To: NZX Limited

Auckland, 25 November, 2022

The Warehouse Group Limited Annual Shareholders' Meeting 2022

The Warehouse Group Limited is holding its Annual Shareholders' Meeting today, commencing at 10am. Attached are the Chair and CEO address and the accompanying presentation.

ENDS

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The Warehouse Group Limited

2022 Annual Meeting - Chair's Address

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

Good morning ladies and gentlemen and thank you for joining us this morning. 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 – both to those of you in the room today, and to all our shareholders who are joining us online.

The notice convening today's meeting was circulated to shareholders on 26 October 2022, and a quorum is present, so I am pleased to declare the 2022 Annual Shareholders' Meeting of The Warehouse Group open. And this is an auspicious occasion, as earlier this week we celebrated the 40th anniversary of the first Warehouse store being opened by Sir Stephen Tindall back in 1982.

After needing to hold our ASM as online only last year due to the Covid-19 outbreak, we are delighted to be here with many of you in person this year.

So, today's meeting is being held both in-person and online via the Computershare Online Meetings platform. This allows shareholders, proxies and guests who were not able to travel and attend the meeting in person the ability to attend the meeting virtually. All of our online attendees can now see a live webcast of this event and read the company documents associated with the meeting. In addition, shareholders and proxies have the ability to ask questions and submit votes, and I will outline the process for that later in the meeting.

Now to the introductions.

With me here today are our directors - Tony Balfour, Dean Hamilton, John Journee, Caroline Rainsford, Julia Raue, and Robbie Tindall. Unfortunately, Rachel Taulelei does have COVID, so is unable to be with us in person, but is joining us today online.

Also joining me on stage is our Group Chief Executive Officer, Nick Grayston, and our Group Chief Financial Officer, Jonathan Oram.

Members of our Leadership Squad are seated in the room and all of us will be available after the meeting for you to meet and speak with.

And we also have with us representatives from our Auditors – PricewaterhouseCoopers, and company legal advisors – Russell McVeagh.

Welcome to you all.

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 FY22 annual results, our distributions to shareholders and an update on our Sustainability journey and the new building blocks and targets we have announced. I will also highlight the changes in our board and governance during the year in review.

Nick Grayston, our Group Chief Executive Officer, will then provide some detail on our strategy and our financial performance including an update on the first quarter of this current financial year and our expectations for the remainder of FY23.

We will then turn to the formal part of the day's business. The resolutions today include the re-election of three Directors and authorising the setting of the 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.

If you have joined the meeting online as I mentioned before, you will be able to submit a question or vote on the resolutions throughout the course of the meeting.

So now we will now move to the formal agenda.

Proxies

Proxies have been received from 421 shareholders representing 201,194,338 voting shares. This represents 58.01% 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.

2021 Annual Meeting

I confirm that the minutes of the 2021 Annual Meeting held on 26 November 2021 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 31 July 2022, together with the Auditor's report are set out in the Company's 2022 Annual Report which was released to the NZX and made available on our website on 28 September 2022.

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.

For those of you attending the meeting virtually, if you have a question to submit during the live meeting, please select the Q&A tab on the right-hand 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 and one of the Computershare team will assist via the chat function 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, they may be amalgamated. Finally, due to time constraints we may not be able to answer all your questions during the meeting. If this happens, we will answer them in due course via email.

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 direction from the options shown on screen. You can vote for all resolutions at once or by each 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 Annual Results Highlights.

The financial year in review started once again with an enormous challenge. Two weeks into the financial year, we were again back into a COVID-19 lockdown for 84 days in Auckland and at least 21 days throughout the rest of New Zealand, bringing yet another call on our team to adapt very quickly.

Resilience, focus and agility have been hallmark themes for the Group over the last two years and I'd like to recognise and commend all our 12,000 team members across The Warehouse Group for another incredible year in responding and serving our customers well through a very demanding period.

Despite the disruption, our teams have continued to innovate, and we have never been more confident in our strategy – to provide a personalised, integrated and frictionless shopping experience for our customers.

A lot was thrown at us in FY22 - COVID-19 store closures and restrictions, disruption to our supply chain and increased ocean freight costs which have had an impact on sales and gross profit margin. Despite all the challenges posed to us during the FY22 year, apart from the record result in FY21, this year was our strongest performance in some 15 years.

