We have transformed –

Helping Kiwis live better every day

The Warehouse Group

FY21 Interim Results

25 March 2021

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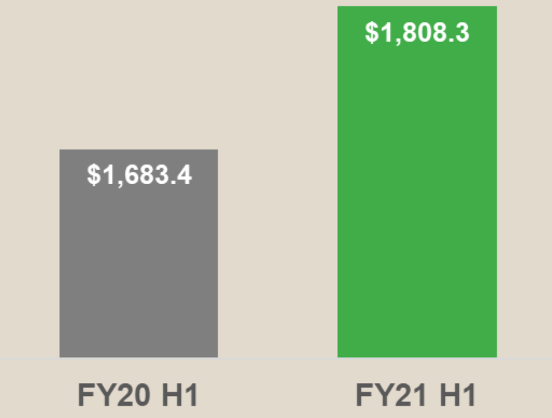
CHAIR'S UPDATE

THE WAREHOUSE GROUP

FY21 H1 HIGHLIGHTS

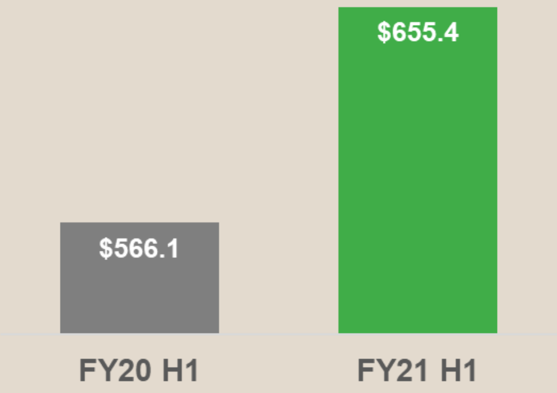
Group Sales ($m)
+7.4%



7.9% | 11.9%

Online Sales as % of total sales

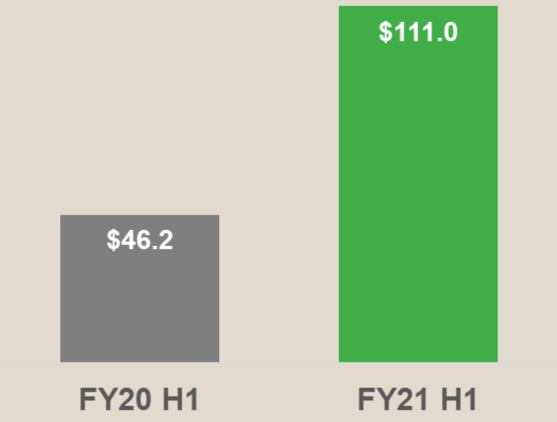
Gross Profit ($m)
+15.8%



33.6% | 36.2%

Increased Gross Profit Margin

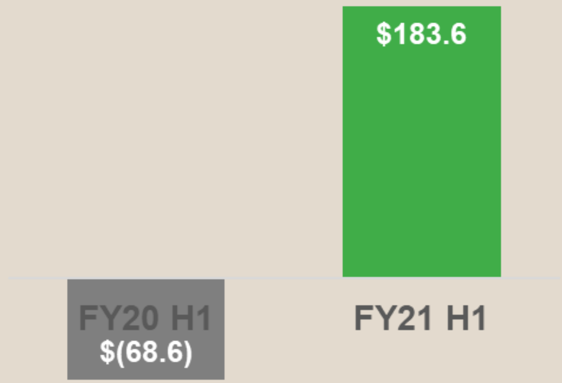
Adjusted NPAT[1] ($m)
+140.2%



Dividend cancelled due to COVID-19 | Special 5.0cps Interim 13.0cps

Return to paying dividends

Strong Cash Position ($m)
$183.6m



$236.7m | $513.6m

Increased Liquidity and no Debt [2]

50.3% growth in online sales

2.2m average customer store visits per week

106.3% growth in Click & Collect fulfilment

1. *Adjusted Net Profit After Tax (NPAT) is before unusual items and is a non-GAAP measure. A reconciliation between Adjusted and Statutory NPAT is located on slide 18.*
2. *Liquidity is calculated as cash plus undrawn bank facilities of $330m.*

THE WAREHOUSE GROUP

CHAIR'S UPDATE

Performance and operating update

- Following a year of interrupted and uncertain trading conditions in 2020, and despite Auckland entering another Level 3 lockdown for two weeks in August 2020, the six months ending January 2021 ("FY21 H1") has delivered a record result and strong platform for the FY21 financial year.
- The Warehouse Group ("the Group") total retail sales were $1,808.3 million for FY21 H1, up 7.4% on the prior period(1), with online sales continuing its growth trend of last year, increasing 50.3% and making up 11.9% of all Group sales.
- The Group delivered Reported Net Profit After Tax of $55.0 million in FY21 H1, up 88.5% on the prior period, and Adjusted Net Profit After Tax(2) of $111.0 million, up 140.2% on the prior period.
- Increased customer demand in FY21 H1, along with continued execution of Every Day Low Price ("EDLP") in The Warehouse and less discounting across other brands, contributed to significant margin increase. Operating Profit(3) was $153.0 million in FY21 H1, up 125.4% on the prior period, and Operating Profit Margin increased from 4.0% to 8.5%.
- Overall we grew slightly ahead of the market(4), focusing on delivering what customers need, when they need it, with top category sales in consumer electronics, home and outdoor, all while maintaining careful focus on not driving unprofitable sales.
- Due to strong operational performance, sustained sales momentum and strong financial position, the Group was able to repay the wage subsidy of $67.6 million received in March 2020 for our 11,000 employees.
- Customer demand continues to be strong and stock levels and supply remain well controlled. However, we do see isolated issues with suppliers' ability to fulfil inventory requirements and continue to monitor this closely.

1. *26 weeks ending 31 January 2021 compared to 26 weeks ending 26 January 2020.*
2. *Adjusted Net Profit After Tax (NPAT) is before unusual items and is a non-GAAP measure. A reconciliation between Adjusted and Statutory NPAT is located on slide 18.*
3. *Adjusted for unusual and non-trading items as presented on slide 18 and refer note 5 of the Interim Financial Statements for the half year ended 31 January 2021.*
4. *Based on market share of total retail spend (including grocery and fuel).*

CHAIR'S UPDATE

Dividend and review of Dividend Policy

- The Board took a cautious approach to cash preservation in FY20 due to COVID-19 and operational uncertainty, resulting in taking the difficult decision to cancel the FY20 interim dividend and declared no FY20 final dividend.
- However, following stronger than expected trading performance in November and December, the Board declared a special dividend of 5 cents per share in February 2021.
- The Directors have undertaken a review of the Group dividend policy, including a review of our policy compared to market practice and other listed retailers, taking into account current and forecast Group operational cashflow, forecast capital expenditure and liquidity requirements. As a result, the Directors approved a new dividend policy in March 2021.

