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

Auckland, 26 November 2021

The Warehouse Group Limited Annual Meeting

Chair's Address

Opening message

Kia ora koutou katoa. Haere mai ki tenei hui motuhake.

Good morning ladies and gentlemen and thank you for joining us. My name is Joan Withers and I am the Chair of The Warehouse Group.

On behalf of your Directors, the Group Chief Executive, our leadership team and all our team members I extend a very warm welcome to our Annual Shareholders' Meeting.

As you are all aware, due to the current COVID-19 lockdown levels, we are unfortunately only able to hold this year's shareholder meeting online. This is not our preferred option and we are sorry we are not able to meet you all in person today.

But we are going to do our best to make this meeting as productive as it can be within the confines of the appropriate COVID-19 protocols and I sincerely hope the situation is different next year. The notice convening today's meeting was circulated to shareholders and as a quorum is present, I am pleased to declare the 2021 Annual Shareholders' Meeting of The Warehouse Group open. I will run through the process of submitting questions and voting online shortly.

Now to the introductions.

Joining me today online are our directors:

Robbie Tindall, John Journee, Julia Raue (all from Auckland), Tony Balfour and Dean Hamilton (from Queenstown), Will Easton (from Sydney, Australia), Rachel Taulelei (from Wellington) and our Future Director, Caroline Rainsford (from Auckland).

We have Nick Grayston, Group Chief Executive Officer, and Jonathan Oram, Group Chief Financial Officer sitting here with me at our support office in Northcote.

We also have representatives from our Auditors – PricewaterhouseCoopers, and company legal advisors – Russell McVeagh. Welcome to you all.

Agenda

Before proceeding with the formal business, I will run through the order of events for today's meeting.

The agenda will start with the usual formalities and then I will provide a recap of the FY21 annual results. I will also provide an update on our Board and governance and shareholder distributions during the year in review.

Nick Grayston, our Group Chief Executive Officer will then update you on our business and financial performance including an update on the first quarter of this current financial year. We will then turn to the formal part of the day's business. The resolutions today include the re-election of four Directors, a request for the approval of an increase in Directors' fees and authorising the setting of auditor's fees.

We will cover each resolution in turn and invite you to submit your questions specific to those items which we will respond to during the Q&A session for each resolution. Voting will take place by poll. I will outline the process for the discussion and voting on the resolutions at that point in the agenda.

Following the resolutions, we will take questions from you on our financial and operational performance or other questions relating to the Company. I ask that you wait to raise any of your questions of a general nature until that time. So now we will now move to the formal agenda.

Firstly Apologies

No apologies are noted.

Proxies

Proxies have been received from 423 shareholders representing 196,495,904 voting shares. This represents 56.65% of the voting shares in the Company.

The valid proxies we have received support the resolutions to be considered later in the meeting. I will provide further details on proxies in respect of each resolution at that time.

2020 Annual Meeting

I confirm that the minutes of the 2020 Annual Meeting held on 27 November 2020 have been signed and confirmed by me as the Chair of that Meeting. These minutes were posted on the Company's website after they were approved and are available for review on the website.

Annual Report

The Financial Statements for the 52 weeks ended 1 August 2021, together with the Auditor's report are set out in the Company's Annual Report which was released to the NZX and made available on our website on 29 September 2021.

If you would like a hard copy of the Annual Report, please email us at investors@thewarehouse.co.nz to request a copy.

Under the Companies Act 1993, there is no requirement to approve the Financial Statements or the auditor's report at Annual Meetings, however we will be happy to answer any questions you may have during the Q&A session at the end of the meeting.

To submit questions online

If you have a question to submit during the meeting, please select the Q&A tab on the right half of your screen at any time. Type your question into the field and press send. Your question will be immediately submitted. Should you require any assistance, you can type your query into the chat function and one of the Computershare team will assist and reply to your query. Alternatively, you can call Computershare on 0800-650-034.