Sales were down 3.5% on prior year, but strong against FY20, and stronger still against the last comparable, non-COVID-19 impacted year of FY19. Online sales saw exceptional growth, up 39.8% on the prior year making up 15.3% of total Group sales.

Our focus on gross margin, improved shipping and freight logistics and improved mix of product sales during the year saw Gross Profit performance improve from the first half, and came in at $1.2 billion for the full year. On a gross profit margin basis, our full year 35.3% was down against FY21, but saw the second half recover to 36.1% from 34.7% in the first half.

One issue which added to the complexity of our financial result this year was the decision by the International Reporting Interpretations Committee in April 2021 to change the accounting rules for software as a service. IFRIC has determined that costs incurred under Cloud Computing Arrangements, or SaaS, can only be recognised as intangible assets if the activities create an intangible asset that the Group controls. Costs that do not result in intangible assets are expensed as incurred. Due to The Warehouse Group being part way through a multi-year programme to replace its core systems from being on-premise to a cloud-based architecture – this accounting change is significant for The Warehouse Group and complicates comparisons.

On a comparable basis to prior years, before unusual items and before the SaaS adjustment, FY22 NPAT was $96.9 million, compared to the very strong FY21 year which saw comparable adjusted NPAT $175.5 million, but significantly above both FY20 and FY19 with the respective adjusted NPAT for those years $32.1m and $74.1m.

Reported NPAT for the year in review was $89.3 million compared to $109.3 million in prior year.

The Group dividend 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 provides the Group with flexibility to maintain a stable capital structure, allowing for capital expenditure to invest for future growth, and progressive and sustainable dividends

In accordance with our dividend policy, at the time of the FY22 Annual Results, the Board announced a fully imputed final dividend of 10.0 cents per share. Along with the interim dividend of 10.0 cents per share, that brings the full dividends for the FY22 year to 20.0 cents per share.

The record date for the final dividend was 17 November and will be paid on 2 December 2022.

As I also highlighted last year, capital management is an area of critical focus for the Board. As you are aware our capital spend has been elevated in recent years as we have removed legacy systems and invested in systems and infrastructure to ensure the business has the ability to thrive in this era of omnichannel retail.

We assess the composition of the board on a regular basis, to ensure that the board retains the right mix of functional skills and experience and we publish our skills matrix in our Annual Report. We have a comprehensive director induction programme and conduct regular independently facilitated board performance reviews.

This year we have had two notable movements. Will Easton resigned from the Board in May to focus on other work commitments. We thank Will for his contribution to the Group, which was incredibly valuable through a period of internal transformation and external disruption.

And in August we welcomed Caroline Rainsford as a full director of the Board. Caroline was our Future Director from August 2021 until August 2022, and is the Country Director for Google New Zealand. Caroline is standing for re-election today and will address the meeting shortly.

We are committed to ongoing learning as a board and we have been fortunate to have access to sessions with some of the most highly regarded governors, thinkers, innovators and retail experts around the world.

One of the areas where the Board has spent time observing and learning is in the area of Sustainability.

About 18 months ago we formed a dedicated Board committee to provide oversight on Environmental, social and sustainability issues as they impact the Company and our country.

New Zealanders increasingly expect that the businesses they interact with have a transparent and measurable commitment to sustainability.

We want to take ambitious action to make sustainable living easy and affordable for everyone and we will do this through four building blocks, which will each deliver specific outcomes.

Increasing the number of products with at least one sustainable attribute, such as sustainable production methods, materials or packaging, and help our suppliers reduce their own greenhouse gas emissions;

Enabling sustainable living solutions that help our customers live a healthy, low-carbon lifestyle;

Providing circularity solutions that reduce the amount of post-consumer waste going to landfill;

Increasing the sustainability performance of our operations and decreasing our operational carbon emissions (Scope 1 & 2) to zero by 2040.

Each of these Building Blocks have short-term and long-term targets. They are supported by new data and resource capabilities that embed sustainability outcomes in everything we do. This journey means The Warehouse Group is committed to new ambitions and we have initiatives underpinning each of these which give us a high level of confidence that we will:

1. Achieve 100% of our private label products and packaging to be sustainable or have a circularity solution by 2035;
2. Have 2 million New Zealanders use our sustainable living solutions by 2035;
3. Enable 2.5 million customers to use our waste recycling or circular reuse solutions by 2030;
4. Reach zero emissions in our operational emissions (Scope 1 & Scope 2) by 2040; and
5. Target an 80% reduction of our Scope 3 emissions covering our upstream product suppliers and shipping and transportation by 2040.