  The new 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 will provide the Group flexibility to maintain a stable capital structure, allowing for capital expenditure to invest for future growth, and progressive and sustainable dividends. The payment of special dividends is included within this policy where an additional dividend may be paid outside the interim and final dividends. The Group maintains a healthy balance of imputation credits.
- In accordance with this new policy the Board has declared a fully imputed FY21 interim dividend of 13.0 cents per ordinary share to be paid on 22 April 2021 to all shareholders on the Group's share register at the close of business on 7 April 2021.

THE WAREHOUSE GROUP

GROUP UPDATE

THE WAREHOUSE GROUP

OUR STRATEGIC DIRECTION AND CORE VALUES

Our Purpose	Helping Kiwis live better every day		
Our Vision	To build New Zealand's most sustainable, convenient and customer-first company		
	Customer-first offering powered by data	Frictionless on-demand shopping experience	Ethical and Sustainable performance
Our Strategic Priorities	Build a customer ecosystem	Build the future experience	Invest in our infrastructure to excel in retail fundamentals

Our Values

Think customer
Whakaarohia te kaiutu
We put the customer first in everything we do

Own it
Kia ngaio
We walk the talk and make things happen

Do good
Kia oha
We are one team, standing up for our people, our planet and our communities

THE WAREHOUSE GROUP

OUR STRATEGIC **PRIORITIES**

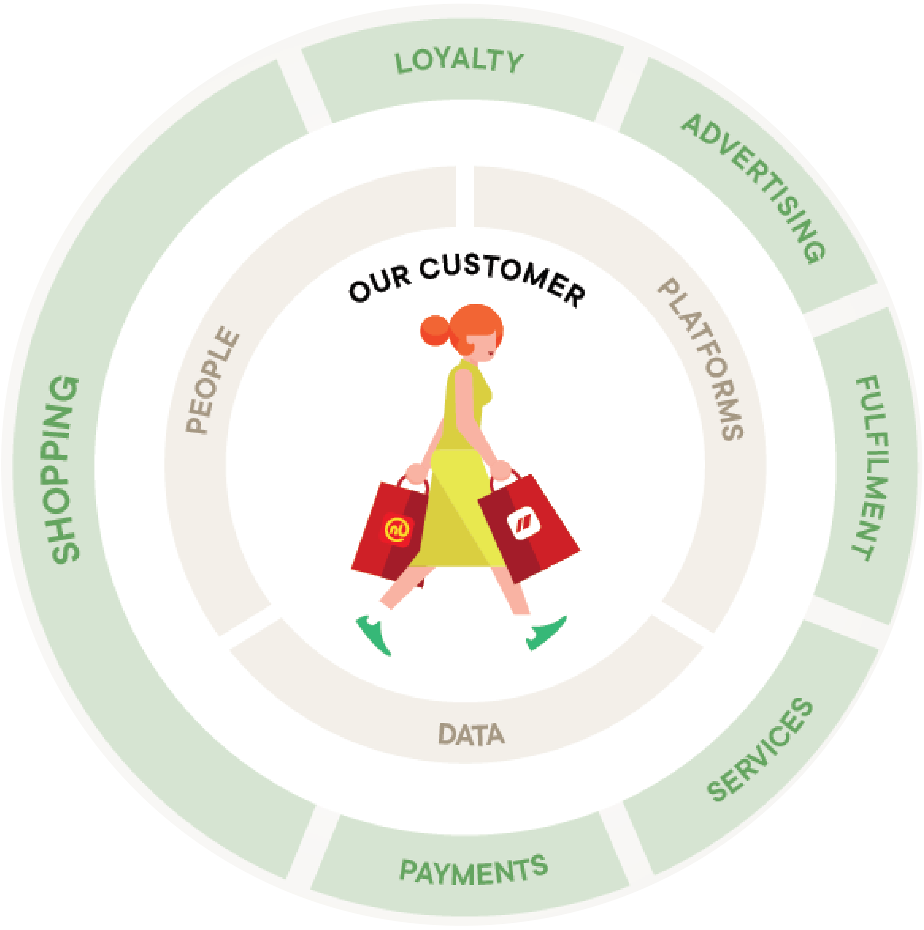
	Key Strategic Themes			FY21 H1 Achievements
Build a customer ecosystem	Engage new and existing customers by better solving their needs and wants	Offer a seamless and frictionless customer experience		✓ Launched new website for The Warehouse ✓ Continued investment in TheMarket.com, providing 2.5m customer choices ✓ Improved inventory management – reducing in-store SKUs by 11% ✓ Enhanced range optimisation
Build the future experience	Meet & exceed changing consumer behaviours	Leverage footprint and develop supply chain	"What I want, where I need it, when I choose"	✓ Developed mass personalisation at scale ✓ Established same-day Click & Collect at The Warehouse ✓ Scaled one-hour Click & Collect at Noel Leeming ✓ 6 SWAS implementations
Invest in our infrastructure to excel in retail fundamentals	Best in NZ retail performance metrics	Strong corporate and brand reputation	Long term financial security	✓ Decreased stock on hand by 14% to $497.7m at half year end ✓ Reduced aged inventory as percentage of finished goods to 5.4% ✓ #8 in 2020 Colmar Brunton Top 20 Corporate Reputation Index ✓ Liquidity increased to $513.6m, with no debt

THE WAREHOUSE GROUP

OUR ECOSYSTEM

We start everything by focusing on our customers.

We wrap our customer experiences around three unified enablers – our people, our platforms, our data.



LOYALTY	✓ Continued to grow our existing loyalty programmes: myNoelLeeming, Torpedo7 Club, TheMarket Club, and BizRewards ✓ Successfully launched a loyalty programme trial in The Warehouse
ADVERTISING	✓ Dedicated media centres to better service and capture supplier funding ✓ Drove +20% increase in retail advertising income (vs. FY20 H1)
FULFILMENT	✓ Established same-day click & collect at The Warehouse ✓ Scaled one-hour click & collect at Noel Leeming
SERVICES	✓ Noel Leeming consultation revenue +375% (vs. H1 FY20) ✓ Refreshed The Warehouse & Warehouse Stationery Protection Service plans with customers with sales up 260% ✓ Expanded use of AI, chat bots, and digital humans to drive improved personalisation and to better solve customer problems, while increasing team member engagement and effectiveness
PAYMENTS	✓ Launched Purple Visa interest-free into The Warehouse and Warehouse Stationery ✓ Expanded our financing solutions now extending from ”buy now, pay later” to business leasing
SHOPPING	✓ Group market share increased 0.2% to 6.6% of total retail spend (vs. FY20 H1, including grocery and fuel) ✓ 6 Warehouse Stationery SWAS integrations implemented, bringing total number to 23 ✓ Online sales growth 50.3%, driven by 85% in Noel Leeming and 75% in The Warehouse. Online sales now 11.9% of total Group sales ✓ Growth in TheMarket.com – now featuring 4,490 brands and over 2.5m active SKUs ✓ Launched new mobile-first e-commerce platform for The Warehouse, extending our reach through broader partnerships and expanded customer experiences ✓ Launched free, e-waste recycling program in 16 Noel Leeming stores, making it easier for our customers to live sustainably

