

FY25 Interim Results

26 weeks ending 26 January 2025

21 March 2025



Helping Kiwis live better every day



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Chair's update

Dame Joan Withers Chair



Chair update – Half Year in review

Our turnaround is starting to gain momentum and building the foundations for long-term growth.

- Sales have held up relatively well in a challenging retail environment with subdued customer spending.
- Against this backdrop, we are making real progress – an improving sales trend, cutting costs and capital expenditure, and focusing on the fundamentals.
- We have made excellent progress in reducing cost and capital expenditure. But there's more to do.
- Our priorities are refreshing our core categories, improving efficiency and positioning the business for the future.
- Our disciplined approach, positive cash position and liquidity give us confidence that we will emerge stronger.
- The Board made the difficult but prudent decision not to pay an interim dividend given the half year results and the current best estimate of the full year.
- Notwithstanding the challenging market conditions, we are committed to growing shareholder value over the long term and return to paying dividends when commercially prudent.



Sales
\$1.6bn

Down 1.6% on FY24 H1



Gross Profit
\$521.7m

Gross Profit Margin 32.5%
Down 180bps on FY24 H1



Positive Net
Cash Balance
\$19.0m

From net debt of \$50.7m at FY24 year end

Group update

John Journee
Interim CEO

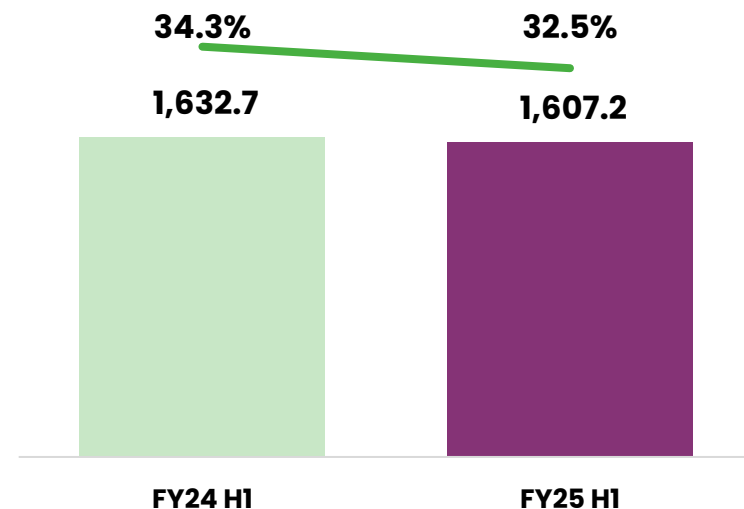


Group update – Half Year in review

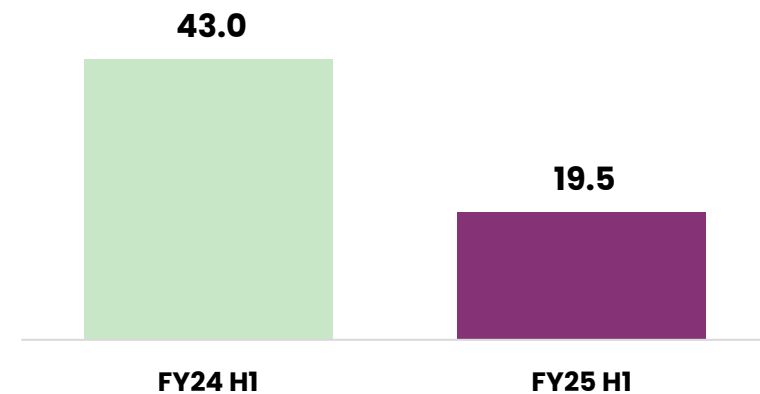
Group Results

- Sales were down 1.6% in the half year – a significant improvement in the decline in sales we saw last year.
- First quarter saw a decline in sales of 2.5% compared to FY24 Q1 with the second quarter improving with a decline in sales of 0.9%.
- Encouragingly, following a soft November and December, we have seen sales growth in January compared to prior year. This has continued into the first month of H2.
- Gross Profit was down 6.8% with margin decreasing 180bps to 32.5% as competitive retail environment and soft consumer demand required resetting of our prices and increased promotional activity.
- We are pleased to report FY25 H1 has seen a reduction of 2.8% in CODB year on year and down from 31.7% to 31.3% as a percentage of sales.
- Despite strict cost control, this has not been enough to offset the decline in gross margins, resulting in Operating Profit¹ (“EBIT”, pre-IFRS16) of \$19.5m in the half, compared to \$43.0m in FY24 H1.
- While sales decreased 1.6%, Group market share² vs NZ Core Retail held relatively steady year on year at 15.5% as NZ Core Retail spending also declined.

Continuing Group Sales (\$m) and Margin (%)



Continuing Group EBIT (\$m)

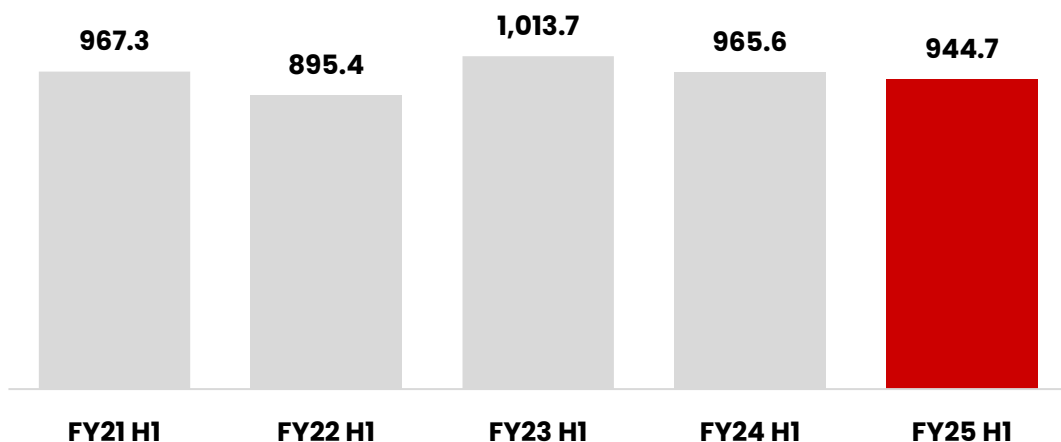


1. Operating Profit (“EBIT”) excludes the impact of NZ IFRS 16 and unusual items and is a non-GAAP measure. For a reconciliation between Operating Profit and Reported EBIT refer to Slide 32 of this presentation and Note 3 of the interim financial statements for the 26 weeks ending 26 January 2025.
 2. Group market share is for six months ending January 2025 compared to six months ending January 2024. NZ Core Retail spend includes retail spend excluding grocery, liquor, travel, fuel, and entertainment spend. TWG Group excluding three main grocery lines (fresh produce, chilled and frozen, and pantry). Source: www.dotlovesdata.com (ANZ).

