

**Building
New Zealand's
most sustainable,
convenient and
customer-first
company**

The Warehouse Group

Annual Meeting

26 November 2021



Our Board of Directors



Joan Withers
Chair & Independent
Non-Executive Director



Robbie Tindall
Non-Executive Director



John Journee
Independent
Non-Executive Director



Julia Raue
Independent
Non-Executive Director



Anthony Balfour
Independent
Non-Executive Director



Will Easton
Independent
Non-Executive Director



Dean Hamilton
Independent
Non-Executive Director



Rachel Taulelei
Independent
Non-Executive Director



Caroline Rainsford
Future Director

AGENDA

WELCOME

Joan Withers

CHAIR ADDRESS

Joan Withers

CEO REVIEW

Nick Grayston

BUSINESS OF MEETING

Joan Withers

Election of Directors (Resolutions 1-4)

Directors' Fees (Resolution 5)

Auditor Fees (Resolution 6)

GENERAL BUSINESS AND Q&A



ONLINE PROCEDURES – QUESTION PROCESS

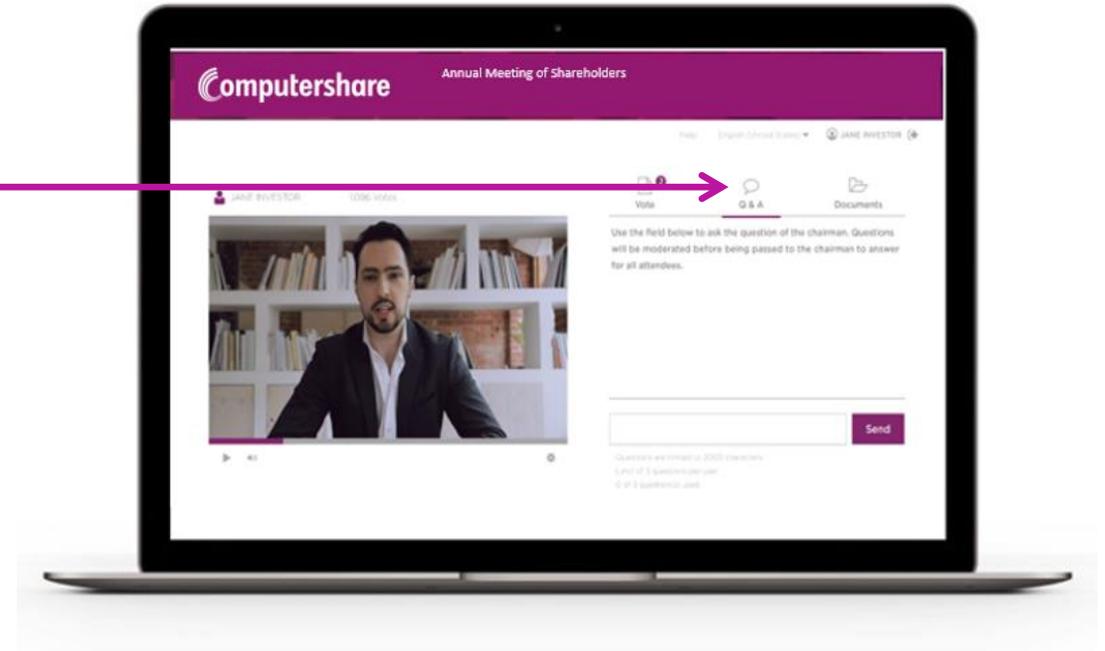
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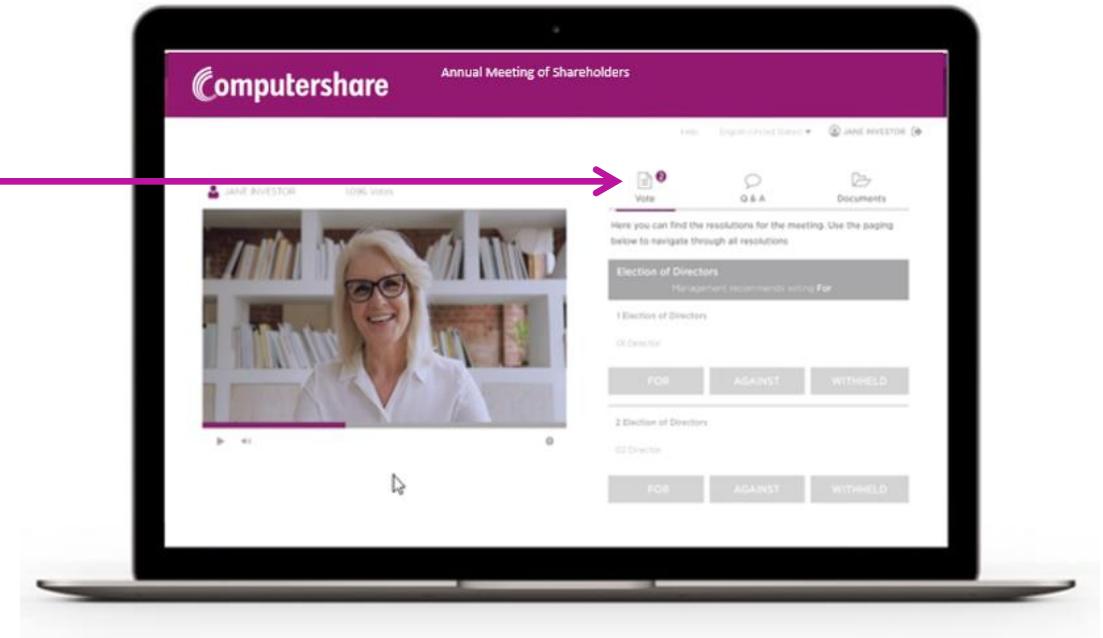