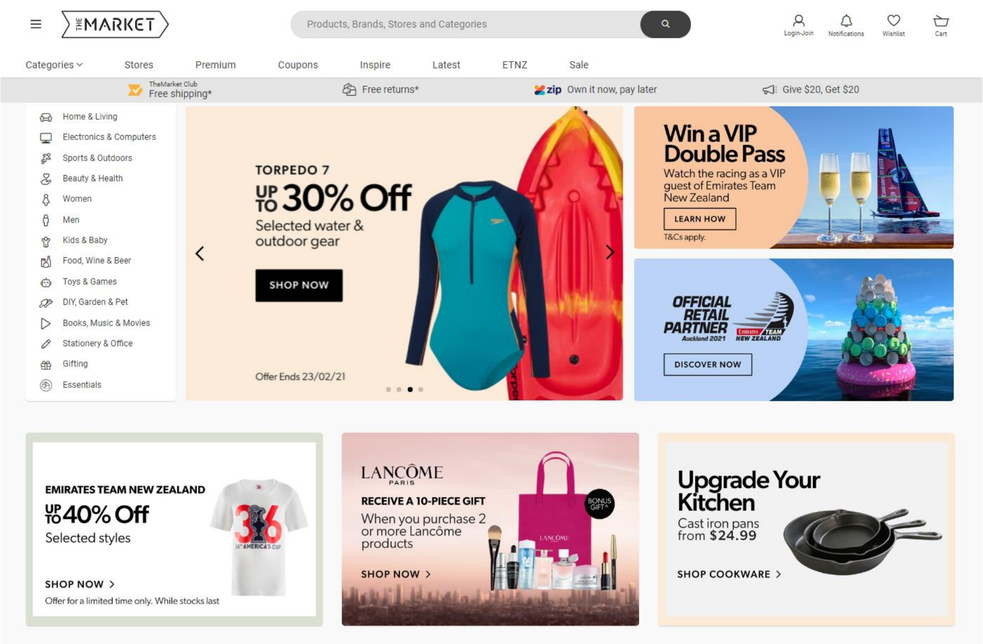
KEY METRICS BY BRAND

	Sales Growth	Operating Profit Margin	Online Sales Growth	Growth in Click & Collect Fulfilment
the warehouse	+3.0%	12.7% 630 basis point improvement	+75% to **6.3%** of total sales	+116%
warehouse stationery	+2.1%	12.6% 560 basis point improvement	+31% to **12.3%** of total sales	+230%
noel leeming	+15.7%	5.6% 140 basis point improvement	+85% to **11.3%** of total sales	+93%
Torpedo7	+29.0%	6.2% up from Operating Profit Loss of 6.4%	+66% to **30.3%** of total sales	+120%

THE WAREHOUSE GROUP

Our goal is to make 10,000+ of the most desirable local, international and niche brands available to all Kiwis.

Significant range and audience growth supported by increasing purchase frequency has grown merchant orders by 493% in FY21 H1.



Range		
4,490	brands	154%
2.5m	products	72%

Audience	
9.2m visits	268%
207k subscribers	236%

Transactions	
140k active customers	373%
Orders per customer	25%

GROUP FINANCIALS

THE WAREHOUSE GROUP

GROUP FY21 H1 PERFORMANCE

For the half year ended 31 January 2021

$ million	FY21 H1	FY20 H1	Variance
Group Sales	**1,808.3**	**1,683.4**	**7.4%**
Gross Profit	655.4	566.1	15.8%
Gross Profit Margin %	36.2%	33.6%	260
CODB[1]	502.4	498.2	0.8%
CODB %	27.7%	29.6%	(190)
Operating Profit [1]	**153.0**	**67.9**	**125.4%**
Operating Profit Margin %	8.5%	4.0%	450
Continuing NPAT (Reported)	55.0	29.9	83.6%
Continuing NPAT (Adjusted) [1]	111.0	46.2	140.2%
NPAT (Reported)	**55.0**	**29.2**	**88.5%**
Operating Cash Flow	110.0	101.0	8.9%
Special dividend (cps)	5.0	-	5.0
Interim dividend (cps)	13.0	-	13.0

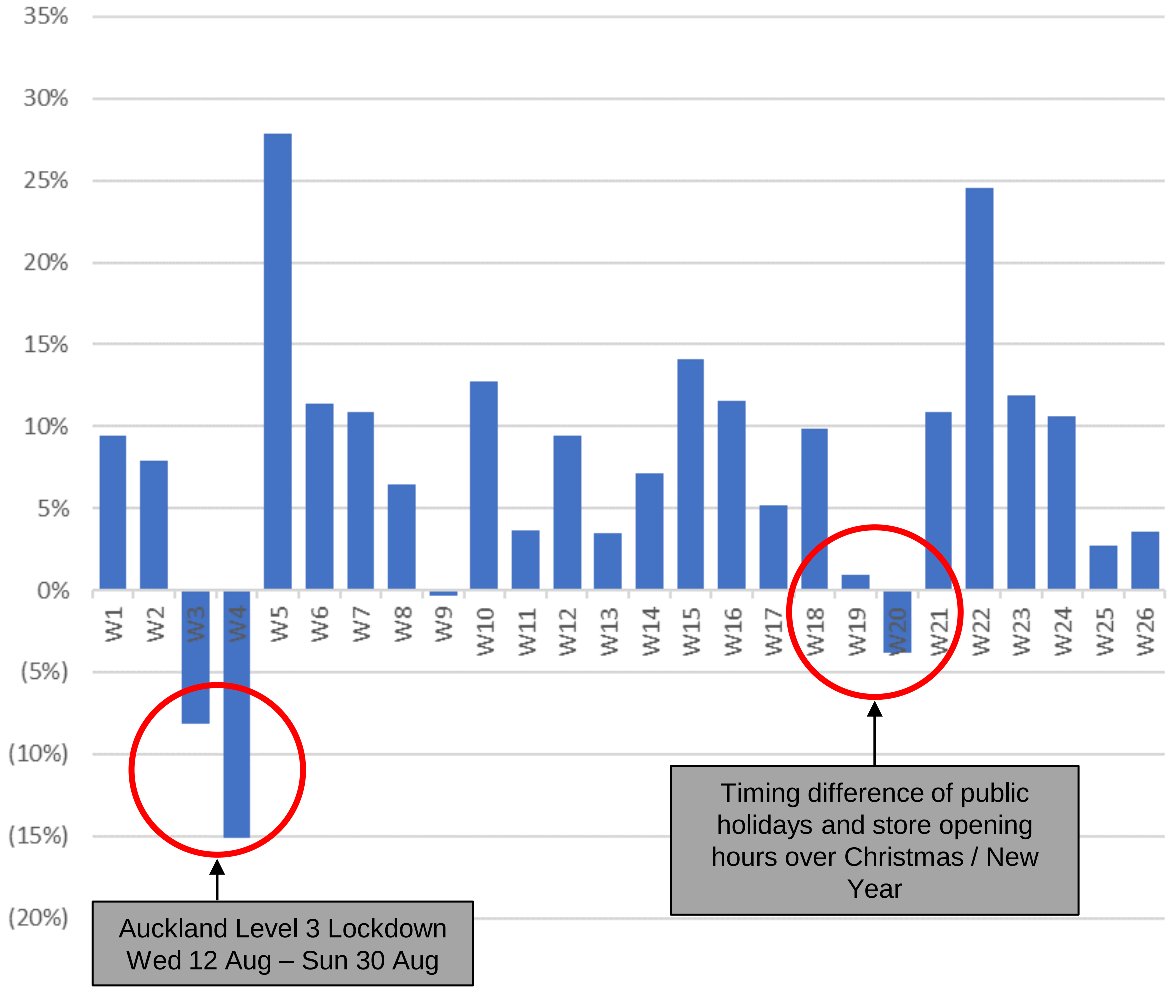
1. *Adjusted for unusual and non-trading items as presented on slide 18 and refer note 5 of the Interim Financial Statements for the half year ended 31 January 2021.*