The Warehouse

	FY25 H1	FY24 H1	Variance
Sales	944.7	965.6	-2.2%
Operating Profit (EBIT pre-IRS16)	12.5	38.8	-67.8%
Operating Margin %	1.3%	4.0%	(270)bps
Online sales	44.3	53.5	-17.3%
Online as % of sales	4.7%	5.5%	(80)bps
Number of stores	85	88	(3)
Rolling 12-month Sales density ²	\$3,785	\$3,857	-1.9%

The Warehouse Sales (\$m)



- Same store sales¹ down marginally 0.5%.
- Flat store traffic and increased traffic sales conversion.
- Homeware and apparel reset in progress. Sales and margins declined in FY25 H1 as we reposition offer and clear older merchandise.
- Toys, FMCG, Beauty, Furniture and Audio all saw pleasing growth in sales.
- Gross profit % declined 210bps in an increasingly competitive environment with lower margin categories mix a meaningful influence.
- CODB decreased 0.4% on prior period.
- Store closures – Milford, Tauranga, Pakuranga.



Same store sales¹
(0.5%)



Store foot traffic
Flat



Store traffic sales conversion
+ 2.1%

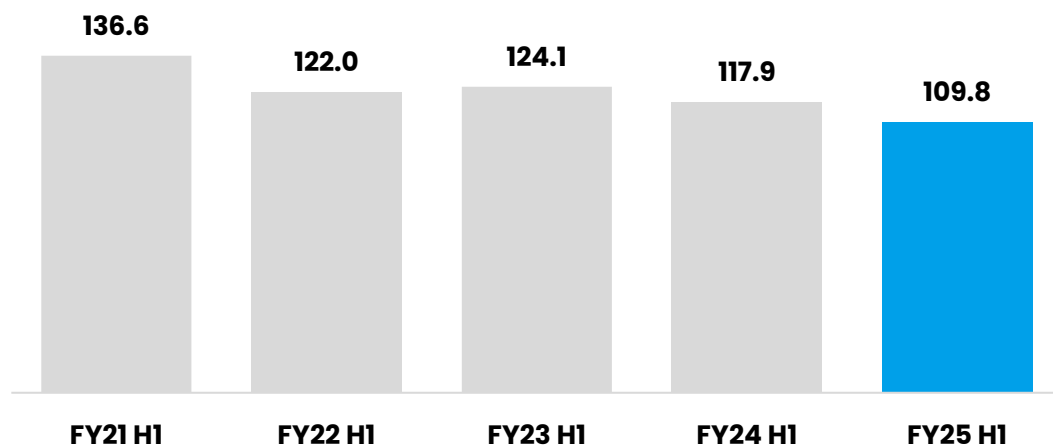


Basket Value
(2.6%)

Warehouse Stationery

	FY25 H1	FY24 H1	Variance
Sales	109.8	117.9	-6.8%
Operating Profit (EBIT pre-IRS16)	2.4	7.7	-69.5%
Operating Margin %	2.2%	6.6%	(440)bps
Online sales	7.4	9.5	-21.7%
Online as % of sales	6.8%	8.0%	(120)bps
Number of stores	66	66	-
Rolling 12-month Sales density ²	\$4,342	\$4,605	-5.7%

Warehouse Stationery Sales (\$m)



- While foot traffic and basket value decreased YoY, more purposeful shopping journeys resulted in a 6.4% increase in traffic sales conversion across our stationery stores.
- Key customer set of 30k Biz Rewards customers continue to struggle.
- Print and Create centres outperformed with growth of 7.3% on prior period at strong margin profile.
- Gross profit % declined 270bps, due to increased promotional and clearance activity, particularly in art, fashion stationery and print & consumables.
- CODB well controlled, decreasing 3.0% on prior period.



Same store sales¹
(6.3%)



Store foot traffic¹
(2.2%)



Store traffic sales conversion¹
+ 6.4%

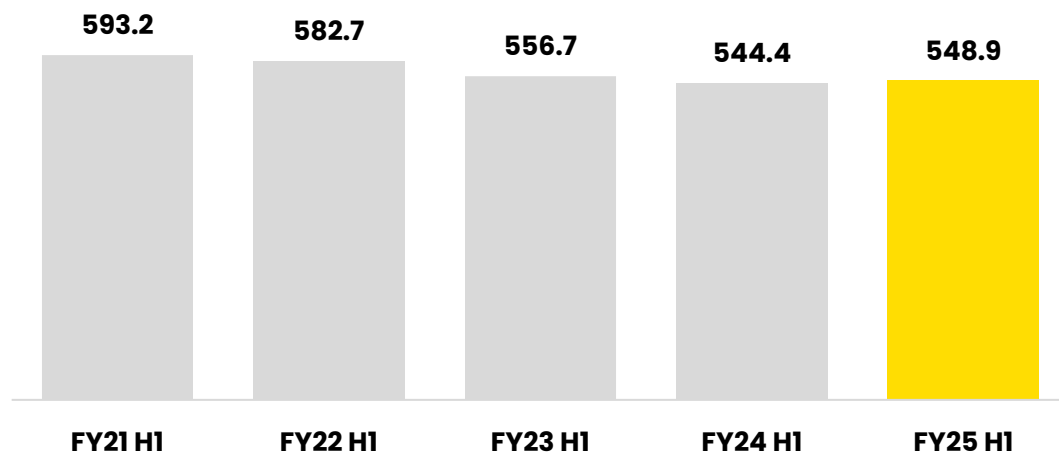


Basket Value¹
(10.0%)

