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

Auckland, 14 May 2021

The Warehouse Group reports continuing strength with third quarter sales growth

The Warehouse Group ("TWG") is reporting its third quarter ("Q3 FY21") sales update, predominantly compared to results of the third quarter in FY19 ("Q3 FY19") to reflect a clearer performance comparison than against Q3 FY20, which was strongly affected by disruption to operations and store closures caused by COVID-19.

Highlights

- **Group** third quarter sales were \$791.2m, up 35.0% on Q3 FY20, and up 10.8% on Q3 FY19
- **The Warehouse** third quarter sales were \$409.9m, up 6.1% on Q3 FY19
- **Warehouse Stationery** third quarter were \$71.8m, up 0.4% on Q3 FY19
- **Noel Leeming** third quarter sales were \$263.0m, up 21.2% on Q3 FY19
- **Torpedo7** third quarter sales were \$35.4m, up 29.9% on Q3 FY19
- Online sales were up 59.7% in Q3 FY21 compared to Q3 FY19, representing 10.8% of total group sales in the quarter, compared to 7.5% in FY19
- **Group gross profit margin** was 35.5% for Q3 FY21, up 295 basis points on Q3 FY20 and up 196 basis points on Q3 FY19

The Warehouse Group today reported sales for the third quarter ending 2 May 2021 of \$791.2 million, up 35.0% on the same quarter last year, and up 10.8% on the same quarter in FY19. Group sales for the year to date ended 2 May 2021 were \$2,599.5 million, up 14.5% on the same period last year, and up 10.4% on the same period in FY19.

Sales growth was underpinned by significant growth in Noel Leeming and Torpedo7, continuing their growth and turnaround performances, respectively, of the past year.

Group gross profit margin was 35.5% for Q3 FY21, up 295 basis points on Q3 FY20 and up 196 basis points on Q3 FY19. Group gross profit margin for the year to date ended 2 May 2021 was 36.0%, up 267 basis points on the same period last year, and up 320 basis points on the same period in FY19.

Group CEO Nick Grayston said he is pleased by the continuation of positive customer demand and particularly heartened by the strong online growth of 59.7% in Q3 FY21 against the same quarter in FY19, which reflects the ongoing growth of the Group's digital shopping platforms.

"While we believe that there are positive consumer tailwinds, we believe that we are seeing strong continued benefit from many aspects of the transformation that has been underway for the last few years. However, the future remains uncertain and we are focused on ensuring that we take actions to manage changes in consumer spending."

During the third quarter, TWG opened three new stores including a combined The Warehouse and Warehouse Stationery at Ormiston, a Noel Leeming at Ormiston and a Torpedo7 store in Napier. The Ormiston stores represent the latest store design and technology offerings, providing customers with enhanced shopping experiences.

The Warehouse recorded sales of \$409.9 million in the quarter, up 6.1% on the same quarter in FY19, driven mainly by strong category sales in toys, beauty & grooming, as well as seasonal confectionery with Easter featuring strongly during the period.

Warehouse Stationery recorded sales of \$71.8 million in the quarter, up 0.4% on the same quarter in FY19, including strong category sales in print & consumables, stationery, and office furniture.

Noel Leeming reported sales for the third quarter of \$263.0 million, an increase of 21.2% against Q3 FY19, with strong category sales in communications, computers, and whiteware. Noel Leeming also saw a 52.2% growth in service sales in Q3 FY21 compared to Q3 FY19.

Torpedo7 continued its trajectory of strong sales growth, with recorded sales of \$35.4 million in the quarter, an increase of 29.9% against Q3 FY19. Torpedo7 opened its new store in Napier on 22 March 2021.

In its ongoing commitment to sustainability, the quarter also saw additional EV chargers installed at Kaitaia, Waipapa and Greymouth, increasing the Group's existing network from 25 chargers to a total of 28 located at The Warehouse stores. Four electric trucks for home deliveries were launched, servicing distribution centres in Auckland, Hamilton, Tauranga and Christchurch. In partnership with TechCollect New Zealand, a free e-waste recycling programme was launched at 16 Noel Leeming stores.

Mr Grayston also noted that access to period products was enhanced in the quarter with period product donation bins now in 26 stores and products provided free to TWG team members in all team bathrooms throughout NZ.

Guidance for FY21

As a result of the strength of trading through to the end of Q3, and the expectation that Q4 FY21 Group sales will be similar to Q3 FY21, adjusted NPAT for the full year is expected to exceed \$160 million, subject to no material changes in trading conditions. Gross margin levels are consistent with those achieved during the first half of the financial year.

ENDS

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