per unit handled ("CPUH"), decreased online freight expenses, lower detention charges, favourable FX and reduced shipping costs. • Gross Profit Margin up 160bps. • Working capital down from $104.0 million in FY23 H1 to $27.6 million in FY24 H1.
Reduce Cost of Doing Business – roll out initiatives to manage labour cost and realise information system spend benefits.	• Labour costs decreased $19.0. million, or 6.7%, despite a 4% increase in CEA. • CODB decreased 1.5% in dollar terms, due to distribution centre and store efficiencies such as shelf ready trays ("SRT") but increased 120-basis points to 31.7% as % of sales.
Project Expenditure – rebalance capital expenditure to align with reprioritisation and fit within reduced envelope.	• Project expenditure was $50.2 million in FY24 H1, compared to $81.6 million in FY23 H1 and $154.4.m in FY23 • Reprioritised, cut some projects and achieved cheaper outcomes in others • Project expenditure is expected to be around $80 million for FY24.
Integration of TheMarket.com and Torpedo7 – bring these brands into the Agile operating structure as planned.	• Entered an agreement for the sale of the assets of Torpedo7. • Hosting SKUs from TheMarket.com on The Warehouse online Group Marketplace. • Considering options to close or sell the front end of TheMarket.com
Growth in Grocery – including Market Kitchen and fresh offering to deliver what customers need at competitive prices.	• Grocery growth of 11.7%, making up 20.2% of The Warehouse sales. • Over 9,000 individual grocery SKUs and 60 Market Kitchen products. Market Kitchen sales were $8.4 million in FY24 H1, up 265% on prior period. • Fresh fruit and vegetables offered in 22 The Warehouse stores. • Improved grocery EBIT year on year.
Group membership – continue to build MarketClub to leverage competitive advantage.	• Over 1.9m members across our two biggest programmes (myNoelLeeming & MarketClub). • MarketClub average spend +46% higher than non-members. • MarketClub average monthly frequency +8% higher than non-members. • Strong protection of first party data and customer privacy.
Focus on improving the quality of our sales – both in store and online.	• Online promotions reduced, freight recovery improved, and less marketing spend resulted in improvement in online profitability across the Group. • Gross Profit Margin improved 160bps and Gross Profit dollars only down 0.4%.

2024 STRATEGIC PRIORITIES – T7 SALE

In February 2024, we announced the sale of Torpedo7 to Tahua Partners Limited. While a tough decision and bittersweet to see Torpedo7 leave our family of brands, the choice to sell means:

- It is the quickest, cleanest way to exit the business.
- The majority of permanent Torpedo7 team members stayed employed with the new owners.
- Torpedo7 remains in New Zealand ownership to serve Kiwis who love the brand.

The sale of Torpedo7 enables us to:

- ✓ simplify the business
- ✓ focus on our core The Warehouse, Warehouse Stationery and Noel Leeming brands
- ✓ improve Group financial performance.

RESETTING OUR STRATEGIC DIRECTION

Simplify the Group

- Focus on three core brands
- Sell Torpedo7 and intend to close or sell TheMarket.com
- Further CODB reduction
- Simplify digital platforms
- Replace core systems and retire legacy systems to enable functionality and drive efficiency and cost-out over time

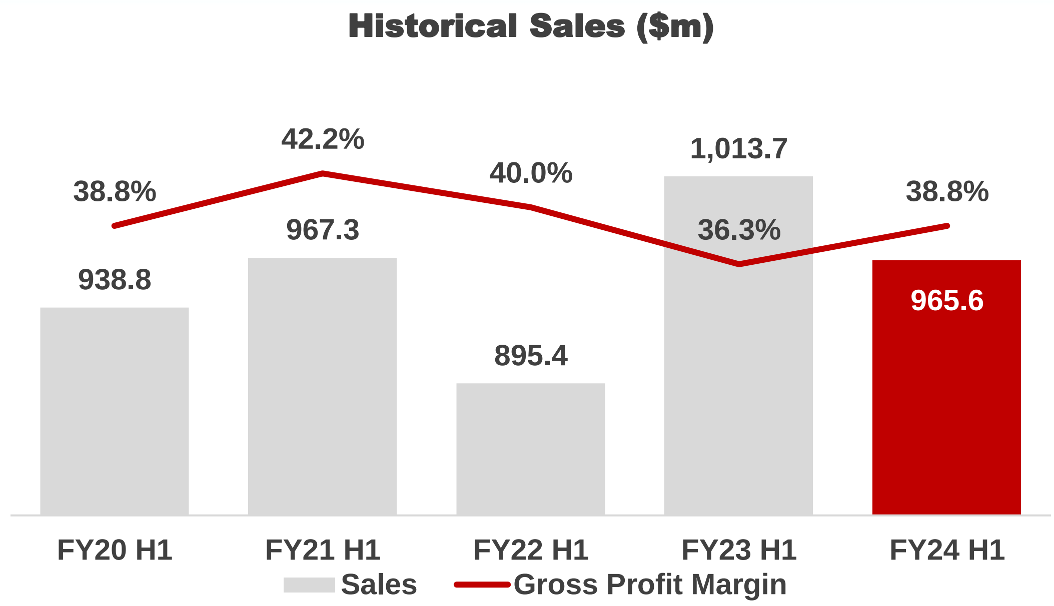
Prioritise the customer experience

- Better products in priority categories
- Reenergising our positioning as a value retailer
- Delivering an exciting shopping experience

Execute at speed

- Refreshed customer focus
- Organised to buy product differently – particularly Apparel, Home and Grocery tribes
- Reorganised to focus on Go-To-Market
- Create an energised and empowered team culture

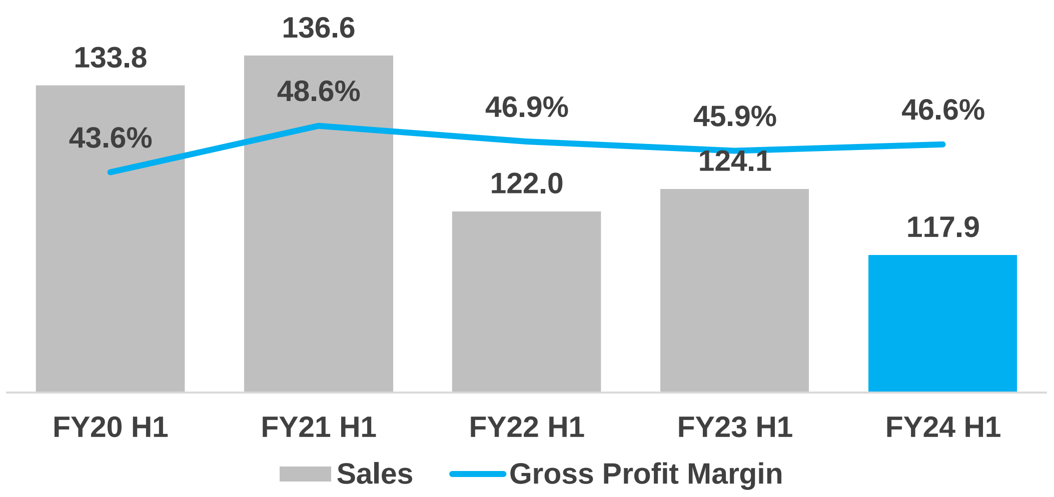
THE WAREHOUSE – HIGHLIGHTS



- **Sales $965.6m** (down 4.7% on FY23 H1).
- Same Store Sales, excluding online, were down 2.0%.
- **Gross profit margin up 250 bps to 38.8%.**
- **Grocery sales up 11.7%,** making up 20.2% of total TWL sales.
- Growth in grocery offset by decline in sales on home, toys and apparel.
- 88 stores.
- Online sales of $53.5m (5.5% of sales).
- C&C sales 52.1% of online fulfilment.