Noel Leeming

	FY25 H1	FY24 H1	Variance
Sales	548.9	544.4	+0.8%
Operating Profit (EBIT pre-IRS16)	8.5	14.3	-40.4%
Operating Margin %	1.6%	2.6%	(100)bps
Online sales	58.5	61.4	-4.7%
Online as % of sales	10.7%	11.3%	(60)bps
Number of stores	66	67	(1)
Rolling 12-month Sales density ²	\$12,533	\$12,870	-2.6%

Noel Leeming Sales (\$m)



- Noel Leeming positive sales growth demonstrated its brand strength and resulted in market share gains.
- Customers shopping missions were more purposeful due to discretionary nature of merchandise. Foot traffic conversion up 7.1%.
- Standout categories included small appliances, audio, smart home tech, and gaming products.
- Gross profit margin held up well in a highly competitive market, decreasing marginally 70bps, with higher sales in lower margin categories.
- CODB increased 2.6% in the half due to reallocation of costs from Group to brands.



Same store sales¹
(1.8%)



Store foot traffic
(1.7%)



Store traffic sales conversion
+ 7.1%



Basket Value
(6.7%)

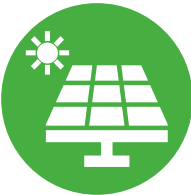
Our ESG progress



40% of private label sales from products with sustainable attributes (FY24: 40%).
60% of private label sales from products with sustainable packaging (FY24: 55%).



Scope 1 and 2 market-based emissions decreased 33% relative to FY24 H1 ¹.



83% stores and sites powered by solar (168 site locations covered by Lodestone Energy supply arrangements).



Diverted 80% operational waste from landfill (FY24: 78%).
122 tonnes of post-consumer waste diverted from landfill (FY24 H1: 137 tonnes).

1. This result should be considered preliminary and has not been subject to external assurance.



Group financial performance

Mark Stirton
CFO



Group financial performance summary

\$ million ¹	FY25 H1	FY24 H1	FY25 Var
Sales revenue	1,607.2	1,632.7	-1.6%
Gross Profit	521.7	559.7	-6.8%
Gross Profit Margin %	32.5%	34.3%	(180)bps
Cost of doing business (CODB) ²	502.2	516.7	-2.8%
CODB %	31.3%	31.7%	(40)bps
Operating Profit³	19.5	43.0	-54.5%
Operating Profit Margin %	1.2%	2.6%	(140)bps
Net Profit After Tax (Adjusted)⁴	10.7	30.7	-65.1%
Reported NPAT⁵	11.8	(23.7)	+149.8%

- Group sales \$1.6 billion down 1.6% on prior period – a resilient performance in a challenging retail trading environment and implementing a turnaround.
- Gross Profit Margin declined 180 bps. For The Warehouse this was due to the strategic intent to reset our everyday low prices. This was further impacted by increased promotional activity and a higher mix of lower margin categories.
- Strict cost control saw CODB pleasingly reduce 2.8% and decreased to 31.3% of sales.
- The combination of lower sales and lower gross profit margin saw Operating Profit decline 54.5% to \$19.5 million.

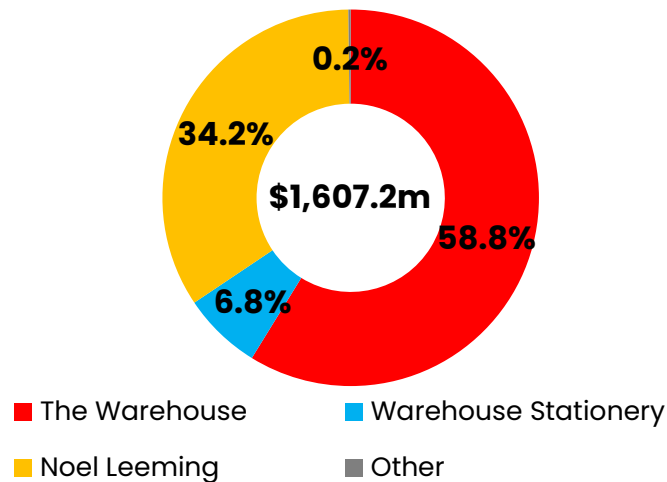
1. All financial results in this presentation are reported on a continuing operations basis (excluding Torpedo7 in FY24 H1) unless otherwise stated.
2. Cost of Doing Business (CODB) excludes the impact of NZ IFRS 16, unusual items, and is a non-GAAP measure.
3. Operating Profit excludes the impact of NZ IFRS 16 and unusual items and is a non-GAAP measure. For a reconciliation between Operating Profit and Reported EBIT refer to Slide 32 of this presentation and Note 3 of the interim financial statements for the 26 weeks ended 26 January 2025.
4. Adjusted NPAT is from continuing operations before unusual items and is a non-GAAP measure. For a reconciliation between Adjusted and Statutory NPAT refer to Note 4 of the interim financial statements for the 26 weeks ended 26 January 2025.
5. Reported NPAT is net profit after tax attributable to shareholders (including discontinued operations).

Quarterly Sales Summary

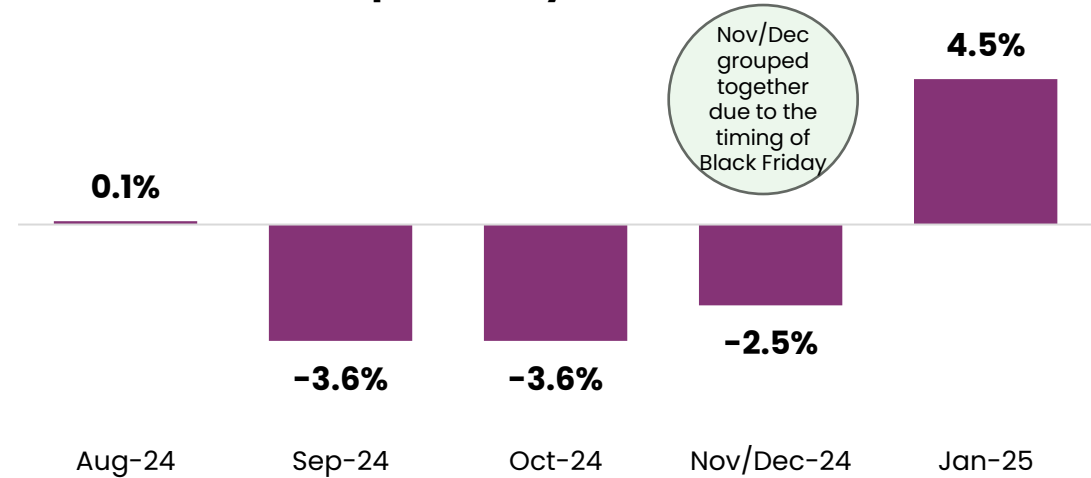
\$million	FY25 Q1	Q1 Var	FY25 Q2	Q2 Var	FY25 H1	H1 Var	H1 Same store sales ¹
The Warehouse	386.3	-2.0%	558.4	-2.3%	944.7	-2.2%	-0.5%
Warehouse Stationery	50.9	-6.8%	58.9	-7.0%	109.8	-6.8%	-6.3%
Noel Leeming	229.1	-2.1%	319.8	+3.1%	548.9	+0.8%	-1.8%
Group Sales	668.0	-2.5%	939.2	-0.9%	1,607.2	-1.6%	-1.1%