- Total Group sales were very strong in the first half of FY21 with growth of 7.4% particularly driven by exceptional growth in Noel Leeming and Torpedo7.
- Gross Profit increased 15.8%, at a faster rate than sales growth. Increased Gross Profit Margin is driven by lower clearance and promotional activity in the half.
- Cost of doing business (“CODB”) as a percentage of sales decreased, due to efficiencies gained across the supply chain, and good control of variable costs including lower store labour costs whilst seeing improvements in both employee and customer net promoter score.
- Higher Gross Profit Margins and lower CODB resulted in Operating Profit growth of 125.4% and an improvement in Operating Profit Margin to 8.5%.
- Operating Cash Flow improved 8.9%, driven by growth in profitability and tight inventory management, offset by the repayment of the wage subsidy in December 2020.
- The strong performance in the period has resulted in the Board declaring a Special Dividend in February of 5.0 cps and an FY21 Interim Dividend of 13.0 cps.

THE WAREHOUSE GROUP

FY21 H1 GROUP SALES TREND

Weekly sales trend compared to same week last year



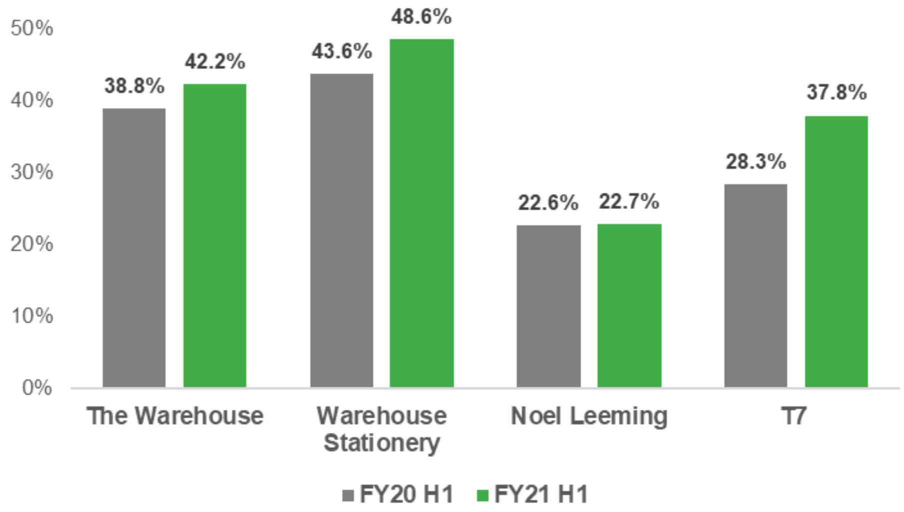
	FY21 Q1		FY21 Q2		FY21 H1	
	$m	Var %	$m	Var%	$m	Var %
The Warehouse	379.5	2.9%	587.8	3.1%	967.3	3.0%
Warehouse Stationery	61.8	(1.9%)	74.8	5.6%	136.6	2.1%
Noel Leeming	250.8	11.5%	342.4	19.0%	593.2	15.7%
Torpedo7	33.8	42.0%	51.1	21.7%	84.9	29.0%
Other [1]	12.6	(10.6%)	13.7	(24.3%)	26.3	(18.2%)
Total Group Sales	**738.5**	**6.3%**	**1,069.8**	**8.2%**	**1,808.3**	**7.4%**

1. *Other sales include 1-day and commission and other revenue in relation to TheMarket.com*