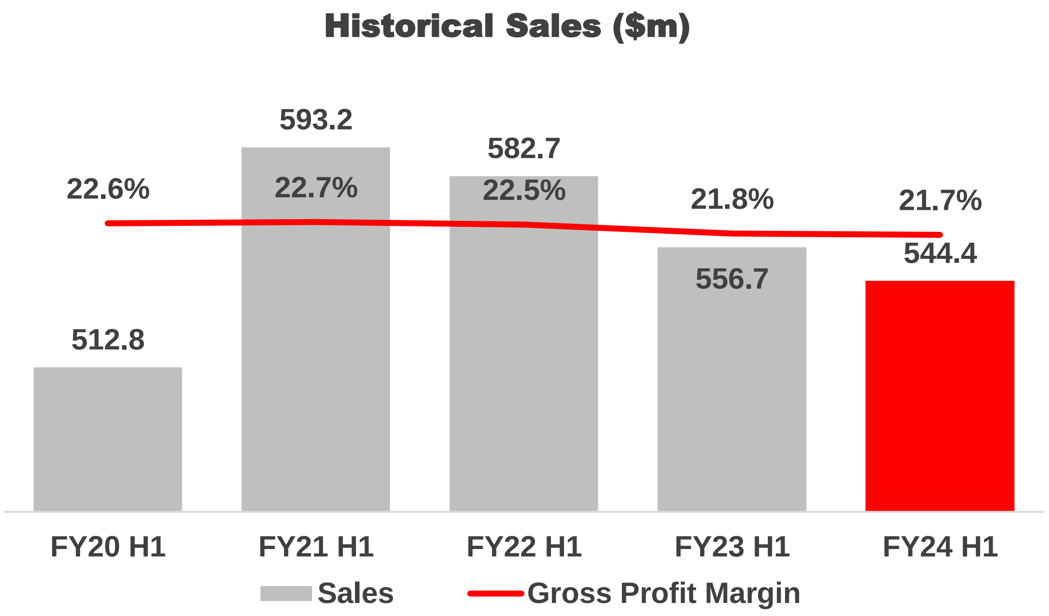
WAREHOUSE STATIONERY – HIGHLIGHTS

Historical Sales ($m)



- **Sales $117.9m** (down 5.0% on FY23 H1).
- Same Store Sales, excluding online, were down 1.4%.
- **Gross profit margin up 70 bps to 46.6%.**
- **Growth in print and copy and smart home** offset by decline in print & consumables, and stationery.
- 66 stores, 41 SWAS stores.
- Online sales $9.5m (8.0% of sales).
- C&C sales 22.5% of online fulfilment.

NOEL LEEMING – HIGHLIGHTS



- **Sales $544.4m** (down 2.2% on FY23 H1).
- Same Store Sales, excluding online, were down 0.2%.
- **Gross profit margin down 10 bps to 21.7%.**
- **Growth in communications, gaming, and tech accessories.**
- 67 stores.
- Online sales $60.6m (11.1% of sales).
- C&C sales 66.6% of online fulfilment.

PROGRESS ACROSS OUR SUSTAINABILITY BUILDING BLOCKS

Product and packaging sustainability leadership

35% of private label sales from products with sustainable attributes compared to 33% in FY23, and 28% in FY23 H1.

Sustainable living solutions

13 of the 28 The Warehouse stores which offer **free EV charging** have been upgraded to **25kW DC chargers.**

Circularity solutions for customers

Diverted 136.6 tonnes of post-consumer waste from landfill – Soft plastics, e-waste, ink and toners, up from 99.5 tonnes in FY23 H1.

Running a sustainable operation

26 stores and sites powered by solar from 1 February 2024 – on track to convert all 233 stores and sites to solar by 2026[1].
Diverted 81.6% operational waste from landfill, compared to 72.9% in FY23 and 69.5% in FY23 H1.

Our people and communities

Over $1 million raised for New Zealand charities and community groups in the half year.
50% female leaders.
50% female board members.

1. 26 stores and sites which switched to solar on 1 Feb include three Torpedo7 sites, of which two of these sites will move to powering The Warehouse stores from 1 May. 233 stores and sites which will covert to solar by 2026 are all continuing Group stores and sites excluding Torpedo7.

GROUP FINANCIAL RESULTS

ACTING CFO CELIA MEARNS

THE WAREHOUSE GROUP

GROUP PERFORMANCE

For 26 weeks ended 28 January 2024

Continuing operations $ million	FY24 H1	FY23 H1 (restated)	Variance
Group Sales	**1,632.7**	**1,716.8**	**-4.9%**
Gross Profit	559.7	562.2	-0.4%
Gross Profit Margin %	**34.3%**	**32.7%**	**160 bps**
Cost of doing business ("CODB")	516.7	524.8	-1.5%
CODB %	**31.7%**	**30.5%**	**120 bps**
Operating Profit (pre-IFRS16)[1]	43.0	37.4	14.9%
Operating Profit Margin %	**2.6%**	**2.2%**	**40 bps**
Adjusted NPAT [2] from continuing operations	**30.7**	**25.8**	**18.9%**
Reported NPAT from continuing operations	**31.8**	**23.7**	**34.6%**
Reported NPAT attributable to shareholders	**(23.7)**	**17.4**	**-236.3%**
Operating Cash Flow	137.5	108.8	26.3%
Dividends (cps)	5.0	-	5.0

All financial results in this presentation are reported on a continuing operations basis unless otherwise stated.

- The first half saw generally soft sales in a challenged consumer spending period following exceptional sales growth in FY23 H1. Sales recovered slightly in the second quarter with sales down 5.8% in Q1 and down 4.3% in Q2.
- The Warehouse FY24 H1 sales were down 4.7% to $965.6 million, compared to its highest half year sales of $1.0 billion in FY23 H1, which was going to be challenging to follow.
- Our focus on Gross Profit delivered results in the half with Gross Profit Margin increasing 160 basis points compared to prior year.
- Cost of Doing Business ("CODB") decreased in dollar terms, due decrease in employee expenses as we managed labour to meet sales slowdown, offset by increased depreciation and a marginal increase in information systems costs. CODB increased as percentage of sales from 30.5% to 31.7%.
- Adjusted NPAT from continuing operations was $30.7 million in FY24 H1, up 18.9% compared to FY23 H1.
- Reported NPAT from continuing operations was $31.8 million in FY24 H1, up 34.6% compared to FY23 H1.