- Group same store sales decreased 1.1%. The Warehouse same store sales marginally down 0.5%.
- Total store sqm decreased 3.1%. The Warehouse mostly effected by store movements.
- Group weighted average retail selling price **decreased 4.9%**.
- Number of units sold **increased 3.9%**.

Contribution of sales by brand



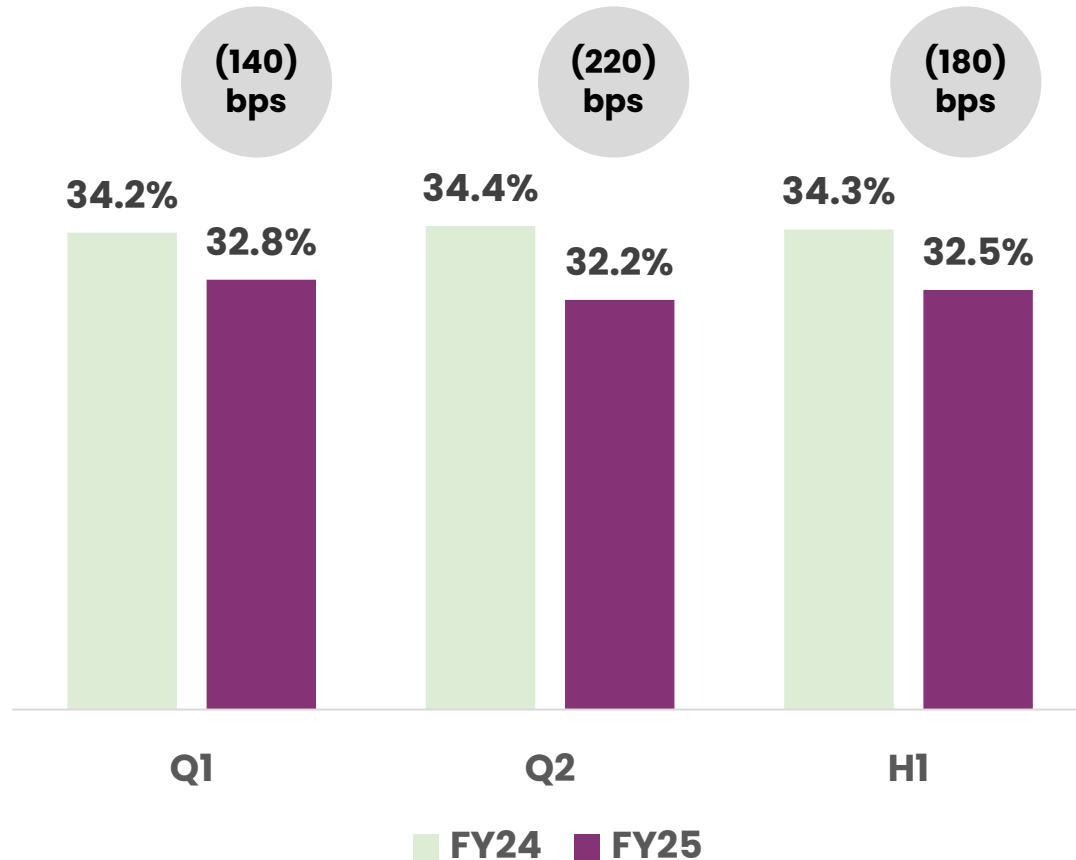
Group Monthly Sales Growth



1. Same store sales excludes online and removes the impact of opening and closing stores year on year. Noel Leeming same store sales excludes NL Commercial.