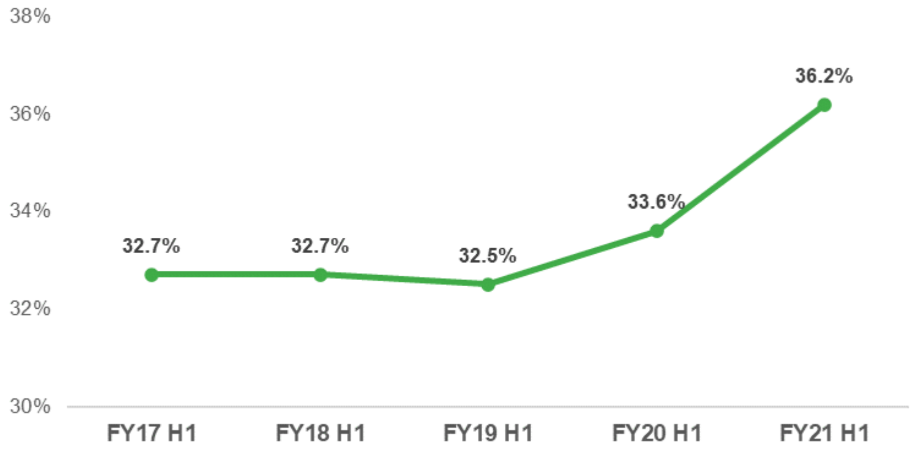
THE WAREHOUSE GROUP

GROSS PROFIT MARGIN

Gross Profit Margin (%) by Brand



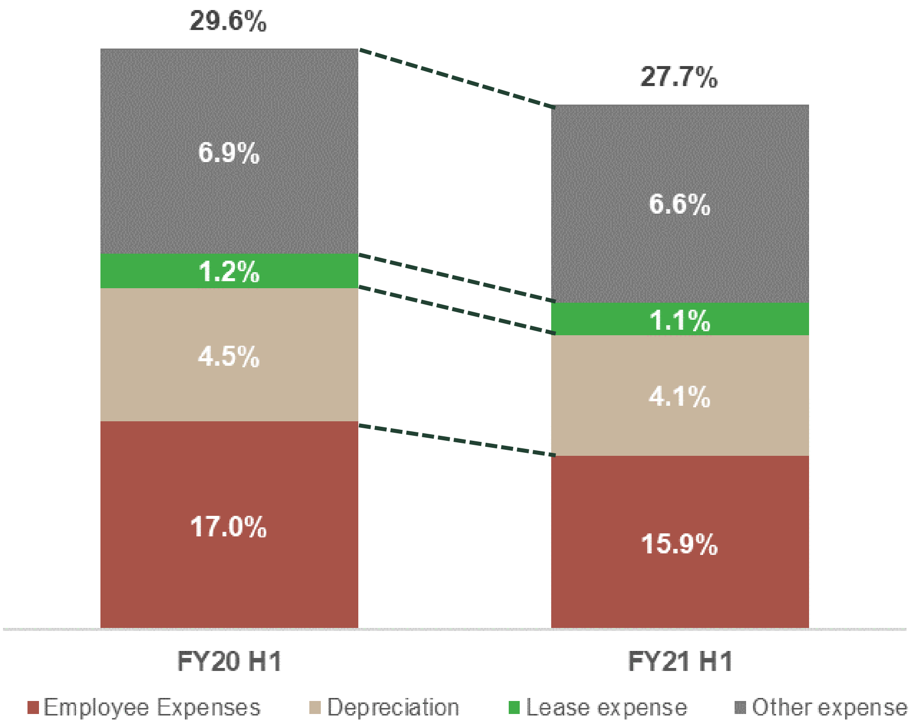
Group Half Year Gross Profit Margin (%)



- Gross Profit Margin has been one of the most significant drivers of Group profitability, particularly in The Warehouse, Warehouse Stationery and Torpedo7.
- Transformation initiatives focused on margin have been magnified by stronger sales.
- For The Warehouse, a continued focus on EDLP strategy, combined with more higher value products being sold, contributed to higher Gross Profit Margins.
- Warehouse Stationery Gross Profit Margin benefited from less discounting in the half year, however more lower value products were sold which by nature are at a lower margin, offset some of the margin benefits.
- Torpedo7 has had a number of initiatives focused on gross profit margin as part of its turnaround.

COST OF DOING BUSINESS

Cost of Doing Business (CODB) as percentage of Sales



- Approximately 67% of employee expenses are related to stores, fulfilment centres and distribution centres which have all been managed well throughout a period of elevated sales.
- In particular, store labour has declined 1.5% compared to the prior half year period, driven by the efficiency gains from the labour operating model update in The Warehouse stores ensuring our stores are most staffed when our customer want to shop.
- Combined Depreciation and Lease costs have declined slightly with a reduction of 4 stores as part of Group store footprint optimisation.
- Major components of other costs include technology costs, credit card commission, store other costs and A&P which has declined as a result of our paid media investments delivering better returns and our overall media mix changing based on our proprietary media mix modelling.

THE WAREHOUSE GROUP

ADJUSTED VS REPORTED RESULTS

For the half year ended 31 January 2021

$ million	Continuing EBIT FY21 H1	Continuing EBIT FY20 H1	Continuing NPAT FY21 H1	Continuing NPAT FY20 H1
Adjusted Earnings [1]	**153.0**	**67.9**	**111.0**	**46.2**
Gain on property disposal	-	0.1	-	0.1
Restructuring costs	(11.3)	(22.0)	(8.2)	(15.9)
Ineffective hedge derivatives	(0.2)	-	(0.1)	-
COVID-19 wage subsidy	(67.6)	-	(48.6)	-
NZIFRS16 [2]	20.5	19.7	0.9	(0.5)
Reported earnings	**94.4**	**65.7**	**55.0**	**29.9**
Discontinued			-	(0.7)
Attributable to Shareholders			**55.0**	**29.2**

1. *To improve the understanding of underlying business performance, the Group adjusts profit for unusual and non-trading items. Unusual items include profits from the sale of assets and losses associated with adjustments in carrying value of assets, M&A activity, restructuring costs and the non-cash impact of applying the NZIFRS 16 lease accounting standard.*

2. *The NZIFRS16 adjustment of $20.5m in FY21 H1 (FY20 H1: $19.7m) represents the difference between the depreciation on Right-of-use-Assets and old NZGAAP rent expense. Refer to note 4 and note 15 of the Interim Financial Statements for the half year ended 31 January 2021.*

- The Group has continued its transition to an Agile way of working. The restructuring costs incurred in the current half year relate to fees paid to consultants assisting the Group throughout the Agile transition and additional redundancy costs connected with the Group's restructure announced last year and finalised in FY21 H1.
- The Group has a commitment to incur further consultancy fees (maximum $3.0 million) upon the achievement of specified milestones and targets.
- In December 2020, the Group made the voluntary decision to repay the Government COVID-19 wage subsidy it received for its 11,000 employees in March 2020.

THE WAREHOUSE GROUP

BALANCE SHEET

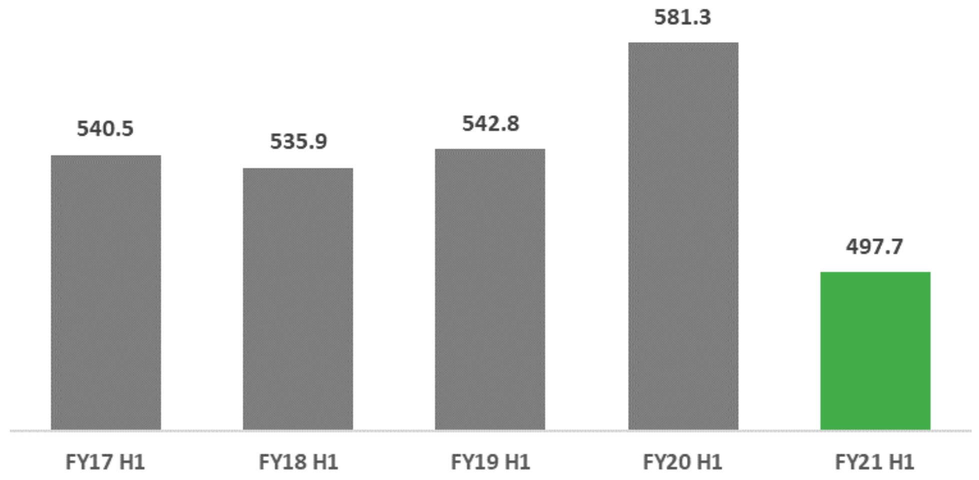
As at 31 January 2021 (comparative 26 January 2020)