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CHAIR

ADDRESS

Joan Withers
Board Chair



FY21 ANNUAL HIGHLIGHTS

Group sales
\$3.4B
up 7.6% on last year

Group profit margin
36.4%
up from 32.6%


Reported NPAT
\$117.7M
up from \$44.5m in prior year (up 164.6%)


Adjusted NPAT
up from \$32.1m in prior year
\$175.5M

Online sales **\$393.1M**
up 5.0% on last year and making up
11.5%
of total Group sales




21.1%
growth in Click & Collect sales

\$160.5M Net cash at year-end



TOTAL LIQUIDITY
\$490.5M

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 assumption that New Zealand was predominantly at Alert Level 2 or below at the end of October.
- At the end of October, Auckland and parts of Waikato were still in Alert Level 3. However, due to our liquidity position, trading conditions since Auckland and Waikato stores have reopened, combined with our expected trading in the balance of the peak trading 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 2021 and it 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.



KEEPING OUR PEOPLE AND CUSTOMERS SAFE

- Keeping our team members and customers safe remains our utmost priority. Health and safety precautions we have implemented across our business have enabled us to operate within Government guidelines and in the safest way possible.
- We continued to pay our 11,000 team members in full throughout the lockdown periods in the 2021 financial year and have continued to do so through the most recent lockdown since 18 August.
- For the safety of our team members, 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.
- As a Group, we have actively supported our team members to get vaccinated by offering on-site workplace vaccinations, as well as a one-off incentive payment of \$100 to all fully vaccinated team members.
- We welcome the new Police National Retail Investigation Support Unit to address retail crime prevention and we continue to work with New Zealand Police to ensure the safety of our customers and team members.



SUSTAINABILITY AND WIDER ESG

- A new Board level committee was established in June 2021 to oversee 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 unfold.
- 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. We have started with GRI reporting in this year's Annual Report and are currently reviewing the New Zealand XRB proposed climate-related disclosures which are in line with the more 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.



Carried over
11,500
unique products with a sustainable feature
accounting for over \$176 million in sales

we have diverted
77.9%
of operational waste from landfills
(up from 76.7% in FY20)

reduce Scope 1 & 2 emissions by
2.7%
and reduced total emissions by 6.4% since FY19⁽¹⁾



Increased female senior leaders to
44.4%
of senior leadership roles

\$4.3M

raised for New Zealand charities and communities



1. Reduction in carbon emissions since FY19, due to incomparable FY20 year due to COVID-19 lockdown periods.

GOVERNANCE

- Rachel Taulelei joined us in February and is standing for re-election by shareholders at today's meeting.
- 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 conduct regular independently facilitated board performance reviews.
- 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 are delighted to have secured our next Future Director in Caroline Rainsford, who is the Country director for Google New Zealand. Caroline replaced Renee Mateparae whose term ended in September.



DIRECTORS' FEES

- Resolution 5 at this Annual Meeting seeks approval for an increase in the total directors' remuneration fee pool.
- The current directors' remuneration fee pool of \$900,000 per annum was approved at the Annual Shareholders' Meeting held on 22 November 2013.
- Earlier this year, PwC was engaged to provide an independent benchmarking report on non-executive director fees payable in comparable companies.
- The Board then reviewed the fees paid to the Company's directors, taking into account the results of the benchmarking report 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 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 (exclusive of GST).
- 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.

CEO REVIEW

Nick Grayston
Chief Executive Officer



PERFORMING AGAINST OUR STRATEGIC PRIORITIES

Our Strategic Priorities

Build a customer ecosystem

Build the future experience

Invest in our infrastructure to excel in retail fundamentals

Strategic Themes

- Engage new and existing customers by better solving their needs and wants
- Offer a seamless and frictionless customer experience

- Meet & exceed changing consumer behaviours
- Leverage footprint and develop supply chain
- “What I want, where I need it, when I choose”

- Best in NZ retail performance metrics
- Strong corporate and brand reputation
- Long term financial security

FY21 Achievements

- ✓ Launched new website for The Warehouse
- ✓ Continued investment in TheMarket.com, providing over **2.5 million available products**
- ✓ Improved inventory management – reducing in-store SKUs by **18.5% for The Warehouse and 12.6% for Warehouse Stationery**
- ✓ Enhanced range optimisation