1. Operating Profit includes the impact of SaaS but excludes the impact of NZ IFRS16 and unusual items and is a non-GAAP measure. For a reconciliation between Operating Profit and Reported EBIT refer to Slide 18 of this presentation and Note 5 of the Interim Financial Statements for the 26 weeks ending 28 January 2024.
2. Adjusted Net Profit After Tax (NPAT) is excluding NZIFRS16, before unusual items, and is a non-GAAP measure. For a reconciliation between Reported and Adjusted NPAT refer to Slide 18 of this presentation and Note 5 of the Interim Financial Statements for the 26 weeks ending 28 January 2024.

THE WAREHOUSE GROUP

EBIT AND NPAT RECONCILIATION

$ million	FY24 H1	FY23 H1 (restated)	Variance
Earnings before interest and taxation (EBIT):			
Reported EBIT from continuing operations	**62.8**	**51.2**	**22.6%**
Restructuring Costs	-	6.3	-100.0%
Adjustments for NZ IFRS 16[1]	(19.8)	(20.1)	-1.3%
Operating Profit (pre-IFRS16) from continuing operations	**43.0**	**37.4**	**14.9%**
Net Profit After Tax (NPAT):			
Reported Net (Loss)/Profit After Tax	**(23.7)**	**17.4**	**-236.3%**
Loss from discontinued operations (net of tax)	55.5	6.3	782.3%
Reported NPAT from continuing operations	**31.8**	**23.7**	**34.6%**
Restructuring Costs	-	4.5	-100.0%
Adjustments for NZ IFRS 16[1]	(1.1)	(2.4)	-51.4%
Adjusted NPAT from continuing operations [2]	**30.7**	**25.8**	**18.9%**

- The Group restructured its operations in FY23 H1 to lower its cost of doing business. Restructure costs of $6.3 million ($4.5 million after tax) were incurred in the prior half year.
- The NZIFRS16 adjustment of $19.8 million in FY24 H1 (FY23 H1: $20.1 million) represents the backing out of pre IFRS rent and the deduction of the Right of Use Asset Amortisation.
- On 22 February 2024, the Group announced the sale of the assets of Torpedo7 to Tahua Partners Limited. This resulted in a non-cash pre-tax impairment of Torpedo7 assets of $60.1 million. The after-tax impairment plus trading losses amount to $55.5 million loss from discontinued operations in FY24 H1.

1. The NZIFRS16 adjustment of $19.8 million in FY24 H1 (FY23 H1: $20.1 million) represents the backing out of pre-IFRS rent and the deduction of the Right of Use Asset Amortisation. Refer to Note 4 of the Interim Financial Statements for the 26 weeks ending 28 January 2024.
2. Adjusted Net Profit After Tax (NPAT) is excluding NZIFRS16, before unusual items, and is a non-GAAP measure. Refer to Note 5 of the Interim Financial Statements for the 26 weeks ending 28 January 2024.

TORPEDO7 SALE – FINANCIAL IMPACT

$ million	FY24 H1	FY23 H1	Variance
Sales	**73.0**	**96.4**	**(24.2%)**
Gross Profit	**24.6**	**30.2**	**(18.4%)**
Gross Profit Margin %	33.7%	31.3%	240 bps
Cost of doing business ("CODB")	33.3	35.9	(7.3%)
CODB %	45.5%	37.2%	830 bps
EBIT (incl IFRS16)	**(8.6)**	**(5.7)**	**(51.9%)**
EBIT Margin %	(11.8%)	(5.9%)	(590 bps)
Impairment of assets	**(60.1)**	**-**	**n/a**
Loss from Discontinued Operations	**(55.5)**	**(6.3)**	**n/a**

The Group completed the first stage of its planned sale of Torpedo7 when it executed a business asset sale agreement with Tahua Partners Limited on 22 February 2024.

As part of the Sale and Purchase Agreement, Tahua Partners Limited will purchase certain Torpedo7 business assets for $1 at the end of March 2024, which includes plant and equipment, inventory, cash in store and the Torpedo7 brand, and will assume its obligations for most store leases, honouring gift cards, customer orders not yet delivered, and customer returns.

The assets sold, along with the lease and other liabilities assumed by the Purchaser are classified as held for sale as at 28 January 2024.

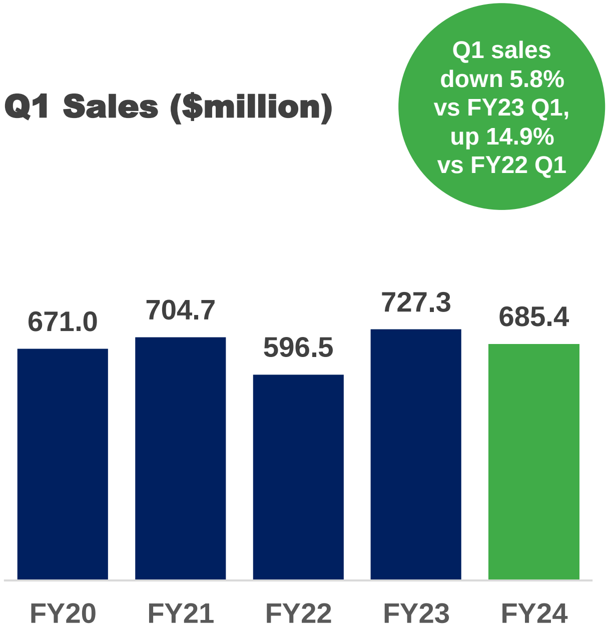
The loss of $55.5 million, primarily due to impairment of assets, is recognised in the income statement for the 26 weeks ended 28 January 2024.

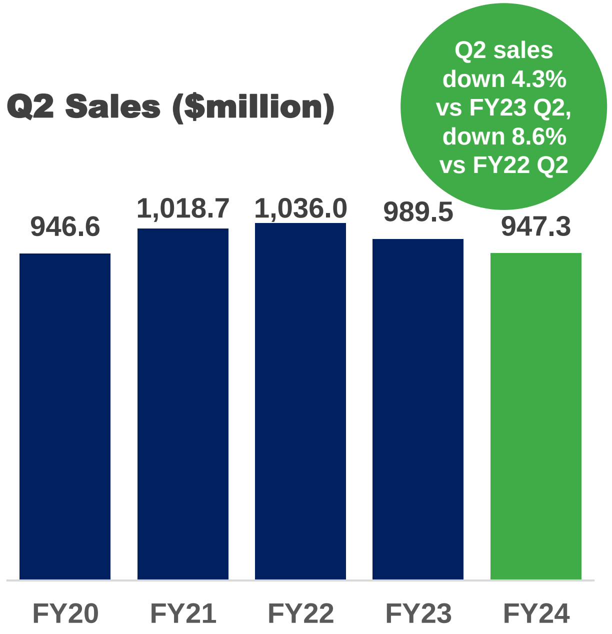
THE WAREHOUSE GROUP

1. Refer to Note 18 and Note 19 of the interim financial statements for the 26 weeks ending 28 January 2024 for full details of discontinued operations and recognition of Torpedo7 as held for sale as at 28 January 2024.