$ million	FY21 H1	FY20 H1	Variance
Inventory	497.7	581.3	(83.6)
Trade and other receivables	86.1	99.8	(13.7)
Trade and other payables	(501.6)	(440.6)	(61.0)
Provisions	(83.9)	(72.2)	(11.7)
Working Capital	(1.7)	168.3	(170.0)
Fixed assets	272.6	271.2	1.4
Funds Employed	**270.9**	**439.5**	**(168.6)**
Tax assets	93.0	86.6	6.4
Derivatives	(31.8)	(12.4)	(19.4)
Goodwill and brands	73.0	75.5	(2.5)
Right of use assets	751.4	814.0	(62.6)
Capital Employed	1,156.5	1,403.2	(246.7)
Shareholders equity	431.2	364.5	66.7
Minority interests	(1.2)	0.5	(1.7)
Net debt / (Cash)	(183.6)	68.6	(252.2)
Lease liabilities	910.1	969.6	(59.5)
Sources of Funds	**1,156.5**	**1,403.2**	**(246.7)**
Book gearing	62.8%	74.0%	112bps
Liquidity	513.6	236.7	276.9

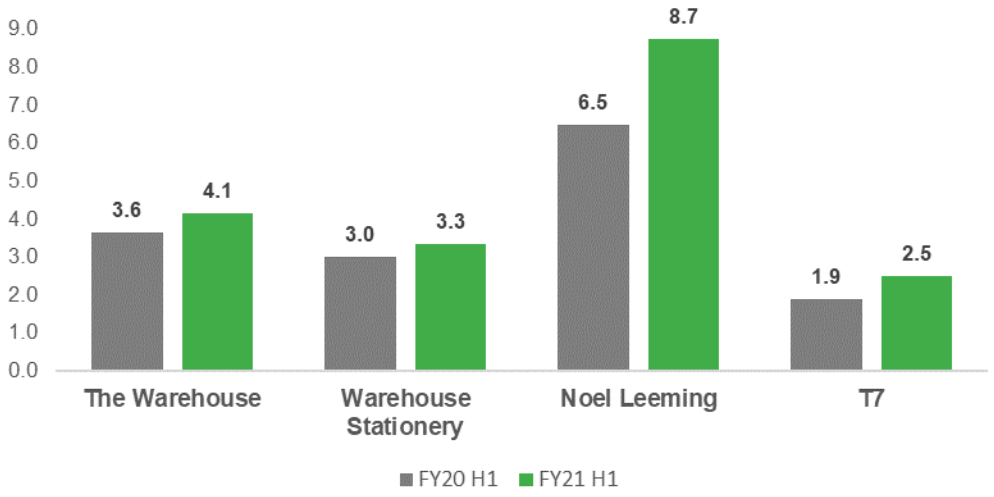
- Inventory is significantly lower at the end of the half year, following strong customer demand through the Christmas holiday period, better inventory management, and the impacts of COVID-19 which included global supply chain challenges and port congestion.
- Higher trade and other payables are due to higher New Zealand trade creditors and higher payroll accruals impacted by the timing of balance date which occurred a week later in the payment cycle compared to last year.
- The strong trading performance and an improved working capital position helped the Group improve from a net debt position of $68.6 million at the end of FY20 H1 to cash on hand of $183.6 million.
- The Group considers it appropriate in the current uncertain economic environment to maintain high levels of liquidity. The Group has undrawn bank debt facilities of $330 million, which together with cash on hand provide a liquidity buffer of $513.6 million.

INVENTORY MANAGEMENT

Closing inventory at half year ($m)



Stockturn by Brand



- Inventory levels have decreased significantly in FY21 H1 compared to prior year averages, due to increased demand, improved inventory management but also due to COVID-19 driven global supply chain challenges.
- Inventory management has been a key focus of The Group's transformation journey, and is now delivering tangibles benefits:
    - Aged inventory has continued to decrease with increased sales and controlled purchases, with aged inventory(1) decreasing from 8.7% at FY20 H1 to 5.4% at FY21 H1.
    - Clearance stock has decreased 24% on prior year – reducing the need for clearance activity and therefore increasing margin.
    - The Group achieved further SKU reduction in the period with SKUs at the close of the half year down 11% on prior period.
    - Through a continued focus on our EDLP strategy in The Warehouse and less discounting across our other Brands, we have reduced unprofitable sales and improved our buying and inventory management processes.

1. *Aged inventory is stock on hand greater than 26 weeks.*

THE WAREHOUSE GROUP

CASH FLOW

For the half year ended 31 January 2021

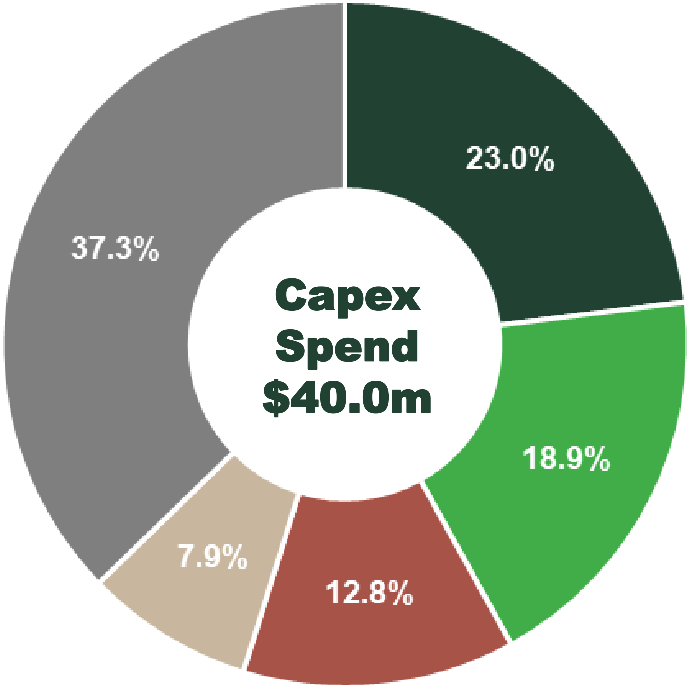
$ million	FY21 H1	FY20 H1	Variance
Trading EBITDA [1]	**247.0**	**163.6**	**83.4**
Restructuring costs	(11.3)	(22.0)	10.7
Wage subsidy	(67.6)	-	(67.6)
Taxes Paid	(23.1)	(14.8)	(8.3)
Interest Paid [2]	(22.5)	(23.5)	1.0
Working Capital	(13.2)	(1.8)	(11.4)
Other items	0.7	(0.5)	1.2
Operating Cash Flow	**110.0**	**101.0**	**9.0**
Capital Expenditure	(39.4)	(30.6)	(8.8)
Lease principal repayments	(48.6)	(47.0)	(1.6)
Divestments	0.1	11.8	(11.7)
Dividends Received	-	0.1	(0.1)
Dividends Paid	-	(28.0)	28.0
Other	(6.6)	0.3	(6.9)
Net Cash Flow	**15.5**	**7.6**	**7.9**
Opening Net Cash / (Debt)	**168.1**	**(76.2)**	**244.3**
Closing Net Cash / (Debt)	**183.6**	**(68.6)**	**252.2**

1. *Trading EBITDA represents Earnings before interest, taxation, unusual items, depreciation and amortisation.*
2. *Interest paid includes $19.2m (FY20 H1: $20.4m) interest on lease liabilities. Refer to note 14 of the Interim Financial Statements for the half year ended 31 January 2021.*

