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

Auckland, 21 December 2020

The Warehouse Group provides positive trading update and announces repayment of wage subsidy

The Warehouse Group today reported that trading performance to date in the lead up to Christmas has continued beyond the momentum shown in the first quarter, and the Group is now confident in its financial position to repay in full the Government Wage Subsidy it received as part of the Government NZ Covid-19 response.

First quarter sales for the group increased by 6.3% and now stand up 6.6% year to date compared to the same period last year.

Due to this sustained sales momentum, Adjusted Net Profit After Tax (NPAT) for the half year is expected to exceed \$70m, which is pre impact of repayment of wage subsidy, compared to \$46.2m in FY20. Gross margin was up circa 170 basis points in our first quarter, and this expectation remains for overall H1 trading performance.

Group CEO, Nick Grayston says, "Sales performance to date has been well above expectation, and our financial position has remained strong. We are now in the position where the wage subsidy can be repaid in full."

"We are grateful to have received the Government wage subsidy which allowed us to commit to paying our 11,000 team members quickly, and in full, during a time of great uncertainty."

"The strong sales performance is due to a trading environment which is more buoyant than expected and is also a reflection of our strong omnichannel readiness. We could not have achieved this position without the improvements our teams have made in our stores, our digital platform, distribution and fulfilment centres, and our support offices. This outcome is particularly notable given the negative impact of shipping availability issues outside of our control."

"Stock levels remain satisfactory for the Summer and Back to School period, however due to delays in international shipping and continuing increased demand, there may be some delays to delivery for some of our Winter products. We will continue to monitor this situation closely and make operational adjustments as and when required."

The Group's financial position has continued to improve from year-end and we expect the half-year's net cash balance to be better than the FY20 year-end position of \$168m.

Full Year guidance will be issued when the H1 financial results are released in March.

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