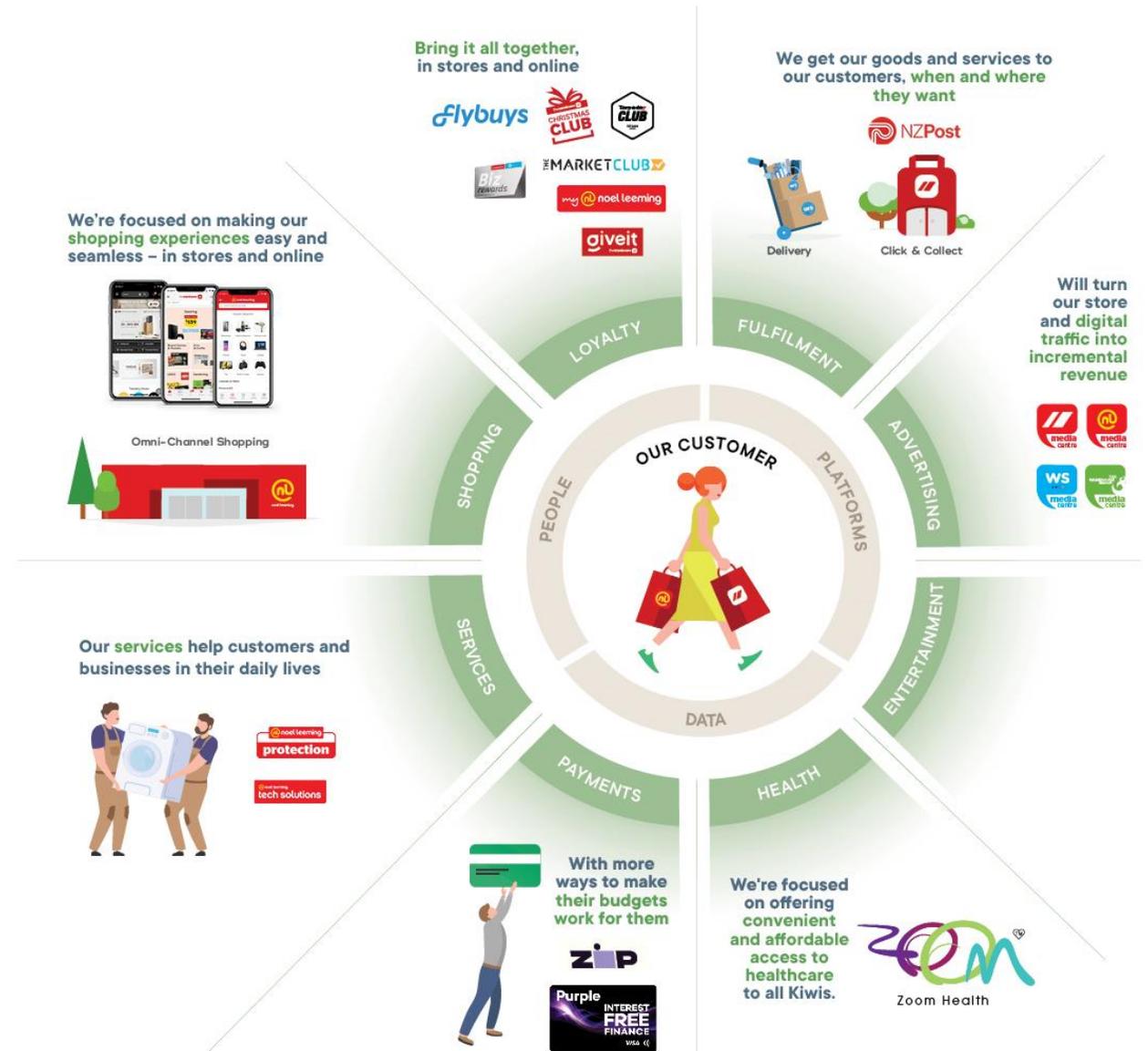
- ✓ Weighted average **Net Promoter Score** increased 7.5 points to **76.6**
- ✓ **Click & Collect sales** grew **21.1%** - driven by Same-day Click & Collect at The Warehouse and One-hour Click & Collect at Noel Leeming
- ✓ 252 stores across the network including **8 SWAS stores implemented during the year** – bringing total to 25

- ✓ Significant progress on core system projects – WMS, ERPFI and MDM
- ✓ Increased **stock turn** from 4.4 times to **5.3 times**
- ✓ Reduced aged inventory¹ as percentage of finished goods from 28.1% in FY20 to 16.1% in FY21
- ✓ **Liquidity of \$490.5 million**, with no debt

1. Aged inventory is stock in store held for more than 26 weeks.

OUR ECOSYSTEM

- Our customer-centric ecosystem enables frictionless shopping experiences creating greater customer value.
- We have strong ecosystem foundations in place with an established physical footprint and market leading digital assets.
- In July, we announced that we have become a cornerstone strategic investor in Zoom Health – we have a shared vision to offer convenient and affordable access to healthcare to all Kiwis.
- Further improvements will make customer shopping journeys with our family of brands faster, easier and more personalised through unified data, platforms and people – while remaining focused on the fundamentals of delivering exceptional value and new assortments with improved customer fulfilment and payment options in store and online.