- Operating Cash Flow was $110.0 million compared with $101.0 million in prior period driven by significant increase in operating performance offset by the repayment of the Wage Subsidy in December 2020 and a decline in working capital.
- Restructuring costs this half year relate to the Agile transformation programme, and redundancies occurring in the prior period.
- Capital expenditure increased compared to prior period, with particular increased spend on customer digital and core system initiatives including the Group ecommerce platform and ERP finance and inventory systems.
- Cash flow from divestments in prior period relate to proceeds from sale of land at the Auckland Support Office received in FY20.
- No dividends were paid in FY21 H1 due to the uncertainty around the impact of COVID-19 resulting in the cancellation of the declared FY20 interim dividend and no FY20 final dividend.
A special dividend was declared in February and paid in March 2021 (after half year end).
- The Group ended FY21 H1 with net cash of $183.6m, compared with net debt of $68.6 million at the end of FY20 H1. Cash Flow post balance date continues to be strong with net cash levels exceeding $100 million.

THE WAREHOUSE GROUP

FY21 H1 CAPEX SPEND



Digital and Customer	$ 9.1m
Core Systems	$ 7.5m
Store Renewals	$ 5.1m
Supply Chain	$ 3.2m
Other	$15.1m

- FY21 half year capex was $40.0 million, compared to $29.9 million for the same period in FY20 half year.
- The Group's major investments in the half were in customer focused digital initiatives (including re-platforming the eCommerce sites onto a Group platform and development of TheMarket.com) and our Core Systems (including ERP finance and inventory systems, continued investment in our Warehouse Management System, and deploying cloud-based Master Data Management).
- Store renewals include a new The Warehouse store at Ormiston to be opened in March and the roll out of 6 store-within-a-store ("SWAS") integrations in H1 FY21 – Masterton, Kilbirnie, Whanganui, Oamaru, Riccarton, and Te Awamutu.
- The Group had provided guidance of capital expenditure to be in the range of $100 - $120 million in FY21. While we are tracking below this guidance due to timings particularly of store developments and resource allocation, we do expect capex to pick up more in the second half.
- We now expect FY21 capex to be between $80 and $100 million, lower than initially budgeted, but higher than the average last three years of $65 million as we strive to invest in future growth of the business.

THE WAREHOUSE GROUP

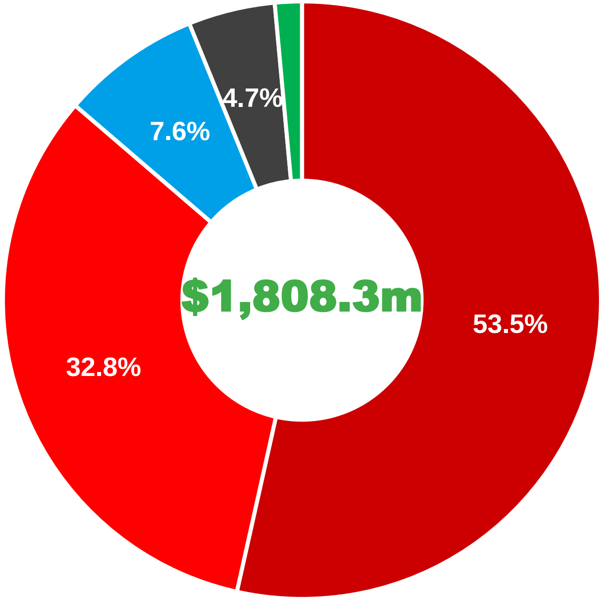
DIVISIONAL PERFORMANCE

THE WAREHOUSE GROUP

DIVISIONAL SUMMARY

The Warehouse, Warehouse Stationery, Noel Leeming and Torpedo7 all achieved record H1 results in FY21 H1.

FY21 H1 Group Sales



The Warehouse	Noel Leeming	Warehouse Stationery	Torpedo7	Other[1]
$967.3m	$593.2m	$136.6m	$84.9m	$29.3m
↑ 3.0%	↑ 15.7%	↑ 2.1%	↑ 29.0%	↓ 11.3%

FY21 H1 Operating Profit

The Warehouse	Noel Leeming	Warehouse Stationery	Torpedo7	TheMarket	Other	Total Group
$122.6m	$33.1m	$17.2m	$5.2m	$(9.2)m	($15.8m)	$153.0m
↑ $62.8m	↑ $11.7m	↑ $7.9m	↑ $9.4m	↓ $1.5m	↓ $5.0m	$85.1m

1. *Other sales include 1-day and commission and other revenue in relation to TheMarket.com*
2. *Other Group operations and inter segment eliminations were $(3.0) million in FY21 H1.*

thewarehouse

For the half year ended 31 January 2021

$ million	FY21 H1	FY20 H1	Variance
Sales	967.3	938.8	3.0%
Same Store Sales	6.1%	1.6%	450 bps
Gross Profit	408.4	364.1	12.2%
Gross Profit Margin %	42.2%	38.8%	340 bps
Cost of doing business (CODB)	285.8	304.3	(6.1%)
CODB %	29.5%	32.4%	(290 bps)
Operating Profit	122.6	59.8	105.0%
Operating Profit Margin %	12.7%	6.4%	630 bps
Stores	90	92	(2)

- Sales for the first half of FY21 were up 3.0% against FY20 H1, despite the Auckland Region experiencing 18.5 days of COVID-19 lockdown in August when stores were unable to trade. Over this period, sales were down 17.4% year on year. Despite a strong lift in online and in stores sales outside the Auckland Region, these were unable to offset the loss of Auckland store sales.
- Online sales increased 75% compared to prior period, partly helped by a strong surge in demand during the Auckland Region lockdown in August. Click & Collect Sales grew 116% with the introduction of same day collection.
- Gross Profit Margin % was up 340bps as we saw a decrease in clearance and promotional activity. Managing stockturn on product lines with limited stock through disciplined promotional activity also contributed to the improved Gross Profit Margin.
- CODB improved by 6.1% driven by the benefits derived from the Labour Operating Model Update in stores. This has led to a 6.9% decline in Store Labour costs whilst also seeing early improvements in both employee and customer NPS.
- FY21 H1 Retail Operating Profit of $122.6m was up 105.0% relative to FY20 H1 with strong top line sales growth and increased Gross Profit Margins. As a result, Operating Profit Margin % grew 630bps to 12.7%.
- In the 12 months from January 2020 to January 2021, we closed three The Warehouse stores (Birkenhead, Dunedin and Johnsonville) and opened one new store in Lunn Ave, Auckland.