CONTINUING SALES - QUARTERLY ANALYSIS

- The Warehouse Group sales were down 5.8% in FY24 Q1 compared to a record strong period in FY23 Q1.
- Group sales in the Q2 peak trading period were challenged – and were down 4.3% against FY23 Q2.
- The Warehouse FY24 Q1 sales were down 4.9% against FY23 Q1 but were up significantly 32.2% against FY22 Q1. The Warehouse FY24 Q2 sales were down 4.6% compared to FY23 Q2.
- Noel Leeming sales recovered from decline of 5.1% in Q1 to sales growth of 0.1% in Q2.
- Group half year continuing sales decreased 4.9% compared to FY23 H1.

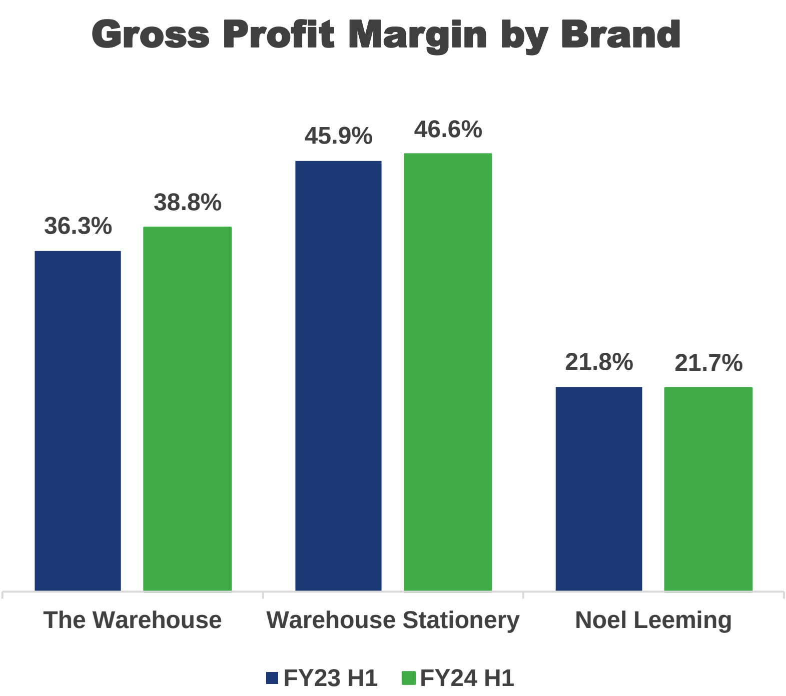


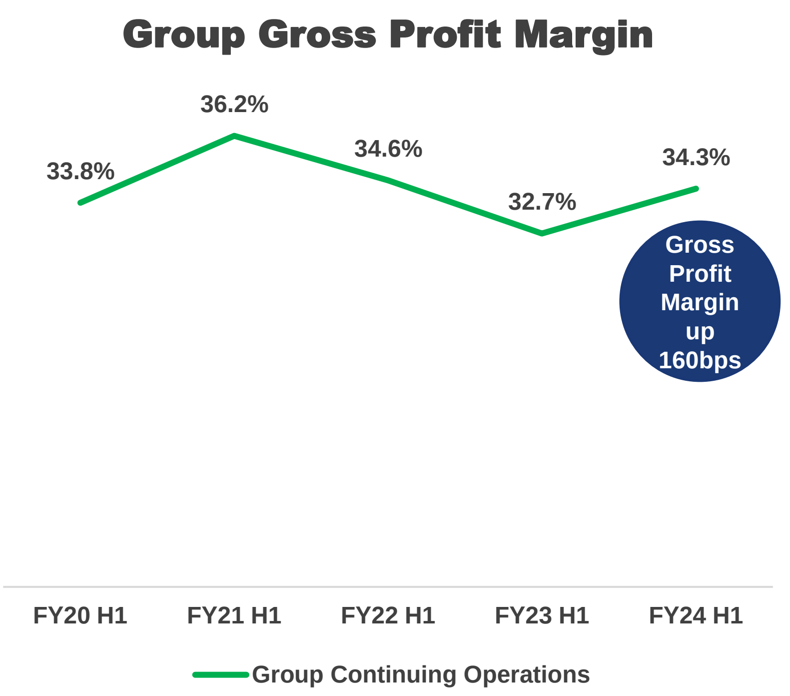


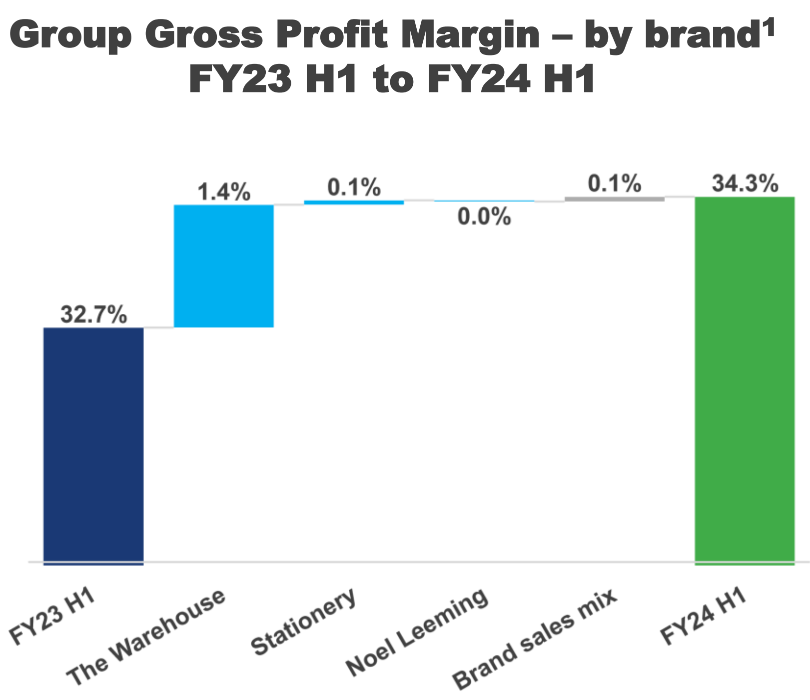
$million	FY24 Q1	FY23 Q1	Var to FY23 Q1	FY24 Q2	FY23 Q2	Var to FY23 Q2	FY24 H1	FY23 H1	Var to FY23 H1	Same store sales [2] vs FY23 H1
The Warehouse	394.2	414.6	(4.9%)	571.4	599.1	(4.6%)	965.6	1,013.7	(4.7%)	(2.0%)
Warehouse Stationery	54.6	56.9	(4.0%)	63.3	67.2	(5.8%)	117.9	124.1	(5.0%)	(1.4%)
Noel Leeming	234.1	246.6	(5.1%)	310.3	310.1	+0.1%	544.4	556.7	(2.2%)	(0.2%)
Other [1]	2.5	9.2	(72.8%)	2.3	13.1	(82.4%)	4.8	22.3	(78.6%)	(78.6%)
Total Group Sales	**685.4**	**727.3**	**(5.8%)**	**947.3**	**989.5**	**(4.3%)**	**1,632.7**	**1,716.8**	**(4.9%)**	**(1.4%)**

1. Other sales includes sales through 1-day.co.nz, revenue from TheMarket.com (excluding Gross Merchandise Value (GMV)), and other Group operations and eliminations.
2. Same store sales removes store changes year on year and excludes online sales.