NEW LOYALTY PROGRAMME – MARKETCLUB

- On 20th October we launched the new **MarketClub** membership programme.
- This provides our customers with more convenience, more ways to save money and more ways to give back.
- **MarketClub** provides the Group with the opportunity to:
 - understand more about our customers shopping habits;
 - send more targeted communications, so they shop more frequently with us and increase their basket size;
 - increase customer understanding and put the customer at the centre of everything we do.
- **MarketClub** is available online at TheMarket.com and in store at The Warehouse – our intention is to extend the programme Group-wide.
- **MarketClub** membership is free – customers unlock exclusive offers and benefits, with a charitable donation made by The Warehouse Group on their behalf with every purchase at The Warehouse.
- **MarketClub+** is a paid membership on TheMarket.com, with free shipping on eligible items when you spend over \$45.
- Through **MarketClub** we will unlock the ability to drive greater preference for customers to choose us first, improving customer experience and creating a cohesive Group ecosystem.
- Our combined loyalty programmes provide us with nearly 4 million unique customer records⁽¹⁾.



(1) TWG Internal Data 2021, aggregated and de-duped across 9 data sources. Over 10M total records (not unique)

SUSTAINABILITY LINKED LOAN – Setting aspirational sustainability targets

- On 8 November 2021, The Warehouse Group announced a new \$70 million Sustainability Linked Loan with Westpac.
- The Warehouse Group needs to meet five sustainability performance goals including sustainable packaging, carbon emissions and gender targets to receive discounted rates.
- The two-year extendable loan financially incentivises the Group to meet sustainability targets set out over a 4-year time period.
- The targets are ambitious, innovative and forward-thinking and are key priorities in our sustainability journey.
- Customers and shareholders care about the environment and want to know that the way we source, package and ship the products we sell is ambitiously ethical and sustainable. Under these new loan conditions, we will be strengthening that commitment.



50% of brands⁽¹⁾ that are directly owned by The Warehouse Group must have sustainable packaging that is compostable, or recyclable solely at New Zealand kerbside or in store by FY25⁽²⁾



All Tier 2 Sources for at least 50% of Tier 1 Suppliers⁽³⁾ will comply with The Warehouse Group's Labour & Environmental Policy by FY25



Reduce absolute Scope 1 and Scope 2 greenhouse gas emissions by at least 5% for each year of the loan against an FY20 Baseline



Gender Pay Equity: Achieve 100% pay equity across its overall workforce



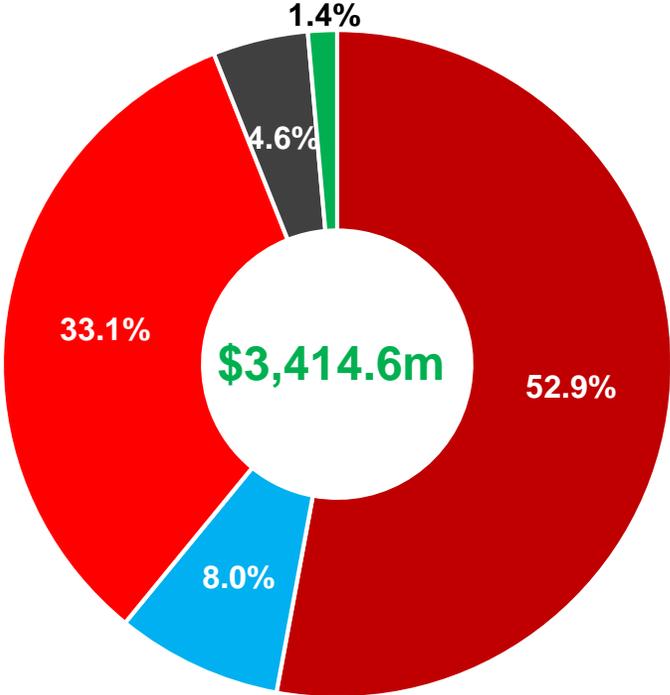
Gender Representation: The board, executive team, or those who directly report to the executive team, are 50% women

1. The Warehouse and Warehouse Stationery
2. As defined in The Warehouse Group's packaging guidelines
3. The Warehouse and Warehouse Stationery