Gross profit

Gross Profit Margin %

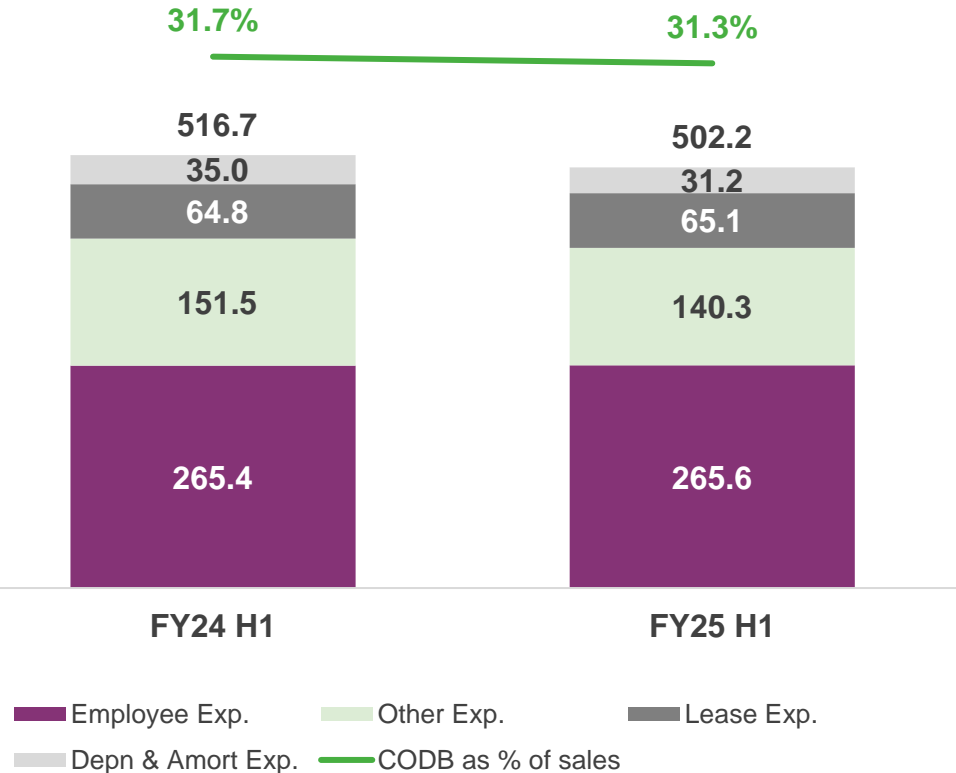


FY25 H1 margins impacts

- Resetting our Everyday Low Price (EDLP) pricing in The Warehouse and Warehouse Stationery.
- Strong performance from lower margin categories in The Warehouse diluted home and apparel which are in recovery state.
- Highly promotional environment due to economy.
- Clearance activity to manage sell through and free up inventory capacity for new products.
- Brand contribution:
 - Noel Leeming margins broadly held.
 - The Warehouse and Warehouse Stationery margins compressed.

Cost of doing business

CODB¹ by category (\$m)

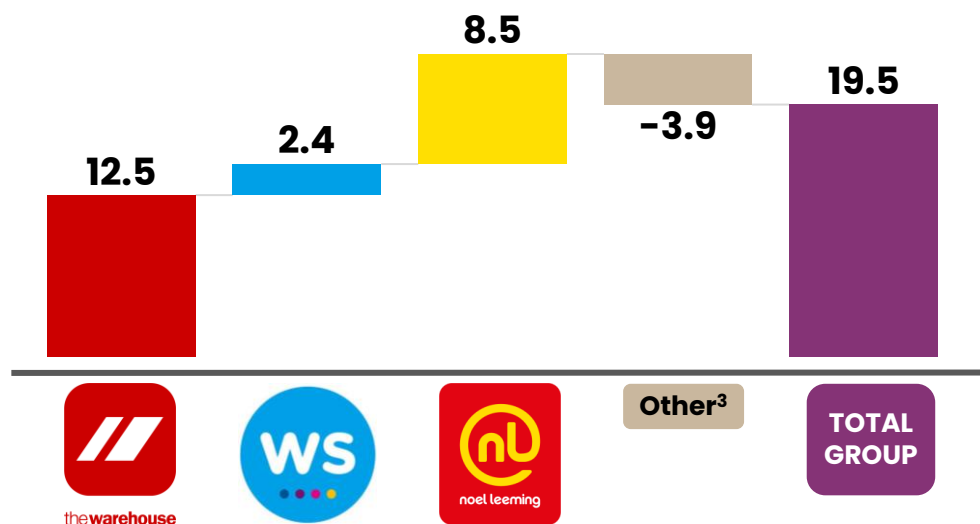


Strict cost control

- CODB reduced by 2.8% to 31.3% of sales. We continue to target cost reduction initiatives with CODB to be less than 31% in the near term.
- Employee costs flat year on year (despite wage rate increases) achieved through re-organisation and vacancy management.
- Strong control of lease expenses.
- Other expenses decreased 7.4% driven by savings, particularly in lower IT and SaaS² spend and travel. Payment commission costs increased as customers shift to “Buy now pay later” payment options – excluding these costs, other expenses decreased 9.5%.
- Depreciation decreased 11.0% through reduced capital allocation.
- Store Support Office costs decreased 12.8% on the prior period.

Operating profit

FY25 H1 Operating Profit¹ (\$m)



Operating Profit Margin	1.3%	2.2%	1.6%	-	1.2%
Brand Sales as % of total Group	58.8%	6.8%	34.2%	0.2%	100.0%
Brand Operating Profit as % of total Group	63.9%	12.1%	43.6%	(19.6%)	100.0%

Operating Profit Contribution (\$m)

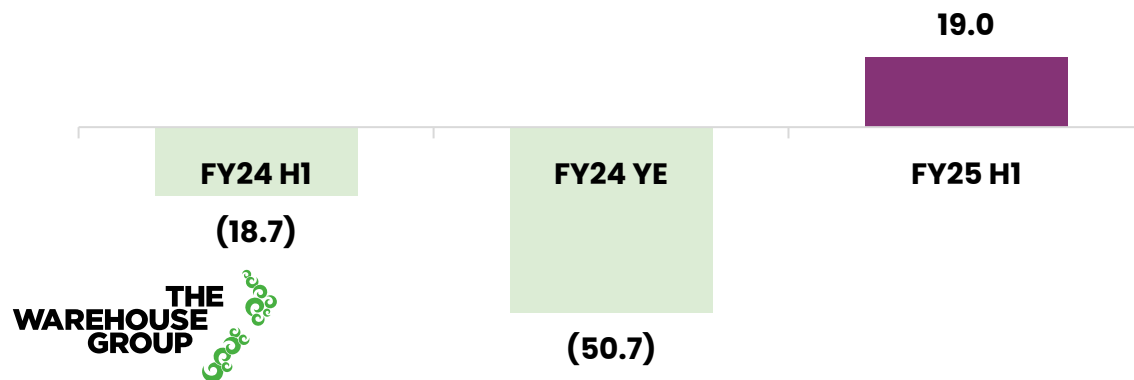
	FY25 H1	FY24 H1	Variance %
The Warehouse	12.5	38.8	-67.8%
Warehouse Stationery	2.4	7.7	-69.5%
Noel Leeming	8.5	14.3	-40.4%
The Market ²	-	(5.3)	-100.0%
Other ³	(3.9)	(12.5)	-69.5%
Total Group	19.5	43.0	-54.5%

- Negative leverage experienced across the three retail brands despite concerted CODB savings ahead of sales.
- Other Operating Loss reduced due to \$5.7 million of costs to now allocated to brands and a further \$2.0 million group overhead cost savings.