Please note that while you can submit questions from now on, I will not address them until the relevant time in the meeting. Please also note that your questions may be moderated or if we receive multiple questions on one topic, those questions may be amalgamated together. Finally, due to timing constraints we may run out of time to answer all of your questions. I hope that doesn't

happen, but if it does, we will answer them in due course via email.

To submit your vote online

Voting today will be conducted by way of a poll on all items of business. In order to provide all online attendees with enough time to vote, I will shortly open the online voting for all resolutions.

At that time, if you are eligible to vote at this meeting, you will be able to cast your vote under the Vote tab. Once the voting has opened, the resolutions will allow votes to be submitted. To vote, simply select your voting decision from the options shown on screen. You can vote for all resolutions at once or for each individual resolution. Your vote has been cast when the tick appears. To change your vote, simply select 'Change Your Vote'. You have the ability to change your vote up until the time I declare voting closed.

I now declare voting open on all items of business. The resolutions will now be open in the vote tab, please submit your votes at any time. I will give you a warning before I move to close voting.

Now to the Chair's Address starting with some commentary on the year in review.

FY21 Annual results highlights

After the significant disruption in the 2020 financial year, once again the COVID-19 global pandemic has continued to cause disruption and uncertainty to New Zealand and the world. Despite all the interruption COVID-19 has thrown at us, The Board and I are extremely proud of the way our team has reacted and performed in an environment of ongoing complexity and challenges. The execution of the strategy we embarked on in 2017 has gone to plan, and it is pleasing to see the benefits that the transformation of our business is delivering, as we strive to build New Zealand's most sustainable, convenient and customer-first company.

What has been heartening to see is our organisation's continued ability to adapt and pivot when we were presented with circumstances outside our control that we needed to react to. Our recent transformation and shift to Agile has enhanced our ability to do this.

2021 Annual Results

In terms of the FY21 performance, we announced our 2021 Annual Results on the 29th September – and despite the context of the global pandemic we were very pleased to report a record annual result for that financial year.

Our transformation to an agile organisation has better enabled us to shift and adapt to the changing needs of our customers and our business – and we continue to see these benefits in the current uncertain and constantly changing COVID environment. Our people, our culture and our teams' expertise has provided the Group with the resilience required to operate the company through these challenging times.

So in FY21, Group sales were up 7.6% to \$3.4 billion and gross profit margin increased from 32.6% in FY20 to 36.4% in FY21. Reported NPAT was \$117.7 million, up from \$44.5 million in prior year (or 164.6%) with adjusted net profit after tax of \$175.5 million, up from \$32.1 million in prior year. Online sales continued to increase in FY21 as New Zealanders embrace the convenience of online shopping, especially when living and working from home. Online sales grew 5% from last year to just over \$393 million and comprised 11.5% of total Group sales.

In particular, our same day Click and Collect service at The Warehouse and one-hour Click and Collect service at Noel Leeming accelerated online sales and saw this channel become a preferred option, increasing 21.1% over the prior year.

In terms of our balance sheet, the work that was done 18 months ago continues to assist us with capital management. We have no debt and at year end we held net cash on hand of \$160.5 million. That, combined with undrawn banking facilities of \$330 million, provided us with a liquidity buffer at that point of \$490.5 million.

The last three months has seen Auckland in either level 3 or 4, and the rest of the country pivoting between levels 4 and 2. Predictably, that has impacted our cashflow particularly with all our Auckland stores closed from the 18th August until the 10th November.

The reopening of stores this month, in Northland and Waikato on the 3rd of November and in Auckland on the 10th of November, has seen a significant increase in trading and cashflow. Nick will take you through an update of Q1 performance shortly.

Dividend Update

Due to our exceptionally strong performance in FY21, the Board was pleased to declare a fully imputed final dividend of 17.5 cents per share at the time we announced the annual result. The final dividend was declared on the basis that New Zealand was predominantly at Alert Level 2 or below from the end of October.