DIVISIONAL SUMMARY

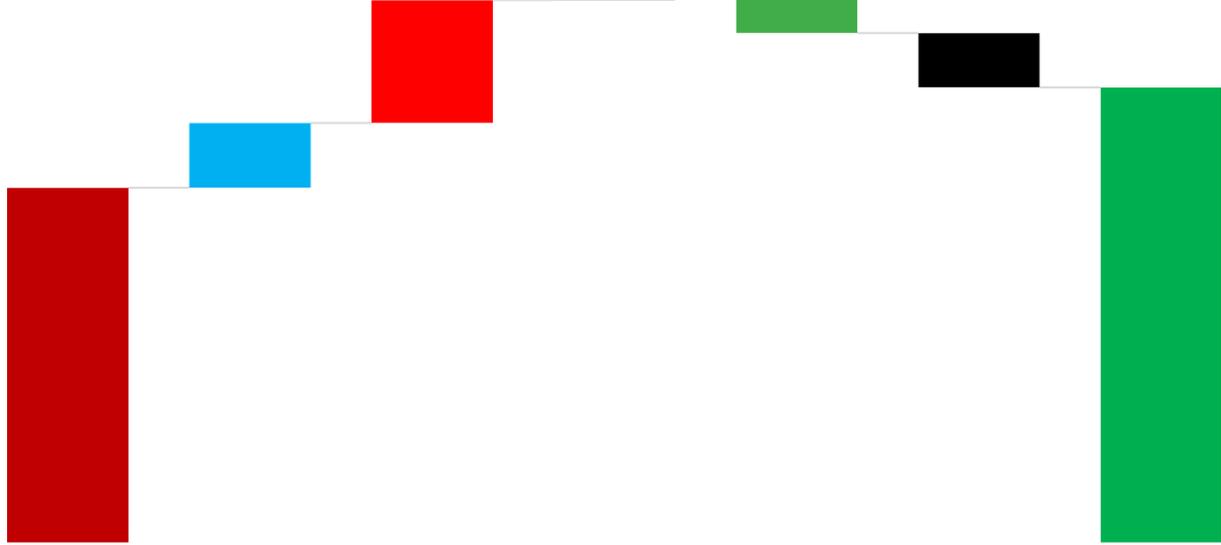
Our core brands reported record full year operating profits in FY21

FY21 Group Sales



Brand	Sales (\$m)	% Change
The Warehouse	\$1,804.9m	↑ 5.8%
Warehouse Stationery	\$274.6m	↑ 2.2%
Noel Leeming	\$1,128.2m	↑ 11.7%
Torpedo7	\$158.7m	↑ 22.2%
Other	\$48.2m	↓ 17.7%

FY21 Adjusted Operating Profit



Brand	Profit (\$m)	% Change
The Warehouse	\$187.6m	↑ \$132.7m
Warehouse Stationery	\$34.3m	↑ \$16.8m
Noel Leeming	\$64.9m	↑ \$30.7m
Torpedo7	\$3.3m	↑ \$21.0m
TheMarket	\$(20.7)m	↓ \$5.9m
Other	\$(28.8m)	↓ \$4.0m
Total Group	\$240.6m	↑ \$191.3m