Balance sheet

\$ million	FY25 H1 as at Jan-2025	% Var to FY24 Year End
Current assets	690.6	16.9%
Non-current assets	1,012.5	-4.8
Total Assets	1,703.1	2.9%
Current liabilities	737.9	7.4%
Non-current liabilities	642.5	-2.2%
Total Liabilities	1,380.4	2.7%
NET ASSETS	322.7	3.9%
TOTAL EQUITY	322.7	3.9%
Net Cash/(Debt)	19.0	137.4%
Available liquidity	469.0	11.8%
Net (debt)/cash (\$m)		

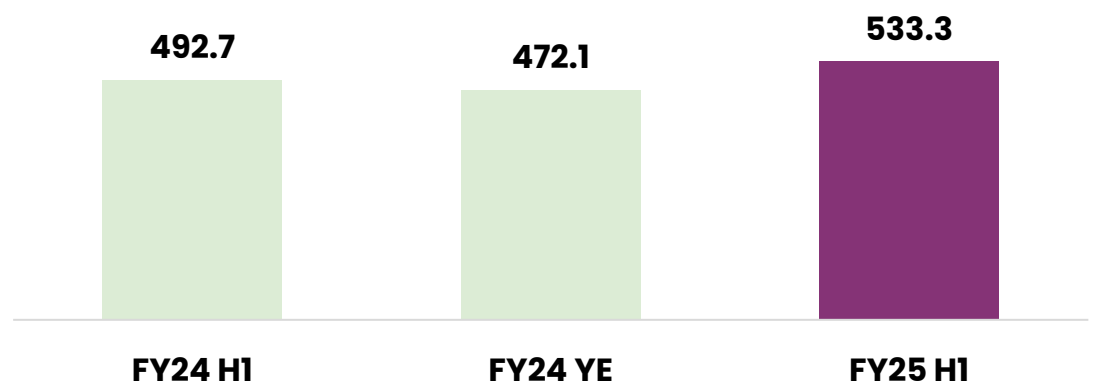
- Positive Working Capital generation for the half despite higher than targeted inventory balances (Ref slide 18).
- Positive net cash balance of \$19.0 million¹ at FY25 H1.
- Committed bank facilities of \$450.0 million, and net cash position of \$19.0 million, provides total liquidity of \$469.0 million as at January 2025.
- Debt covenant measurement criteria met.



1. Comprises cash balance of \$44.3 million less drawn borrowings to \$25.3 million.

Inventory

Inventory (\$m)



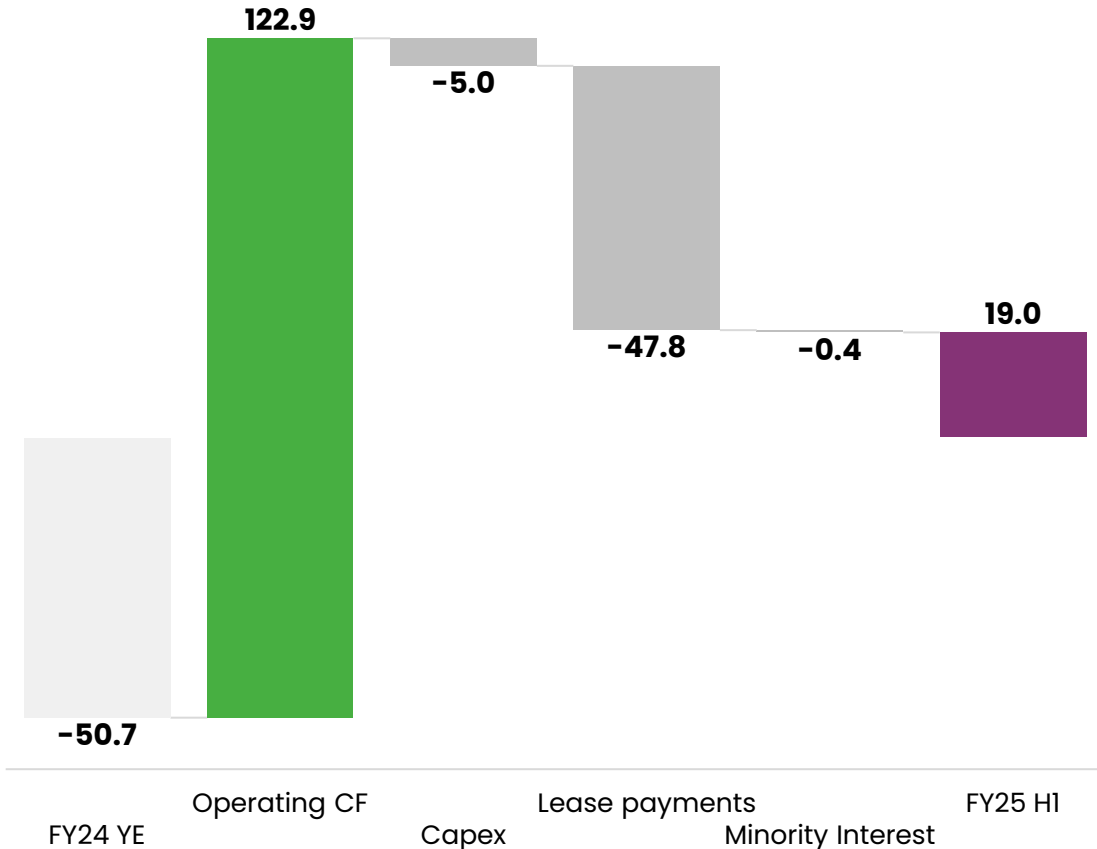
Inventory by brand	FY25 H1	FY24 H1	Variance
The Warehouse and Warehouse Stationery			
Inventory	389.7	350.8	11.1%
Stockturn	3.76	3.84	-2.1%
Noel Leeming			
Inventory	139.7	139.0	0.5%
Stockturn	5.62	6.14	-8.5%

- GMROI¹ at 192% generating consistent return on inventory.
- Inventory up 13.0% from FY24 year end.
- Total Group Aged inventory² at 14.9%, down from 15.8% at FY24 H1.
- Strong focus on inventory management.
- Finished goods inventory increased 17.0% from FY24 YE, offset by lower goods in transit, down 15.8%, as we manage our forward inventory position to year end.
- Strong sell through in new product in key apparel and home categories.