As you know, that was not the case, with Auckland and parts of Waikato still in Level 3 at the end of October. However, due to our strong cash position, the trading conditions experienced since Auckland and Waikato stores opened earlier this month combined with our expected trading in the balance of the peak period, we are pleased to confirm that the final dividend will be paid to shareholders as scheduled.

The record date for the dividend was 18 November and the dividend will be paid on 3 December 2021. This brings the total dividends for the year to 35.5 cents per share declared and represents a pay-out ratio of 70.2% of adjusted net profit.

This is in line with our recently amended dividend policy which was approved by the Board in March 2021 – to distribute at least 70% of the Group's full year adjusted net profit. We are delighted to be able to maintain the declared final dividend, even in the wake of continued COVID-19 lockdown periods following year end.

Capital management is an area the board pays significant attention to and it has been heartening to be able to resume dividends this year. We are also continuing to invest in critical infrastructure and Nick will provide more detail on our progress in executing that strategic priority shortly.

Health, Safety and Wellbeing

Keeping our team members and customers safe remains our utmost priority. The increased health and safety precautions we have implemented across our business has enabled us to operate within Government guidelines and in the safest way possible. The increased mental health and wellbeing support and initiatives we have put in place over the past year are critically important for our team members – for those who continue to work in our stores and distribution centres and for many of our team members who are at present working from home.

We continued to pay our 11,000 team members in full throughout the lockdown periods we experienced in the 2021 financial year and have continued to do so through the most recent lockdown since 18 August.

COVID-19 continues to cast uncertainty for our business, our people and our customers as well as the New Zealand and global economy. Where we can provide as much certainty as possible to our team members and customers we will continue to do so.

For the safety of our people, our customers and our wider community, we have announced that from 16 January 2022 only team members who are fully vaccinated will be able to perform work for The Warehouse Group. Many of our team members work in locations which involve a high risk of contracting or spreading the virus and the vaccination is an important part of managing the risk associated with COVID-19.

As a Group, we have actively supported our team members by offering on-site workplace vaccinations, as well as a one-off incentive payment of \$100 to all fully vaccinated employees. We are also deeply concerned about violent and aggressive behaviour directed towards our team members and just before the lockdown started in August, we met with the Police Commissioner to express our concerns. We look forward to working more closely with the Police to make sure these issues are appropriately handled and to use the technology we now have, and will deploy in the near future, to assist in identifying the perpetrators of these incidents.

We welcome the new Police National Retail Investigation Support Unit which was announced this month to address retail crime prevention and we will continue to work with New Zealand Police to reduce violent and aggressive behaviour in our stores and to ensure the safety of both our customers and our team members while they are at work.

I'd like to talk about our approach to sustainability and wider environmental, social and governance matters.

Right from the time our founder Sir Stephen Tindall opened the first The Warehouse store back in 1982, we have always had a strong focus on sustainability. The company achieved carbon zero status in FY19, we have maintained this and in FY21 we have continued our sustainability journey. As a result of our focus on areas including ethical sourcing, reduction in packaging and plastics, and prioritising sustainable products and materials, our brands now offer over 11,500 products with sustainable attributes – up from 6,000 a year ago. We diverted nearly 78% of operational waste from landfill and reduced total carbon emissions by a further 6.4% when compared to FY19.

To underscore our commitment to the wider stakeholder imperatives that corporates need to have cognisance of in their operations and governance, in June 2021 we established a new board level committee which oversees our environmental, social and sustainability priorities, targets and reporting. The Board is committed to understanding and implementing ways we can fulfil our obligations to stakeholders as greater expectations and a requirement for more transparency around Environmental and Social Governance (ESG) unfolds.

We have started the process to set ambitious, innovative and forward-thinking short and long-term targets spanning three areas of focus – Our products and customers, Our planet, and Our communities.

We are also committed to increasing the transparency of our sustainability reporting – for which this new committee will also be responsible. We have started with the inclusion of Global Reporting Initiatives in this year's Annual Report and are currently reviewing the New Zealand XRB proposed climate-related disclosures which are in line with the globally recognised TCFD reporting. We are committed to our sustainability targets and intend to convert a number of our bank facilities into Sustainability Linked Loans providing further weight to this commitment – starting with the \$70 million sustainability linked loan with Westpac which we signed earlier this month. Nick will talk about this shortly.