GROSS PROFIT MARGIN







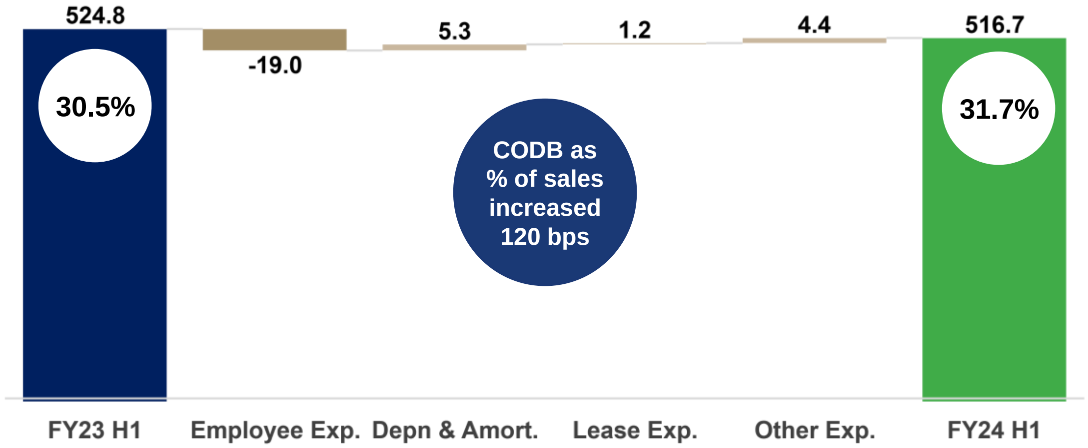
- The Warehouse and Warehouse Stationery saw year on year growth in Gross Profit Margin. This has led to overall Group Gross Profit Margin of 34.3%, an increase of 160 basis-points. Noel Leeming remained relatively flat.
- The Warehouse is the main driver of the overall group result making up 66.9% of continuing operations Gross Profit and saw an increase of 250 bps in Gross Profit Margin to 38.8%.
- Whilst increased promotional activity was needed to drive top line sales, particularly in the apparel and home categories, some of the headwinds we faced in FY23 including adverse FX rates, high shipping costs and supply chain congestion leading to container detention charges, have eased resulting in overall Gross Profit Margin growth in FY24 H1.

1. Group gross profit margin movement calculated for each brand's change in gross profit margin as a percentage of Group sales.

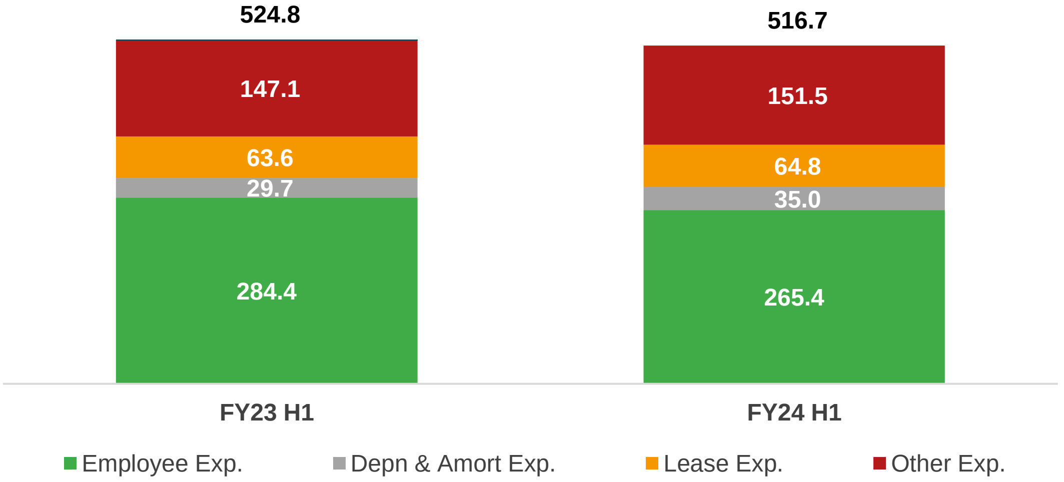
COST OF DOING BUSINESS

- Employee expenses decreased $19.0 million (6.7%) with close management to meet sales slowdown. In particular, Store Support Office labour decreased against prior year due to the restructuring that took place in FY23 H2.
- Depreciation and amortisation increased, driven by significant investment in project spend over the last few years.
- There were increases in other expenses due to increased information systems costs, and increased store rent & occupancy costs, partially offset by reduction in marketing spend due to reduced investment in TheMarket.com.
- On a percentage of sales basis, CODB increased from 30.5% to 31.7% in FY24 H1.
- SaaS spend and IT running costs including employee expenses (excluding amortisation) have increased as our investment in information systems continues and completed projects come online.

CODB Movement ($m) – FY23 H1 to FY24 H1



CODB ($m)



1. Cost of Doing Business is presented *excluding* the impact of NZ IFRS16.

BALANCE SHEET

As at 28 January 2024

$ million	Jan-2024	Jan-2023	Variance
Inventory	492.7	617.8	(125.1)
Trade and other receivables	116.0	112.7	3.3
Trade and other payables	(511.3)	(552.0)	40.7
Held for sale assets/(liabilities)	(4.1)	-	(4.1)
Provisions	(65.7)	(74.5)	8.8
Working Capital	**27.6**	**104.0**	**(76.4)**
Fixed Assets	298.7	334.1	(35.4)
Investment	-	3.5	(3.5)
Funds Employed	**326.3**	**441.6**	**(115.3)**
Tax Assets	108.6	111.4	(2.8)
Derivative asset / (liability)	1.4	(22.3)	23.7
Goodwill and Brands	73.0	73.0	-
Right of Use Assets	617.2	654.6	(37.4)
Capital Employed	**1,126.5**	**1,258.3**	**(131.8)**
Shareholders' Equity	351.8	375.2	(23.4)
Minority Interests	1.0	0.8	0.2
Net Debt	18.7	83.4	(64.7)
Lease Liabilities	755.0	798.9	(43.9)
Sources of Funds	**1,126.5**	**1,258.3**	**(131.8)**
Liquidity	**471.3**	**381.6**	**89.7**

- The Balance Sheet for FY24 H1 includes a reclassification of Torpedo7 assets and liabilities to Held for Sale, However, the prior year includes Torpedo7. Balances are generally lower in FY24 H1 partially from the reclassification.
- Inventory (excluding Torpedo7 for both years) is $61.0 million lower with careful working capital management.
- Fixed assets decreased due to lower capital expenditure, increased depreciation, and Torpedo7 assets now classified as held for sale.
- As a result of increased operating cash flow and reduced capital expenditure, Net Debt decreased from $83.4 million in FY23 H1 to $18.7 million at FY24 H1.
- Committed bank facilities were $490.0 million at FY24 H1, providing liquidity of $471.3 million.