KEY METRICS BY BRAND

Sales Growth

Gross Profit Margin

Online Sales Growth

Growth in Click & Collect Fulfilment



+5.8%

42.2%

+4.8%

+37.9%

430 basis point improvement

to 6.3% of total sales



+2.2%

48.3%

flat

+64.4%

580 basis point improvement

to 10.3% of total sales



+11.7%

23.3%

-6.4%

+9.3%

140 basis point improvement

to 10.5% of total sales



+22.2%

37.9%

+18.6%

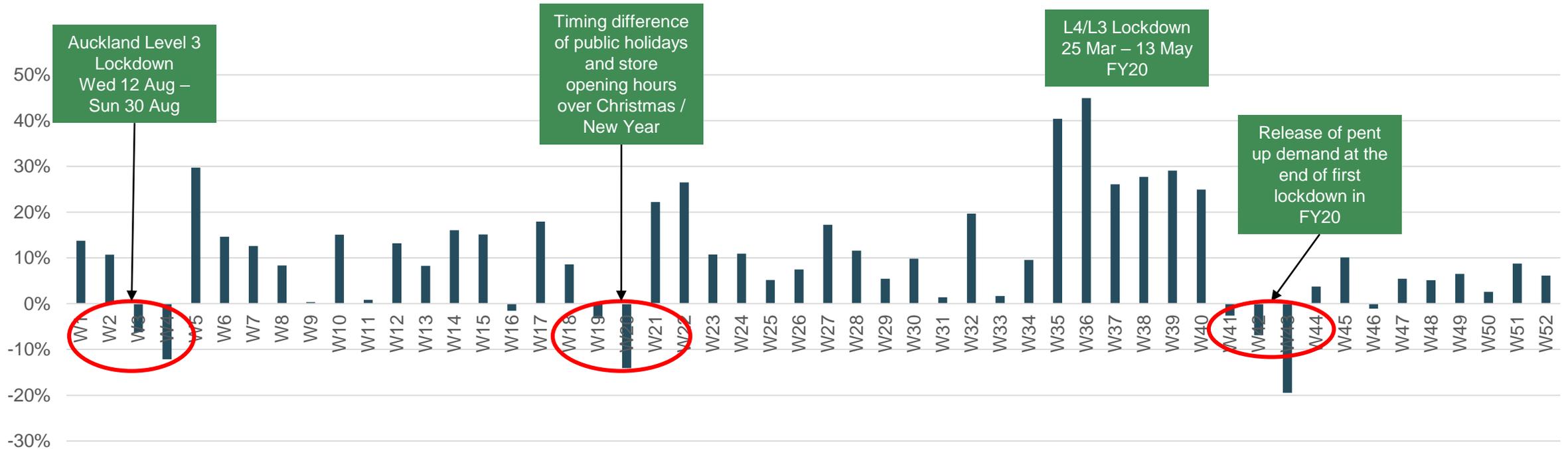
+26.1%

1,500 basis point improvement

to 28.8% of total sales



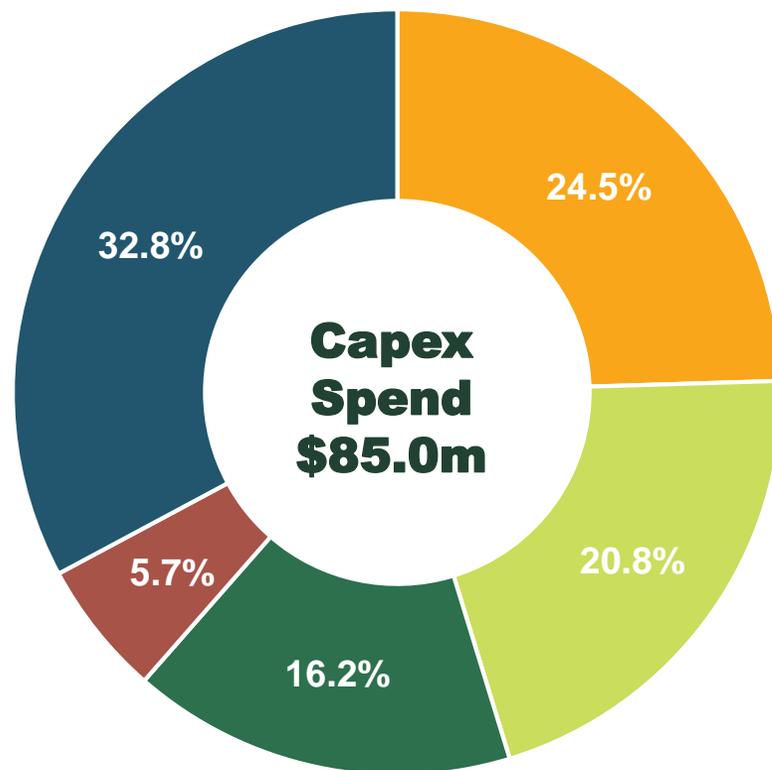
FY21 GROUP H1 AND H2 SALES TREND



\$m	FY21 H1	FY20 H1	Var %	FY21 H2	FY20 H2	Var %	FY21	FY20	Var %
The Warehouse	967.3	939.3	3.0%	837.6	766.7	9.2%	1,804.9	1,706.0	5.8%
Warehouse Stationery	136.6	133.8	2.1%	138.0	135.0	2.2%	274.6	268.8	2.2%
Noel Leeming	593.2	512.8	15.7%	535.0	497.2	7.6%	1,128.2	1,010.0	11.7%
Torpedo7	84.9	65.8	29.0%	73.8	64.1	15.1%	158.7	129.9	22.2%
Other ¹	26.3	31.7	-17.0%	21.9	26.4	-17.0%	48.2	58.1	-17.1%
Total Group Sales	1,808.3	1,683.4	7.4%	1,606.3	1,489.4	7.8%	3,414.6	3,172.8	7.6%