In terms of social equity, we are focused on gender equality and wider diversity principles such as ethnicity. On the former I can report the number of female senior leaders have increased to now comprise 44.4% of our senior leadership population.

We are taking a very granular approach to gender pay equity and we have reduced the gap to the level where we can now realistically achieve 100% gender pay equity across the organisation by FY25. And of course, philanthropy is part of our DNA since Sir Stephen founded the Company. During the year in review we raised a further \$4.3 million for New Zealand charities and communities.

I am particularly proud of the work we have done in the area of period poverty. We have partnered with The Period Place with the goal of eliminating period inequity in Aotearoa by 2030.

Governance

I introduced you to our board members at the start of the meeting. Rachel Taulelei joined us in February and is standing today for re-election by shareholders. Rachel will speak to you at the time we put the resolution, but she is a superb addition to the board.

We take governance seriously at TWG and we aspire to be the best we can possibly be. We assess the composition of the board on a regular basis and we publish our skills matrix in our Annual Report. We have a comprehensive induction programme and regularly conduct independently facilitated board performance reviews. As a board we have dedicated significant time to understanding the governance requirements of an Agile organisation and we have changed the schedule and structure of our board and strategy meetings to match the cadence required.

We are committed to ongoing learning as a board and we have been fortunate to have had access to sessions with some of the most highly regarded governance thinkers around the world, to understand what is on the mind of global governors.

We are also committed to assisting the pipeline of younger directors coming through and again we have secured a fabulous Future Director in Caroline Rainsford, who is the Country director for Google New Zealand. Caroline replaced Renee Mateparae whose term ended in September.

For my part, it has been very rewarding to be part of the Group's journey over the last few years and I know all my fellow directors and I are energised by and committed to our purpose, our values and our strategic priorities.

As you will have seen Resolution 5 at this Annual Meeting seeks approval for an increase in the total directors' remuneration fee pool pursuant to NZX Listing Rule 2.11.1(a).

The current directors' remuneration fee pool of \$900,000 per annum was last approved at the Annual Meeting on 22 November 2013. Details of the total fees paid to directors are set out in the Company's Annual Report.

Earlier this year, PwC was engaged to provide an independent benchmarking report on non-executive director fees in comparable companies, and you can find a summary of the PwC benchmarking report attached to the Notice of Meeting and available on the Computershare platform or on the Group's website.

The Board then reviewed the fees paid to the Company's directors, taking into account the results of the benchmarking report, including base fees and committee fees, and the need to be able to retain and continue to attract capable, independent directors over time, as the Board continues to implement its succession plan.

Based on the results of this review, the directors have concluded that an increase in the total fees payable to directors is justified and appropriate.

It is proposed that the total directors' fee pool be increased by \$90,000, from \$900,000 per annum to \$990,000 per annum, with effect from 1 December 2021.

In addition, if the resolution is passed, the Board has approved the implementation of a new policy requiring directors to hold a minimum number of shares in the Company, which can be acquired over five years.

Conclusion

Before I hand you over to Group CEO Nick Grayston, I would like to thank my fellow Board Members, Nick, our Leadership team, and all our team members for their hard work, dedication and their ability and willingness to adapt and pivot to the changing environment we are currently in.

As a Board and Leadership team, we have the utmost confidence in the business going forward. Despite COVID-19 disruptions, across all of our brands and as a Group we have demonstrated we have the ability to adapt to meet our customers' needs and wants in all environments – be it online - either delivered or via click and collect, or in a safe in-store environment for our team members and customers.

And lastly, I would like to thank you, our shareholders, for your continued support and belief in the Company. For those of you who have been part of our shareholder family for a while, I hope you are enjoying seeing a much better performance, given our total shareholder return of 74.9% for the financial year in review and that you share our confidence in the enhanced prospects for the Company.

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