THE WAREHOUSE GROUP

CASH FLOW

For 26 weeks ended 28 January 2024

$ million	FY24 H1	FY23 H1	Variance
Trading EBITDA	**142.9**	**131.0**	**11.9**
Discontinued EBITDA	**(3.2)**	**(0.4)**	**(2.8)**
Restructuring costs	-	(6.3)	6.3
Taxes Paid	(10.4)	(17.2)	6.8
Interest Paid (incl Leases)	(22.4)	(20.4)	(2.0)
Working Capital	29.3	20.7	8.6
Other items	1.3	1.4	(0.1)
Operating Cash Flow	**137.5**	**108.8**	**28.7**
Capital Expenditure	(28.7)	(64.9)	36.2
Divestments	0.2	-	0.2
Lease principal repayments	(51.6)	(50.7)	(0.9)
Purchase of minority	-	(0.7)	0.7
Dividends Received	0.1	0.1	-
Dividends Paid	(27.9)	(34.9)	7.0
Other	(0.2)	0.1	(0.3)
Net Cash Flow	**29.4**	**(42.2)**	**71.6**
Opening Net Debt	**(48.1)**	**(41.2)**	**(6.9)**
Closing Net Debt	**(18.7)**	**(83.4)**	**64.7**

- Operating cash flow increased 26.3% to $137.5 million, with increased trading EBITDA, no restructuring costs in the period, less tax expense paid and improved working capital.
- Interest paid increased $2.0 million compared to FY23 H1, primarily due to increased interest on lease liabilities.
- Capital expenditure was significantly lower at $28.7 million in FY24 H1, as the Group focussed on purposeful reduction of capital expenditure after peak spending on information systems in the last few years come to an end.
- Dividends payments were lower in FY24 H1 based on the FY23 final dividend of 8cps, compared to the FY22 final dividend of 10cps paid in FY23 H1.

1. Trading EBITDA represents Earnings before interest, taxation, unusual items, depreciation and amortisation.
2. Interest paid includes $18.2 million interest on lease liabilities (FY23 H1: $16.9 million) . Refer to Note 4 of the Interim Financial Statements for the 26 weeks ending 28 January 2024.
3. Capital expenditure is presented after the impact of Cloud Computing adjustments (“SaaS”) and is part of total project spend of $50.2 million in FY24 H1 (refer to Slide 25).

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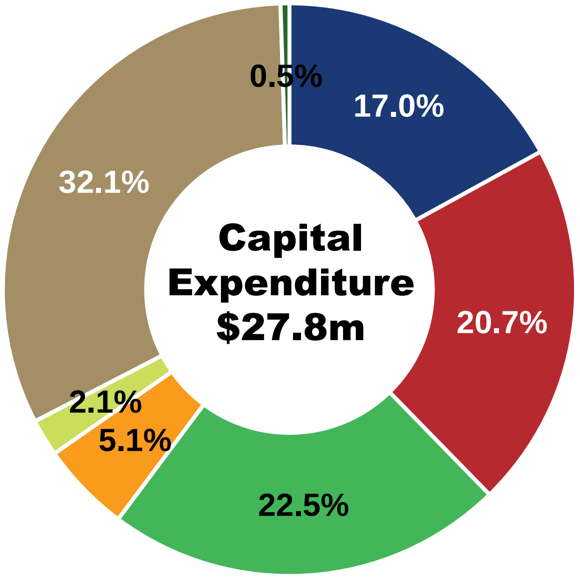
PROJECT EXPENDITURE



For 26 weeks ended 28 January 2024

$million	Capex Spend	Prepayments	SaaS spend[1]	Opex Spend	Total Project Expenditure
Core Systems	4.7	8.1	7.7	2.0	22.5
Store Development	5.8	-	-	0.1	5.9
Other Information Systems	6.3	0.1	1.8	0.7	8.9
Digital and Customer	1.4	-	0.5	0.1	2.0
Supply Chain	0.6	-	0.6	0.6	1.8
Other	8.9	-	-	0.1	9.0
Discontinued operations	0.1	-	-	-	0.1
FY24 H1 Total Project Spend	**27.8**	**8.2**	**10.6**	**3.6**	**50.2**
FY23 H1 Total Project Spend	**63.5**	**3.9**	**10.0**	**4.2**	**81.6**

- Capital expenditure was $27.8 million[2] in FY24 H1, compared to $63.5 million in FY23 H1 and $113.2 million in the full year FY23.
- Total project expenditure[3] was $50.2 million in FY24 H1, compared to $81.6 million in FY23 H1 and $154.4 million in the full year FY23.
- Core Systems investment includes development of ERPFI, Group Order Management System, our new people and HR system Human Capital Management, and ERP Relex on-demand forecasting.
- Store development in FY24 H1 included the opening of new stores in Wanaka for The Warehouse, Warehouse Stationery and Noel Leeming. Our new Wanaka Warehouse Stationery store brought the total number of SWAS stores to 41, compared to 40 at FY23.
- We have rebalanced capital expenditure and FY24 total project expenditure (including capital expenditure, prepayments and SaaS/Opex spend) is expected to be around $80 million.

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1. Software as a Service (SaaS) projects are a blend of capitalised and expensed spend. SaaS spend refers to costs of these projects which are expensed in the Income Statement.
2. Refer to Note 10 for capital expenditure spend in Property, Plant and Equipment. The difference between capital expenditure of $27.8 million above and in Note 10, and capital expenditure per Statement of Cash Flows of $28.7 million is due to timing of accruals and creditor payments.
3. Total project expenditure includes capital expenditure, prepayments, SaaS expenditure and project operating expenditure.

FY24 OUTLOOK

FY24 OUTLOOK

THE WAREHOUSE GROUP

Looking ahead, the Group expects tough retail market conditions to continue.

We believe the macro-economic climate will remain difficult, and it is challenging to predict how cautious consumer spending will impact sales across all our brands.

Our second half is now underway, and we've seen much tougher trade in February with sales decline in the low teens. In March, we've seen some improvement with our sales decline returning to be more in line with the level of decline experienced in our first half.

Given the unpredictability we're seeing and that we expect the retail environment to remain challenging with subdued customer spending, we will not be providing a full year outlook, but we will share a Q3 Trading Update in May 2024.