Our targets are ambitious, and for some aspects we know that this will require technological solutions that currently do not exist. However, we have strong foundations in sustainable initiatives and investments, and we are changing the shape of our business to achieve our goals.

We are making good progress on our sustainability journey and I'm pleased to share that in FY22 we diverted 73.4% of our operational waste from landfill.

The Group's Scope 1 and 2 emissions did increase very slightly, by 0.3%, driven by an increase in store electricity usage during lockdowns when our stores were operating as fulfilment centres.

We carried more than 35,000 products with at least one sustainable feature, accounting for over $213 million in sales during the year.

98% of our passenger fleet are now Electric Vehicles and we are on the path to a 100% EV passenger fleet this financial year.

Helping to do good remains a key value for us and is an intrinsic part of how we operate. Supporting our communities remains a top priority and overall, we've helped raise$3.7 million for New Zealand charities this year and $79 million since 1982. We now have more than 800,000 members on our group loyalty programme – MarketClub, where we make a donation to a cause of their choice every time a Warehouse customer shops with us.

Now onto our people.

The health and safety of our people, our customers and our suppliers is of utmost priority and we strive to promote a safety culture that supports a workplace where everyone gets home safely at the end of their day.

This year has seen a significant increase in the number of retail store ram raids, particularly in Auckland, and our business has been no exception. These events have been widely publicised in the media, and we are working with the New Zealand Police to try to find solutions to this significant societal problem. Ram raids not only cause damage to our stores, resulting in financial loss through store repairs and loss of product, but they have a severe impact on the mental wellbeing of our people and their ability to feel safe at work. The NZ Police has set up a dedicated retail squad which we are working with and we are focused on deploying deterrents and mitigation measures in and around our stores such as increased bollards, smoke cannons, extra cameras and security, and we are also providing counselling and support for our store team members to ensure they feel safe at work, particularly following incidents in the stores they are employed in.

On behalf of the Group I would like to pass on our deepest sympathy to the family of the victim of the tragedy in Sandringham and our thoughts are also with the dairy owners community as they grapple with the implications of this shocking event.

We have worked hard to ensure The Warehouse Group is an employer of choice for top talent and we are very proud to continue to provide benefits to our team members that make it a world-class place to work. Our Employee Net Promoter Score has never been higher, with eNPS scores up across the board, including in our stores, distribution and fulfilment centres, and in our store support office.

Gender equity remains a core focus for us, and I am pleased to report we have maintained 100% gender pay equity at Group Level, females hold 46.6% of our senior leadership roles and as of August this year we have a 50/50 gender split at Board level. This year, we expanded our Parental Leave policy to offer all permanent team members 26 weeks full pay, topping up the Government's paid parental leave payments to 100% of a team member's salary or wage.

The Warehouse Group has a strong history of giving back to its communities and earlier this week we announced our new Here for Good leave, which gives our team members 8 hours of paid time each financial year to volunteer in a way that is meaningful for them, recognising the close connection we have in the communities we operate in.

Before I hand you over to Group CEO Nick Grayston, I would like to thank our customers across all our five brands – The Warehouse, Warehouse Stationery, Noel Leeming, Torpedo7 and TheMarket.com for continuing to choose us.

Thank you to our team members for their hard work, dedication and their ability and willingness to adapt and rise to the challenge of changing trading environments.

I would also like to thank my fellow Board Members for their contribution this year. Their support and energy have been exemplary as we help guide The Warehouse Group's ongoing retail transformation with our executive team in dealing with the wider socio-economic and geopolitical challenges we're now facing globally.

And on behalf of the Board I would like to thank our CEO Nick Grayston and the outstanding executive leadership team he has working alongside him. The Board and executive working dynamic has moved forward again this year and I know I speak for all my fellow directors when I say it is a privilege to work alongside Nick and the leadership squad in achieving the Group's objectives.

The purpose and strength of any business has truly been tested over the last two years and I'm very proud that the spirit of The Warehouse Group and our strong and focused team have continued to deliver for New Zealanders.

Finally, I would like to thank you, our shareholders, for your continued support and belief in the Company.