1. Total sales includes sales from TheMarket.com, Other Group operations and Inter-segment eliminations

FY21 CAPITAL EXPENDITURE

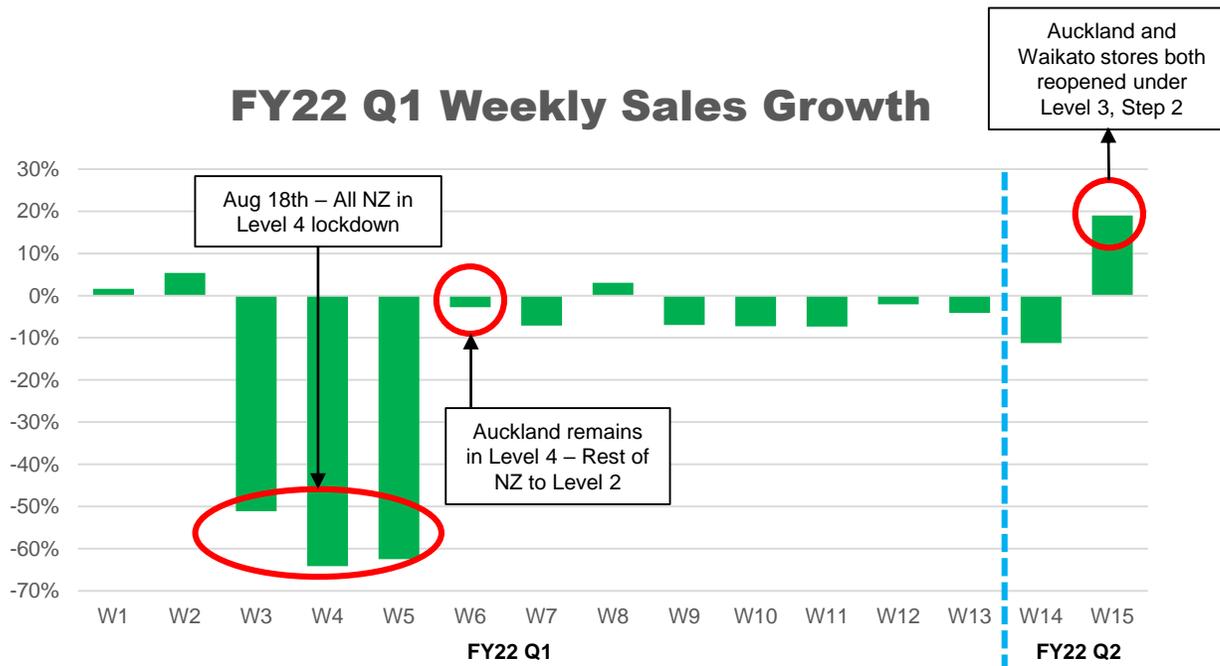


Core Systems	\$ 20.8m
Digital and customer	\$ 17.7m
Store Renewals	\$ 13.7m
Supply Chain	\$ 4.9m
Other	\$27.9m
Total Capital Expenditure	\$85.0m

- The Group's major investments in the year were developing our core systems including ERP finance and inventory systems, Warehouse Management System and cloud-based Master Data Management.
- Significant investment was made in customer focused digital initiatives including the Group eCommerce platform for our brand sites, and further development of TheMarket.com.
- Store renewals included the new The Warehouse, Warehouse Stationery and Noel Leeming stores at Ormiston, the Noel Leeming Silverdale expansion and the new T7 store in Napier. In addition to Ormiston, seven SWAS stores were opened during the year including Masterton, Lyall Bay, Whanganui, Oamaru, Riccarton, Te Awamutu and New Plymouth The Valley.
- We expect capital expenditure in FY22 to be in the range of \$115 million to \$135 million and to remain at this level for the coming years.

FY22 Q1 PERFORMANCE UPDATE

- Group sales for 13 weeks to 31 October 2021 were \$630.7 million, down 14.6% compared to the same quarter in FY21.
- Online sales growth of 118.2% compared to the same quarter in FY21, representing 30.1% of Group sales.
- Group gross profit margin was 32.9% for FY22 Q1, a decline of 200 basis points on FY21 Q1, due to product mix and seasonal stock clearance.



FY22 Q1 Sales⁽¹⁾ FY22 Q1 Online Sales Growth⁽¹⁾

	\$298.2m (down 21.4%)	+164.1%
	\$48.2m (down 22.0%)	+91.8%
	\$238.7m (down 4.8%)	+148.5%
	\$34.2m (up 1.2%)	+73.0%

1. Growth rates are FY22 Q1 compared to FY21 Q1.

LEADERSHIP SQUAD



Nick Grayston
Group CEO



Michelle Anderson
Chief Digital Officer
(departing Dec 2021)



Tania Benyon
Chief Product Officer



Ian Carter
Chief Store Operations Officer



Edwin Gear
Chief Information Officer



Sarah Kearney
Chief Digital Officer
(started Nov 2021)



Jonathan Oram
Chief Financial Officer



Richard Parker
Chief Human Resources Officer



Stewart Smith
General Manager Strategic Projects



Jonathan Waecker
Chief Customer and Sales Officer



Simon West
CEO Torpedo7



Justus Wilde
CEO TheMarket

FORMAL BUSINESS OF MEETING



RESOLUTION 1

RE-ELECTION OF ANTONY BALFOUR

Proxy votes received in respect of this resolution:

Resolution 1	Voted	%
For	194,368,164	98.92
Against	50,857	0.03
Discretionary	2,076,883	1.06
Abstain	29,961	-



RESOLUTION 2

RE-ELECTION OF JOHN JOURNEE

Proxy votes received in respect of this resolution:

Resolution 2	Voted	%
For	194,233,069	98.85
Against	188,137	0.10
Discretionary	2,074,119	1.06
Abstain	30,540	-



RESOLUTION 3

RE-ELECTION OF WILLIAM EASTON

Proxy votes received in respect of this resolution:

Resolution 3	Voted	%
For	194,352,812	98.91
Against	60,194	0.03
Discretionary	2,083,083	1.06
Abstain	29,776	-



RESOLUTION 4

RE-ELECTION OF RACHEL TAULELEI

Proxy votes received in respect of this resolution:

Resolution 4	Voted	%
For	194,308,446	98.90
Against	75,148	0.04
Discretionary	2,091,561	1.06
Abstain	50,710	-



RESOLUTION 5

DIRECTORS' FEES

That, with effect from 1 December 2021, the total directors' fee pool be increased by \$90,000, from \$900,000 per annum to \$990,000 per annum (exclusive of GST), with up to such amount to be divided amongst the directors for their services as directors of the Company as the Board may from time to time determine.