For the half year ended 31 January 2021

$ million	FY21 H1	FY20 H1	Variance
Sales	136.6	133.8	2.1%
Same Store Sales Growth	2.5%	(1.2)%	370 bps
Gross Profit	66.4	58.4	13.7%
Gross Profit Margin %	48.6%	43.6%	500 bps
Cost of doing business (CODB)	49.2	49.1	0.3%
CODB %	36.0%	36.6%	(60 bps)
Operating Profit	17.2	9.3	84.4%
Operating Profit Margin %	12.6%	7.0%	560 bps
Stores*	71	70	1

* Includes 23 SWAS integrations. 6 integrations implemented in FY21 H1.

- Warehouse Stationery continued to build on the momentum established in FY20, delivering a strong FY21 H1 performance.
- Sales were up 2.1% on prior period, and despite total transactions declining compared to FY20 H1, both average basket and conversion were strong.
- Gross Profit increased 13.7% on FY20 H1 through higher sales volumes and an improvement in Gross Profit Margin of 500 bps, despite trade being impacted by the August 2020 COVID-19 lockdown in Auckland. Gross Profit Margin continues to benefit from a decrease in clearance and promotional activity.
- Operating Profit increased 84.4% to $17.2m, a record H1 result for the brand, with Operating Profit Margin improving a significant 560 bps to 12.6%.
- Office Furniture was the standout category in Sales which has benefited from improved stock levels both during and following the post COVID lockdown.
- The momentum of online sales in FY20 H2 has continued in FY21 H1 with online sales growing 31% on FY20 H1 as customers continue to embrace our omni-channel programme with Click & Collect fulfilment increasing significantly by 230%.
- In the 12 months from January 2020 to January 2021, one new Warehouse Stationery store was opened in Lunn Ave, Auckland.
- In addition, 6 SWAS integrations were implemented in FY21 H1 – Masterton, Kilbirnie, Whanganui, Oamaru, Riccarton, and Te Awamutu – bringing the total to 23. Current performance is positive, with the latest integration at Riccarton proving particularly successful.

For the half year ended 31 January 2021

$ million	FY21 H1	FY20 H1	Variance
Sales	593.2	512.8	15.7%
Same Store Sales Growth	14.2%	3.4%	1,080 bps
Gross Profit	134.7	115.8	16.4%
Gross Profit Margin %	22.7%	22.6%	10 bps
Cost of doing business (CODB)	101.6	94.4	7.7%
CODB %	17.1%	18.4%	(130 bps)
Operating Profit	33.1	21.4	54.3%
Operating Profit Margin %	5.6%	4.2%	140 bps
Stores	73	76	(3)

- Noel Leeming continued the strong momentum seen in FY20 H2 with FY21 H1 sales growing 15.7% on FY20 H1.
- Mitigating the Auckland COVID-19 lockdown in the first month of the period, we saw a very strong adoption of online shopping. This evolution in shopping habits and the increase in demand for home related products saw strong trading through the lockdown period.
- Noel Leeming online sales increased 85% with Click & Collect fulfilment increasing 93%, stimulated by the introduction of same day click and collect.
- Same store sales growth of 14.2% was driven by the growth of online sales notably during the lockdown period, and with Black Friday and Boxing Day events both hitting record high sales. Our B2B (Commercial) division continues to grow from strength to strength recording significant year on year sales growth.
- Top performing categories with double digit sales growth on prior period included Communications, Computers, Whiteware, Television and Small Appliances.
- Gross Profit Margin was 10 bps higher to 22.7%, reflecting a slight shift in the sales mix towards high margin products.
- Operating Profit increased by 54.3% to $33.1m with Operating Profit Margin increasing by 140 bps to 5.6%.
- In the 12 months from January 2020 to January 2021, we closed five Noel Leeming stores and opened two new stores in Lunn Ave, Auckland and Northlink, Christchurch.

Torpedo7

For the half year ended 31 January 2021

$ million	FY21 H1	FY20 H1	Variance
Sales	84.9	65.8	29.0%
Same Store Sales Growth	24.4%	15.2%	920 bps
Gross Profit	32.1	18.6	72.0%
Gross Profit Margin %	37.8%	28.3%	950 bps
Cost of doing business (CODB)	26.9	22.8	17.4%
CODB %	31.6%	34.7%	(310 bps)
Operating Profit	5.2	(4.2)	223.5%
Operating Profit Margin %	6.2%	(6.4%)	1,260 bps
Stores	20	20	-

Torpedo7 financial results (FY21 H1 and comparatives) include Torpedo7 only, and exclude 1-day which are now included in "TheMarket" results in the Group financial statements.

- Sales increased 29.0% in FY21 H1 to $84.9m, with strong same store sales growth of 24.4%. There was a strong customer response to increased targeted media and refreshed instore campaigns, supported by favourable domestic tourism.
- As with other brands across the Group, Torpedo7 also experienced strong online sales growth in FY21 H1, up 66% on prior period, particularly during the Auckland lockdown in August 2020, and this trend also continued for the rest of the period.
- Gross Profit increased 72.0% to $32.1m, due to strategic initiatives which improved margins, and reduced discounting. The strong growth in sales and slower inwards goods driven by short term supply chain disruption lifted stock turn.
- CODB has improved as percentage of sales by 310bps on the prior period with efficiencies gained across the supply chain.
- Additional store rollouts were paused whilst initiatives were undertaken to improve same store sales and margin quality. New store opportunities have been identified commencing with Torpedo7 Napier which opened in Q3 of this financial year.
- FY21 H1 Operating Profit of $5.2m is a significant improvement compared to Operating loss of $4.2m in FY20 H1 which was driven in part by sales growth, but primarily from margin improvement in line with strategy for Torpedo7.
- In the 12 months from January 2020 to January 2021, we closed the Torpedo7 No1 Fitness store in Christchurch, but this was replaced with the new Torpedo7 store in Northlink.

OUTLOOK

FY21 OUTLOOK and DIVIDEND

- For the first four weeks of the second half, we experienced Group sales growth of 2.3% on the same period in FY20. This is inclusive of the most recent Auckland Level 3 lockdown. However, for three weeks into March 2021 we cycle a comparative period in March 2020 which saw increased COVID-19 uncertainly and unseasonal increased demand and sales as New Zealanders faced impending lockdowns. As a result, sales for the first 7 weeks of the second half are relatively flat year on year.
- Compared to the first 7 weeks of the second half of FY19, which is a more comparable period being unaffected by COVID-19, sales in FY21 are up 9.7%.
- While the Group has traded well through recent Auckland Level 3 lockdowns, there remains significant uncertainty as the COVID-19 environment evolves, including:
    - The sustainability of heightened consumer retail spending levels
    - Constraints on global supply chains, as consumers in other parts of the world experience relaxed COVID-19 lockdown restrictions
    - Retailers building stock levels ahead of retail demand.
- Due to the continued uncertainty in the trading environment, the Board does not consider it appropriate at this time to provide guidance for the full year FY21 result. The Board will continue to reassess this position as we get closer to year end.
- The Board are pleased to declare a fully imputed interim dividend for FY21 of 13.0 cents per share, payable on 22 April 2021 and based on a record date of 7 April 2021.

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