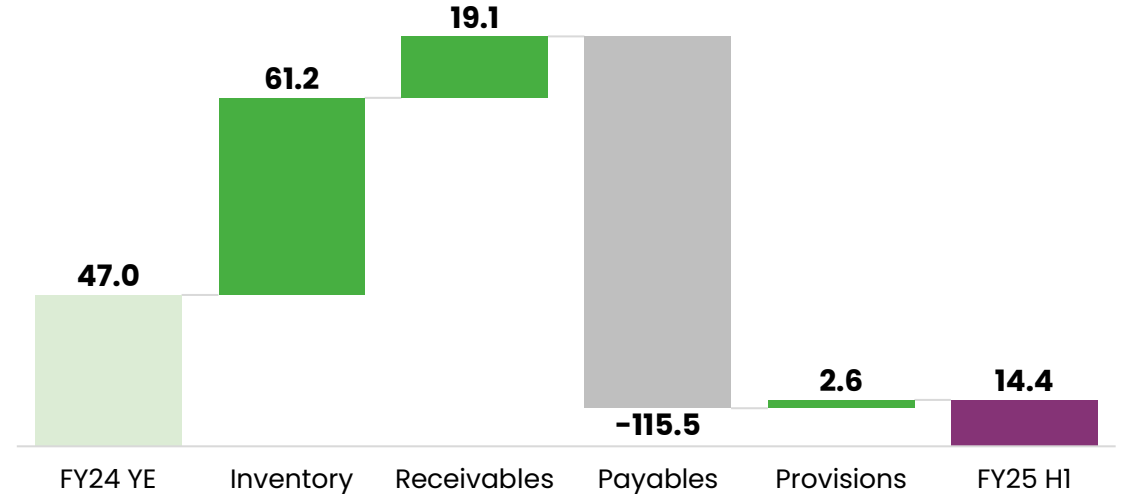
1. Gross Margin Return on Inventory ("GMROI") calculated as rolling 12-month gross profit on average opening and closing inventory at cost (including provisions and goods in transit).
 2. Aged inventory is defined as stock over six months old.

Cash Flow and Working Capital

Cash Flow Bridge (\$m)



Movement in Working Capital (\$m)



- Operating cash flow generation of \$122.9 million aided by positive working capital generation.
- Actively pursuing increased stock turn to improve cash flow.
- Cash conversion¹ improved to 106.1% (FY24 HI: 98.4%).
- Free cash flow yield² has increased to 33.3% (FY24 HI: 17.4%).

Project expenditure

Project Expenditure¹ curtailed 82% with a number of major projects completed and tighter capital allocation framework. FY25 H1 project expenditure of \$8.9 million compared to \$50.2 million in FY24 H1.

Major projects previously in flight materially completed and in stabilisation phase resulting in material decline YoY.

Project spend guidance for FY25 is now expected to be between \$23 million - \$28 million (Prev. \$32m - \$39m)

Project Expenditure (\$ million)	FY25 H1	FY24 H1
Core Systems	4.0	22.5
Other Information Systems	2.8	8.9
Store Development	0.4	5.9
Digital	-	2.0
Supply chain	-	1.8
Other (Store ops and property)	1.7	9.1
Total Project Spend	8.9	50.2

1. Total project expenditure includes capital expenditure, prepayments, SaaS expenditure and project operating expenditure. Other expenditure includes discontinued operations in FY24 H1.



Turnaround update

John Journee
Interim CEO



Our turnaround is gaining momentum

Fighting Fit

Strategies to win

**Deliver
Everyday Low
Prices with the
right range of
products**

**Win key family
shopping
missions &
moments**

**Be an Everyday
Low-Cost
retailer**

**Actively
engage with
our Customers
& Communities**

Deliver Everyday Low Prices with the right range of products

- Lowered prices by an average 8.8%¹ on 1,300 product lines, while buying smarter to protect margins.
- Launched new on-trend products, brands, and ranges, focused on apparel, home, and health & beauty.
- These ranges are driving stronger customer engagement, increased transaction volumes and units sold.

1. Reduction in full everyday low price, excludes clearance and promotional prices.



Win key family shopping missions & moments

- Targeted investments in stores are improving customer experience, making stores brighter and more colourful with lighting and displays.
- Successful introduction of a 'Beauty Zone' concept in selected stores with more stores planned for H2.
- Opened new Noel Leeming Blenheim store in February and a new Warehouse Stationery store is set to open in central Wellington.
- Sales are showing an improving trend - evidence that the right product and pricing mix and experience is resonating.



Be an Everyday Low-Cost retailer

- Implemented strict cost controls across the business and engaged all team members in a cost-saving drive.
- Cost of Doing Business has been cut by 2.8%, from 31.7% to 31.3% of sales, with a target of below 31% in the near term.
- Reduced Store Support Office costs by 12.8%.
- Project expenditure reduced to \$8.9 million this year ensuring investment is more considered.



Actively engage with our Customers & Communities

- We are strengthening our brand relevance and seeing our customers respond well to our recent brand collaborations and in-store activations.
- These include our expanded Kia Kaha apparel range created with the Māori Language Commission, our new and first Basketball NZ range, in-store MCo Beauty activations, and our partnership with Mattel celebrating Barbie.
- Customers continue to engage with our in-store e-waste, ink and toner, and soft-plastics recycling initiatives, and we are increasing efforts to deliver positive community impact through our 'Red Bag' giving.



New Zealand reach

Strong community reach and local presence – **85%** of Kiwis live **within 20 minutes** of a store

Online and app offering – The Warehouse app consistently ranked in the **Top 10 shopping apps** used in NZ¹, with **positive app NPS** of 76

Employer of **~10,000 New Zealanders**

Customer satisfaction²
NPS 81pts (up from 80pts)
PST 76% (up from 75%)



thewarehouse

85 stores
Sqm: 460,229



66 stores
Sqm: 51,524
Including 41 SWAS



66 stores
Sqm: 80,233

1. Source: Data.ai
2. Group Net Promoter Score (NPS) and Perfect Shopping Trip (PST) metrics calculated as weighted average across The Warehouse, Warehouse Stationery and Noel Leeming.