Proxy votes received in respect of this resolution:

Resolution 5	Voted	%
For	18,189,718	87.77
Against	529,597	2.56
Discretionary	2,004,295	9.67
Abstain	175,802,255	-

RESOLUTION 6

AUDITOR FEES

That the Directors are authorised to fix the fees and expenses of PricewaterhouseCoopers as auditors for the ensuing year.

Proxy votes received in respect of this resolution:

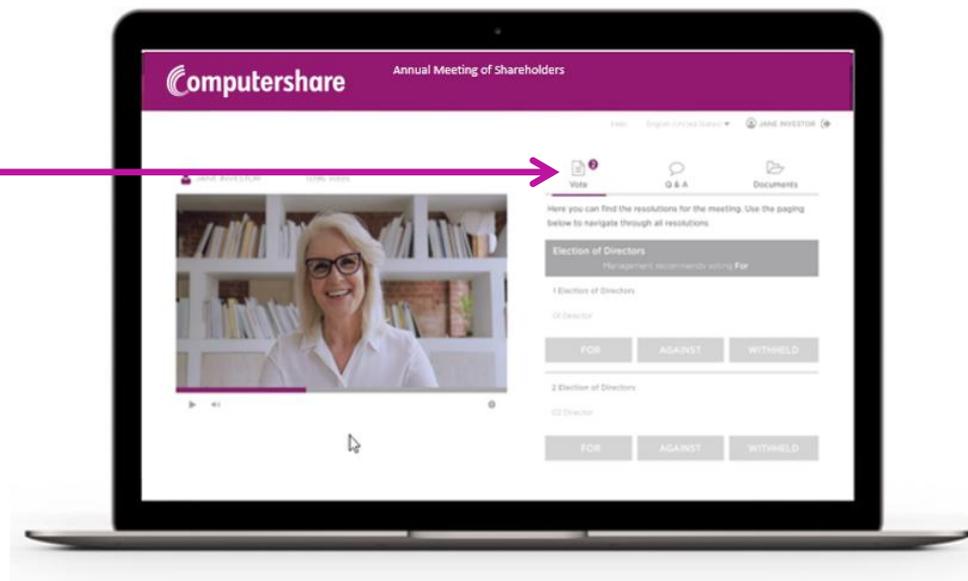
Resolution 6	Voted	%
For	194,328,897	98.90
Against	218,626	0.11
Discretionary	1,945,440	0.99
Abstain	32,902	-

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Discretionary votes held by Directors	
Resolution 1	240,835
Resolution 2	240,071
Resolution 3	240,835
Resolution 4	249,313
Resolution 5	212,523
Resolution 6	116,213

GENERAL BUSINESS & QUESTIONS

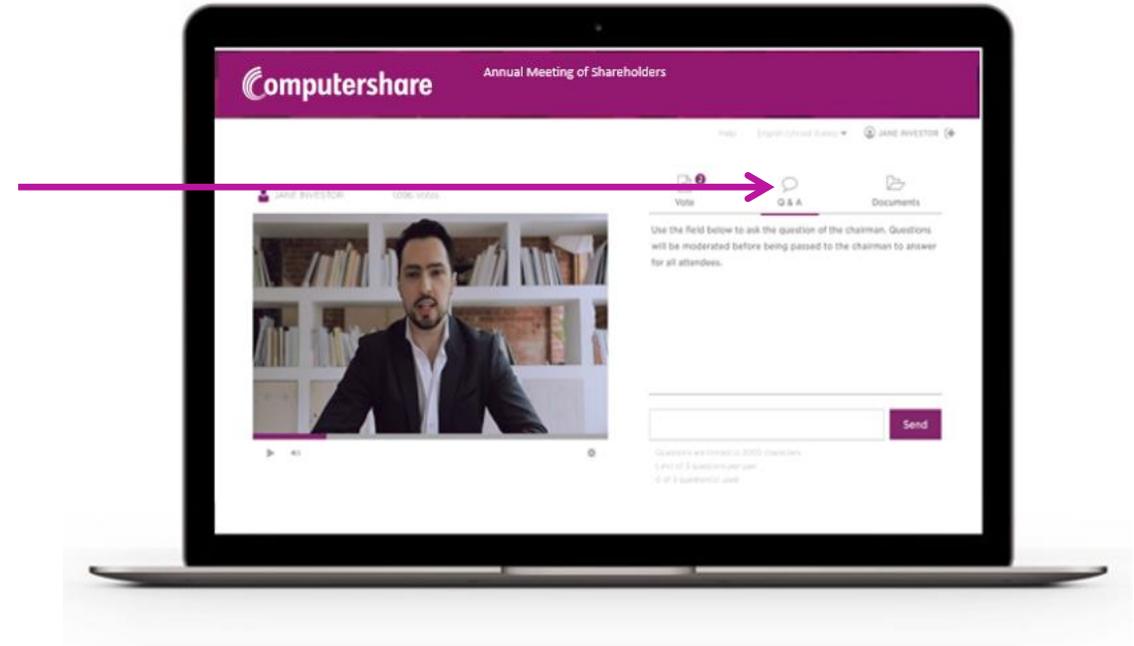


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THANK
YOU



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