I will now hand over to Nick to brief you on the Company's strategy, FY22 performance and FY23 Q1 update.

Thank you, Nick.

2022 Annual Meeting – CEO Review

Thank you, Joan and good morning everyone.

The Warehouse Group has always been an organisation that challenges the status quo to deliver the things that Kiwis need and that comes down to having a shared purpose to help Kiwis live better every day. I'm pleased to let you know about our updated vision, and that is to make sustainable living easy and affordable for everyone.

It's a big, bold ambition with many unknowns, but if not us, then who? And if not now, then when? Our foundations are strong and we've been investing in and building our portfolio of sustainable products, reducing waste for ourselves and our customers through robust recycling programmes and packaging reduction, and implementing various initiatives across the Group to reduce our own emissions to zero by 2040. We are committed to this, and know that it's what our customers want from us as well.

Our values remain unchanged – they underpin our way of working, our culture, and how we deliver on our strategic customer experiences. We go all in, we win for our customer and we are here for good.

We're focusing on five strategic customer experiences to achieve our objectives and to deliver on our long-term strategy and these are Range & value, Availability & fulfilment, Sustainable & affordable, Loyalty & Payments and Customer Service.

We're continuing to build and deliver a modern, integrated retail offering - powered by a customer-centric ecosystem that enables easy and frictionless shopping experiences to create greater customer value.

We have strong ecosystem foundations in place with an established physical footprint and market-leading digital assets.

Our unique combination of local assets, global partnerships and our strong financial position means we can scale our business by investing in the right capabilities to serve our customers more holistically, creating greater customer value over time.

We launched our Group-wide membership programme, MarketClub, initially into The Warehouse and TheMarket.com and this programme now has more than 800,000 members since launch just over 12 months ago.

We continue to invest in being sustainable and affordable in everything we do, and this vision underpins our ecosystem at every stage.

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 better customer fulfilment and payment options in store and online.

While FY21 was a record year in many respects, it is recognised now that the strong bounce back following the first New Zealand lockdown was an anomaly and that this was going to be a tough act to follow given the challenges and headwinds experienced in FY22.

Despite this, we are extremely pleased with the result. While the first half was the most challenging with sales decline of 4.3% year on year, the second half saw disruptions ease, supply chains and networks become easier to navigate and our customers return to stores following long periods of store closures due to lockdowns. The second half saw a reduction in the decline of sales resulting in full year sales of $3.3 billion, down 3.5% compared to FY21.

Our focus on gross margin, improved shipping and freight logistics and improved mix of product sales also saw gross profit improve from the first half, to $1.2 billion for the full year. While this was down 6.2% on FY21, it was a significant improvement from the first half which saw gross profit decline 8.5% compared to the FY21 first half due to increased shipping costs, product mix and clearance activity required to clear unsold stock following COVID-19 lockdowns.

As mentioned, all our brands were impacted in FY22 due to the 84 days store closures in the period, decreasing foot traffic across the group.

The Warehouse Sales were $1.7b, down 4.3%.

Warehouse Stationery sales were $249.7 million, down 9.1%.

Noel Leeming sales were $1.1 billion, down 2.8%, and Torpedo7 sales were $171.5 million – bucking the trend increasing 8.0% from FY21 due to 3 new stores and increased online participation more than offsetting decreased sales due to lockdown store closures.

In the FY22 year, online sales surged as our customers were living, working and schooling from home for a large period of time, particularly in Auckland. In particular The Warehouse online sales increased more than 60% and Noel Leeming online sales increased 50%.

Our digital transformation and increased online and app capability enabled our brands to pivot and still offer customers the products they need in and out of lockdown. Click and Collect also proved to be hugely successful throughout this period with The Warehouse Click and Collect fulfilment increasing 86.8% and making up 45.9% of all The Warehouse online sales. All other brands click and collect fulfilment also increased around 40%.

Our online marketplace, TheMarket.com, also grew in the last financial year. Gross Merchandise Value – being the total sales value through the platform – increased to $110 million in FY22. Driven by 390,000 active customers, with 6,500 brands, 4.2 million products, and increased customer spend of 14% year on year.

The good news is we have seen a reverse of most of these brands' sales declines in the first quarter of this financial year, with sales growth across most brands and I will discuss this shortly.

Capital expenditure increased in FY22 as we increased our investment in core systems and infrastructure.