HELPING KIWIS LIVE BETTER EVERY DAY

THANK YOU

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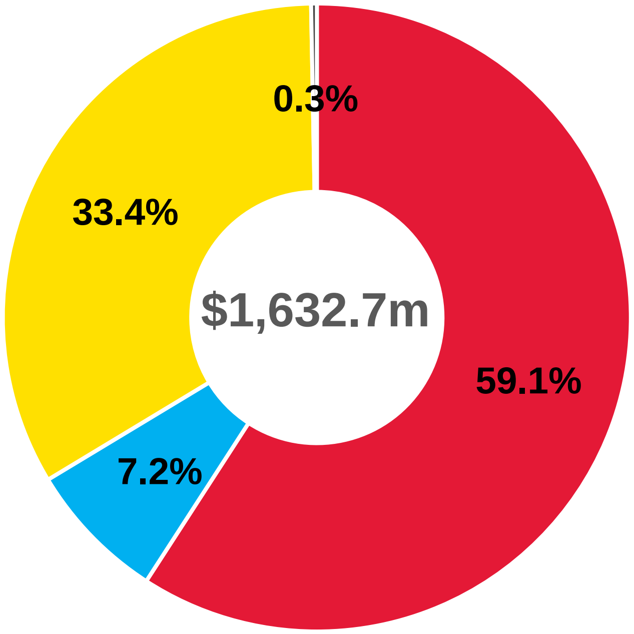
APPENDIX

ADDITIONAL INFORMATION

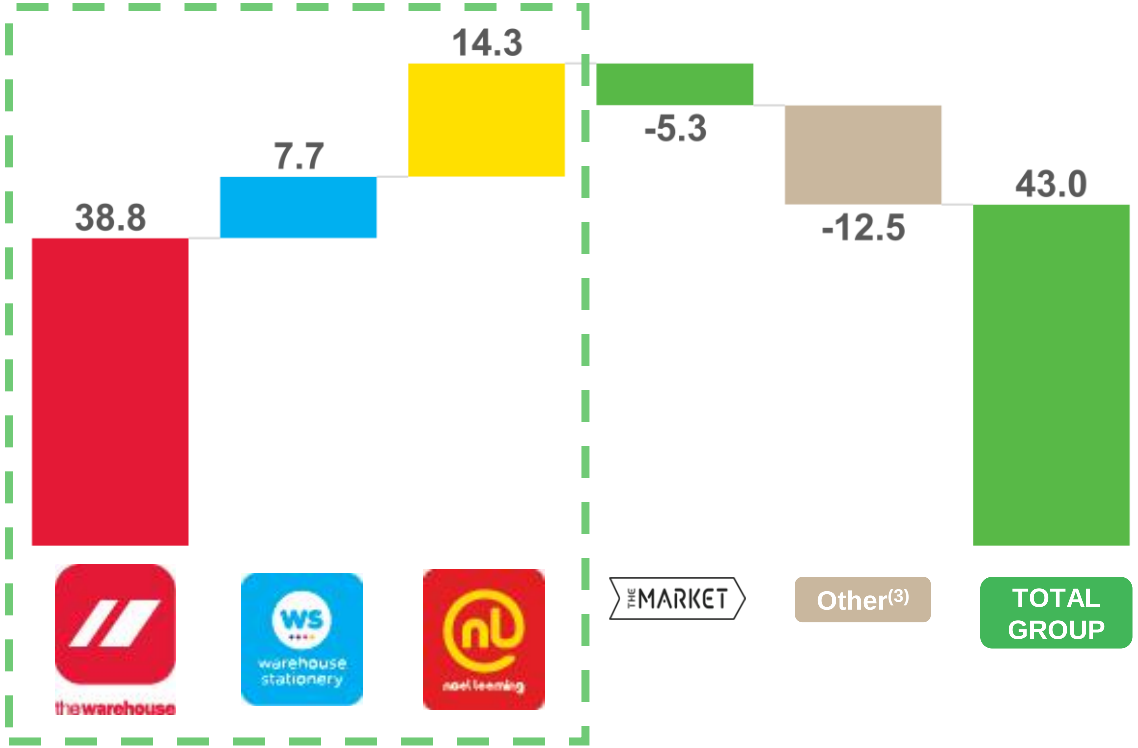
DIVISIONAL SUMMARY

FY24 H1 Continuing Group Sales



thewarehouse	warehouse stationery	noel leeming
$965.6m	$117.9m	$544.4m
(4.7%)	(5.0%)	(2.2%)

FY24 H1 Continuing Operating Profit[2] ($m)



Core Agile Brands $60.8m

1. Other sales (0.3%) includes revenue from TheMarket.com and other Group operations and eliminations.
2. Operating Profit excludes the impact of NZ IFRS16 and unusual items and is a non-GAAP measure. For a reconciliation between Operating Profit and Reported EBIT refer to Slide 18 of this presentation and Note 5 of the Interim Financial Statements for the 26 weeks ended 28 January 2024.
3. Other items in Operating Profit include corporate costs and other unallocated overheads.

DIVISIONAL SUMMARY

THE WAREHOUSE GROUP

	Sales			Gross Profit			Operating Profit [1]		
	FY24 H1 $ million	FY23 H1 $ million	Variance %	FY24 H1 $ million % margin	FY23 H1 $ million % margin	Variance %	FY24 H1 $ million % margin	FY23 H1 $ million % margin	Variance %
the warehouse	965.6	1,013.7	(4.7%)	374.3	368.3	1.6%	38.8	41.3	(6.0%)
				38.8%	36.3%	+250 bps	4.0%	4.1%	-10 bps
warehouse stationery	117.9	124.1	(5.0%)	55.0	57.0	(3.4%)	7.7	8.9	(13.0%)
				46.6%	45.9%	+70 bps	6.6%	7.2%	-60 bps
noel leeming	544.4	556.7	(2.2%)	118.2	121.1	(2.4%)	14.3	17.2	(17.1%)
				21.7%	21.8%	-10 bps	2.6%	3.1%	-50 bps
CORE BRANDS	1,627.9	1,694.5	(3.9%)	547.5	546.4	0.2%	60.8	67.4	(9.8%)
				33.6%	32.2%	+140 bps	3.7%	4.0%	-30 bps
THE MARKET	2.5	21.9	(88.7%)				(5.3)	(16.0)	67.0%
Other [2]	2.3	0.4	495.1%	12.2	15.8	(22.8%)	(12.5)	(14.0)	10.2%
THE WAREHOUSE GROUP	1,632.7	1,716.8	(4.9%)	559.7	562.2	(0.4%)	43.0	37.4	14.9%
				34.3%	32.7%	+160 bps	2.6%	2.2%	+40 bps

1. Operating Profit includes the impact of SaaS but excludes the impact of NZ IFRS16 and unusual items and is a non-GAAP measure. For a reconciliation between Operating Profit and Reported EBIT refer to Slide 18 of this presentation and Note 5 of the Interim Financial Statements for the 26 weeks ending 28 January 2024.
2. Other items in operating profit include corporate costs and other unallocated overheads.