Looking ahead

John Journee
Interim CEO

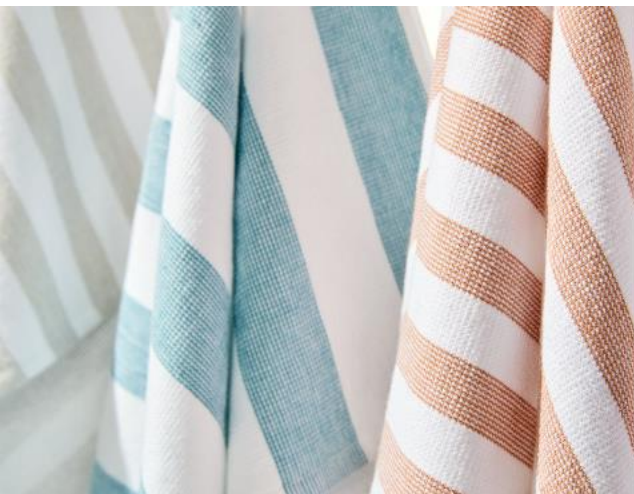


In the year ahead

- Significant uncertainty around the broader economic recovery and the Group's FY25 H2 performance remains.
- At this stage, the Group expects FY25 H2 EBIT will be broadly in line with FY24 H2 EBIT loss of circa \$14 million.
- Our turnaround is gaining momentum and we're in better shape to respond to the uncertainty ahead.
- We remain intently focused on driving improved performance while maintaining financial discipline and keeping costs and capital expenditure under control.
- The Group expects the economy to recover towards the end of calendar year 2025 as lower inflation and interest rates take effect.
- We aren't relying on an economic recovery to fix our business. The turnaround is in our hands.
- Our focus remains on improving performance, driving long-term profitability and returning value to shareholders.
- The Group will share a FY25 Q3 Trading Update on Thursday 8th May and full year FY25 annual results on Thursday 2nd October.



Thank you



Helping Kiwis live better every day

the warehouse



warehouse stationery



noel leeming

Appendix

Additional information

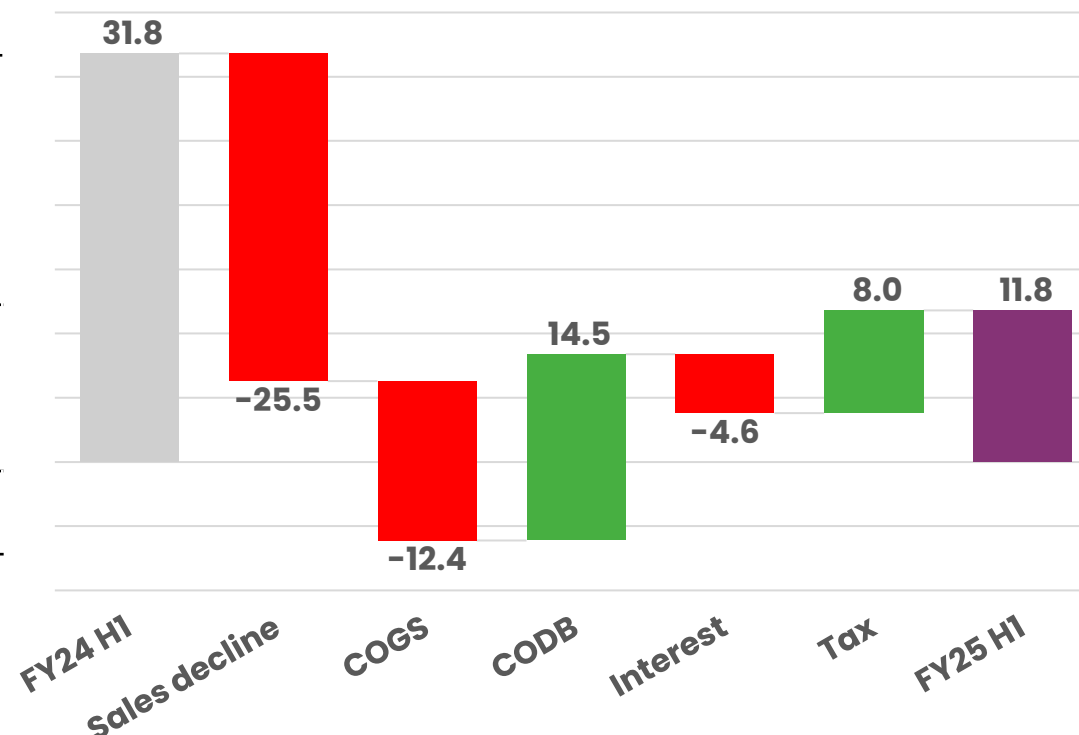


EBIT and NPAT reconciliation

For 26 weeks ended 26 January 2025

\$ million	Operating Profit		NPAT	
	FY25 H1	FY24 H1	FY25 H1	FY24 H1
Reported NPAT			11.8	(23.7)
Loss from discontinued operations (net of tax)			-	55.5
Reported profit from continuing operations¹	38.9	62.8	11.8	31.8
Adjustments for NZIFRS 16 ²	(19.4)	(19.8)	(1.1)	(1.1)
Adjusted profit from continuing operations³	19.5	43.0	10.7	30.7

FY25 H1 NPAT from continuing operations – movement from FY24 H1



Glossary

Term	Definition
C&C	Click & Collect
CODB	Cost of Doing Business
COGS	Cost of Goods Sold
DC	Distribution Centre
EDLP	Every Day Low Price
ELS	Executive Leadership Squad
eNPS	Employee Net Promotor Score
ERPFI	Enterprise Resource Planning – Finance and Inventory
FC	Fulfilment Centre
GOMS	Group Order Management System
NL	Noel Leeming
SaaS	Software as a Service
SSO	Store Support Office
SSS	Same Store Sales
SWAS	Store-Within-a-Store (Warehouse Stationery)
TWL	The Warehouse Limited
WMS	Warehouse Management System
WS	Warehouse Stationery



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A number of non-GAAP financial measures are used in this presentation. You should not consider any of these in isolation from, or as a substitute for, the information provided in the financial statements for the 26 weeks ending 26 January 2025, which are available at www.thewarehousegroup.co.nz.

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