As Joan mentioned, due to an IFRIC accounting policy change, costs incurred to configure or customise software in Cloud Computing Arrangements (what we call Software as a Service, or "SaaS"), can now only be capitalised and recognised as intangible assets if the activities create an intangible asset that the Group controls. Costs that do not result in intangible assets are expensed through the P&L as incurred.

FY22 capital expenditure on a post-SaaS adjusted basis was $107.5 million versus $63.7 million in FY21, an increase of 69%.

The Group's major investments included continued development of core systems including the Enterprise Resource Planning - Finance & Inventory system (ERPFI), Group Order Management System (GOMS), Warehouse Management System and Master Data Management.

Store development investment include the integration of 10 Warehouse Stationery stores into the Warehouse stores, continuing on our successful store-within-a-store programme, the refurbishment of 3 The Warehouse stores, and the opening of 3 new Torpedo7 stores.

We expect capital expenditure in FY23 to be in the range of $115 - $135 million, and $145 - $165 million on a comparable basis (pre-SaaS Adjustment).

We announced our first quarter sales result for the quarter ending 30 October on the 11th of November and we were pleased to report Group sales of $764.7 million for the first quarter, up 21% on the same quarter in FY22, and up 12% on the same quarter in FY20 (being the last pre-COVID comparative period).

Total Group foot traffic increased 61% in FY23 Q1, compared to the prior period, with Group online sales decreasing 56% compared to FY22 Q1. Extended lockdowns in FY22 saw record-high online sales when customers were unable to visit our stores. In the first quarter of this financial year, online sales represented nearly 11% of total Group sales compared to an unusually high 30% in FY22 Q1.

The Warehouse delivered sales of $414.6 million, up 39% compared to FY22 Q1, and up 12% compared to FY20 Q1 (pre-COVID). Customers continued their search for great value across our entire product range, with grocery continuing to accelerate sales growth of 76% and homeware seeing growth of 32%.

Warehouse Stationery had a strong quarter with sales of $56.9 million, an increase of 18% compared to FY22 Q1, however decreased more than 9% compared to FY20 Q1 (pre-COVID). SWAS stores increased from 29 to 38 stores year on year.

Noel Leeming recorded sales of $246.6 million, up more than 3% compared to FY22 Q1, and up nearly 10% compared to FY20 Q1 (pre-COVID), with particular sales growth in smart home and whiteware categories.

Torpedo7 recorded sales of $37.4 million, increasing 9% compared to FY22 Q1 and sales growth of 57% compared to FY20 Q1 (pre-COVID), with three new stores opening in the last 12 months in Petone, Invercargill and Whangarei taking total stores to 24.

Our Group loyalty programme, **MarketClub**, increased membership to 800,000 customers, up from 600,000 at year end, delivering value to New Zealanders every day.

The global economic environment continues to be volatile and unpredictable.

Cost of living conditions continue to be challenging and we expect to see New Zealanders continue to seek out great value products across our brands as they manage their household budgets.

We are pleased with the sales growth we have seen in the first quarter of this financial year. However, we do remain cautious as we approach our Q2 and our busiest time of year.

We are well positioned as we move toward the Christmas and Summer peak trading period with good levels of stock across all our brands, despite ongoing supply chain constraints.

And an update to our Senior Leadership team.

Last month we were pleased to announce the appointment of Anna Shipley to the role of Chief Corporate Affairs Officer. As we continue our work to help Kiwis live better every day and bring to life our vision to make sustainable living easy and affordable for everyone, our reputation and relationships with customers, communities, government, media and our team members is more important than ever. Since joining The Warehouse Group as Corporate Affairs Lead in October 2021, Anna has made a significant difference to our business, and we're thrilled to have her join the Leadership Team.

To conclude, we have never been more confident in our strategy and how we are tracking against it. We are investing in systems and infrastructure to deliver growth, we are building a group-wide membership programme to reward our customers every step of the way; we are investing in retail media further to unlock the value of our ever-deeper customer relationships; and we are excited about growing our grocery offering. We are doing all this in a measured and sustainable way – to reduce emissions in our own organisation and beyond and to make sustainable living easy and affordable for everyone.

I would like to thank you as shareholders for your continued support and I hope you share my excitement in the year ahead.

I will ask Joan to return to the lectern to conduct the formal part of today's business.

Thank you, Joan.

ENDS