NEW ZEALAND'S LEADER ON VALUE

For 26 weeks ended 28 January 2024

$ million	FY24 H1	FY23 H1	Variance
Sales	**965.6**	**1,013.7**	**(4.7%)**
Gross Profit	374.3	368.3	1.6%
Gross Margin %	**38.8%**	**36.3%**	**+250 bps**
Cost of Doing Business (CODB)	335.5	327.0	2.6%
CODB %	34.8%	32.2%	+260 bps
Operating Profit	**38.8**	**41.3**	**(6.0%)**
Operating Margin %	4.0%	4.1%	(10) bps
Online sales	53.5	70.9	(24.6%)
Online as a % of sales	5.5%	7.0%	(150) bps
Click and Collect as % of online sales	52.1%	50.4%	+170 bps
Number of stores	88	88	-

- Sales were down 4.7% against the prior period, as the retail sector faced challenges in an inflationary environment as customers scaled back and prioritised other spend.
- Lower Online sales compared to last year driven by an 18.5% decline in online traffic resulting in a 23.8% decline in online transactions.
- Total sales impacted by decline in transaction, foot traffic and conversion as well as stock availability, partially offset with an increase in average basket value.
- Grocery enjoyed another growth year with Pantry up 31.4%, and Chilled and Frozen up 20.0%. Home and Apparel categories had a tough half and additional promotional activity was needed in these areas to generate top line sales.
- Gross Profit Margin was up 250 bps, positively impacted by higher inflow margin, reduced shipping rates and container detention, favourable FX and reduced online sales leading to lower freight costs.
- CODB increased by $8.5m driven by higher occupancy costs due to rising CPI, increased A&P investment, higher group recharges and depreciation, offset by savings in store labour, DC and Fulfilment Centre.
- Since FY23 H1, we closed The Warehouse Belfast and opened The Warehouse Wanaka stores. The Warehouse store in Wellington has been unable to trade since June 2023 due to fire damage.

STRENGTHENING OUR GROCERY OFFERING

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Grocery sales contributing 20.2% of The Warehouse sales up from 17.3% in FY23 H1

Grocery sales growth 11.7% vs FY23 H1

Pantry up 31.4%
Chilled and Frozen up 20.0%
Cleaning & Household up 19.7%

22 The Warehouse stores with fresh fruit & vegetables

Over 9,000 grocery SKUs and 60 Market Kitchen products

Grocery gross profit margin improvement up 380bps

1. Grocery categories include pantry, confectionery and snacks, beverages, household consumables, health and beauty, and pet care.

GET THE SMALL STUFF RIGHT

For 26 weeks ended 28 January 2024

$ million	FY24 H1	FY23 H1	Variance
Sales	**117.9**	**124.1**	**(5.0%)**
Gross Profit	55.0	57.0	(3.4%)
Gross Margin %	**46.6%**	**45.9%**	**+70 bps**
Cost of Doing Business (CODB)	47.3	48.1	(1.7%)
CODB %	40.0%	38.7%	+130 bps
Operating Profit	**7.7**	**8.9**	**(13.0%)**
Operating Margin %	6.6%	7.2%	(60) bps
Online sales	9.5	11.7	(18.6%)
Online as a % of sales	8.0%	9.4%	(140) bps
Click and Collect as % of online sales	22.5%	19.0%	+350 bps
Number of stores	66	67	(1)

- Sales were down 5.0% on the prior period, reflecting the cautious consumer environment where purchases have been cut back or deferred.
- Stores experienced a decline in both transactions 2.0% and foot traffic 0.8%. While online sales decreased as a percentage of total sales, the proportion of click and collect fulfilment increased.
- Print & Copy Centre category sales were the highlight, generating a sales increase of 16.4% on the prior period.
- The resultant Gross Profit decrease was partially mitigated by better Gross Profit Margin in Print & Consumables, Art & Craft and Technology.
- CODB spend was lower compared to prior period as we annualised store closures and reduced the Store Labour envelope with SWAS integrations.
- Since FY23 H1, we have opened new SWAS store in Wanaka and closed the standalone Warehouse Stationery Johnsonville store in FY23 H2 and Belfast store in FY24 H1.
- Warehouse Stationery SWAS stores increased to 41 at FY24 H1, including the new Wanaka store which opened in October 2023.

noel leeming

BEST OF TECH AND GLOBAL BRANDS

For 26 weeks ended 28 January 2024

$ million	FY24 H1	FY23 H1	Variance
Sales	**544.4**	**556.7**	**(2.2%)**
Gross Profit	118.2	121.1	(2.4%)
Gross Margin %	**21.7%**	**21.8%**	**(10) bps**
Cost of Doing Business (CODB)	103.9	103.9	0.0%
CODB %	19.1%	18.7%	40 bps
Operating Profit	**14.3**	**17.2**	**(17.1%)**
Operating Margin %	2.6%	3.1%	(50) bps
Online sales	60.6	65.8	(7.9%)
Online as a % of sales	11.1%	11.8%	(70) bps
Click and Collect as % of online sales	66.1%	56.4%	+970 bps
Number of stores	67	68	(1)

- Sales decreased 2.2% on prior period as we continue to see the impacts of high cost of living. We saw customers spend to deals, so saw success across major trading events, Black Friday and Boxing Day, however momentum didn’t hold in between those periods.
- While we saw customers shop key events, we saw customers shop down to lower priced options, impacting overall sales across all electronic categories (excl. cellular phones). Better availability led to increased sales in cellular. A slowing of the overall construction and new build market, has caused a decline in cookware categories.
- Online sales held up in Noel Leeming more than the other core brands, making up 11.1% of total sales. We are seeing customer shopping patterns shift to researching online but shopping in store. Click & collect remained our customers’ most popular fulfilment option, accounting 66.1% of online sales fulfilment.
- Gross Profit Margin fell 10 bps as a result of meeting the market to stay competitive on price.
- CODB was managed well and landed flat to last year.
- Since FY23 H1, we closed Dunedin George Street, Belfast, completed the Warkworth relocation and opened a new store in Wanaka. Bringing total stores to 67. The Penrose Auckland Clearance Centre has since closed in February 2024.

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GLOSSARY

Term	Definition
C&C	Click & Collect
CODB	Cost of Doing Business
COGS	Cost of Goods Sold
DC	Distribution Centre
DIFOT	Delivered In-Full On-Time
E2E	End-to-End
EDLP	Every Day Low Price
ELS	Executive Leadership Squad
eNPS	Employee Net Promotor Score
ERPFI	Enterprise Resource Planning - Finance and Inventory
FC	Fulfilment Centre
GBO	Group Business Operations
GEP	Group eCommerce Platform
GMV	Gross Merchandise Value
GOMS	Group Order Management System
LTV	Customer Lifetime Value
MDM	Master Data Management
NIDC	North Island Distribution Centre
NIFC	North Island Fulfilment Centre
NL	Noel Leeming
OMS	Order Management Solution
OMU	Operating Model Update
POS	Point-of-Sale
SIDC	South Island Distribution Centre
SSO	Store Support Office
SSS	Same Store Sales
SWAS	Store-Within-a-Store
T7	Torpedo7
TWL	The Warehouse Limited
WALT	Weighted Average Lease Tenure
WMS	Warehouse Management System
WS	Warehouse Stationery

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