

The Warehouse Group Limited

Interim Financial Statements

For the 26 weeks ended 26 January 2025

For and on behalf of the Board



Joan Withers
Chair

20 March 2025



Dean Hamilton
Chair of the Audit and Risk Committee

Consolidated Income Statement

| | Note | Unaudited 26 Weeks Ended 26 January 2025 \$ 000 | Unaudited 26 Weeks Ended 28 January 2024 \$ 000 | Audited 52 Weeks Ended 28 July 2024 \$ 000 |
|---|------|--|--|---|
| Continuing operations | | | | |
| Retail sales | 3 | 1,607,207 | 1,632,746 | 3,037,597 |
| Cost of retail goods sold | | (1,085,460) | (1,073,023) | (2,016,731) |
| Gross profit | | 521,747 | 559,723 | 1,020,866 |
| Other income | | 7,744 | 2,499 | 7,943 |
| Employee expense | | (265,580) | (265,386) | (512,146) |
| Depreciation and amortisation expense | | (77,041) | (80,054) | (158,558) |
| Other operating expense | | (148,004) | (153,980) | (290,284) |
| Operating profit from continuing operations | 3 | 38,866 | 62,802 | 67,821 |
| Unusual items | 4 | - | - | (8,883) |
| Earnings before interest and tax from continuing operations | | 38,866 | 62,802 | 58,938 |
| Interest on leases | 12 | (17,858) | (18,249) | (36,527) |
| Other net interest | | (4,124) | 436 | (1,850) |
| Profit before tax from continuing operations | | 16,884 | 44,989 | 20,561 |
| Income tax expense | | (4,894) | (12,933) | (14,021) |
| Net profit for the period from continuing operations | | 11,990 | 32,056 | 6,540 |
| Discontinued operations | | | | |
| Loss from discontinued operations (net of tax) | 17 | - | (55,506) | (60,304) |
| Net profit/(loss) for the period | | 11,990 | (23,450) | (53,764) |
| Attributable to: | | | | |
| Shareholders of the parent | | 11,791 | (23,659) | (54,181) |
| Minority interests | | 199 | 209 | 417 |
| | | 11,990 | (23,450) | (53,764) |
| Profit/(loss) attributable to shareholders of the parent relates to: | | | | |
| Profit from continuing operations | | 11,791 | 31,847 | 6,123 |
| Loss from discontinued operations | | - | (55,506) | (60,304) |
| | | 11,791 | (23,659) | (54,181) |
| Basic and diluted earnings per share attributable to shareholders of the parent: | | | | |
| Basic and diluted earnings per share | | 3.4 cents | (6.9) cents | (15.7) cents |
| Basic and diluted earnings per share from continuing operations | | 3.4 cents | 9.2 cents | 1.8 cents |
| Basic and diluted earnings per share from discontinued operations | | - | (16.1) cents | (17.5) cents |

Consolidated Statement of Comprehensive Income

| | | Unaudited 26 Weeks Ended 26 January 2025 \$ 000 | Unaudited 26 Weeks Ended 28 January 2024 \$ 000 | Audited 52 Weeks Ended 28 July 2024 \$ 000 |
|--|--|--|--|---|
| Net profit/(loss) for the period | | 11,990 | (23,450) | (53,764) |
| Items that may be reclassified subsequently to the income statement | | | | |
| Movement in foreign currency translation reserve | | 200 | 60 | 247 |
| Movement in hedge reserves (net of tax) | | 176 | 396 | 7,128 |
| Total comprehensive income/(loss) for the period | | 12,366 | (22,994) | (46,389) |
| Attributable to: | | | | |
| Shareholders of the parent | | 12,167 | (23,203) | (46,806) |
| Minority interest | | 199 | 209 | 417 |
| Total comprehensive income/(loss) | | 12,366 | (22,994) | (46,389) |

Consolidated Balance Sheet

| | Note | Unaudited As at 26 January 2025 \$ 000 | Unaudited As at 28 January 2024 \$ 000 | Audited As at 28 July 2024 \$ 000 |
|--|------|--|--|---|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 13 | 44,322 | 38,557 | 32,204 |
| Trade and other receivables | 6 | 94,001 | 88,288 | 72,901 |
| Inventory | 5 | 533,292 | 492,680 | 472,128 |
| Derivative financial instruments | 14 | 16,610 | 4,401 | 10,786 |
| Taxation receivable | | 2,321 | 9,243 | 2,779 |
| | | 690,546 | 633,169 | 590,798 |
| Assets held for sale | 19 | - | 25,713 | - |
| Total current assets | | 690,546 | 658,882 | 590,798 |
| Non current assets | | | | |
| Trade and other receivables | 6 | 24,348 | 27,745 | 26,321 |
| Property, plant and equipment | 9 | 168,631 | 205,802 | 187,208 |
| Intangible assets | 10 | 150,225 | 165,921 | 159,112 |
| Right of use assets | 11 | 583,433 | 617,209 | 601,610 |
| Deferred taxation | | 85,896 | 99,400 | 89,824 |
| Total non current assets | | 1,012,533 | 1,116,077 | 1,064,075 |
| Total assets | | 1,703,079 | 1,774,959 | 1,654,873 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Borrowings | 13 | 25,350 | 57,300 | 82,900 |
| Trade and other payables | 7 | 577,005 | 511,414 | 461,453 |
| Derivative financial instruments | 14 | 1,133 | 3,022 | 78 |
| Lease liabilities | 12 | 94,470 | 89,981 | 100,098 |
| Provisions | 8 | 39,924 | 42,706 | 42,553 |
| | | 737,882 | 704,423 | 687,082 |
| Liabilities connected to assets held for sale | 18 | - | 29,765 | - |
| Total current liabilities | | 737,882 | 734,188 | 687,082 |
| Non current liabilities | | | | |
| Lease liabilities | 12 | 622,166 | 665,039 | 636,714 |
| Provisions | 8 | 20,326 | 22,974 | 20,342 |
| Total non current liabilities | | 642,492 | 688,013 | 657,056 |
| Total liabilities | | 1,380,374 | 1,422,201 | 1,344,138 |
| Net assets | | 322,705 | 352,758 | 310,735 |
| EQUITY | | | | |
| Contributed equity | | 360,235 | 360,235 | 360,235 |
| Reserves | | 6,957 | 1,017 | 6,581 |
| Retained earnings | | (45,474) | (9,470) | (57,265) |
| Total equity attributable to shareholders | | 321,718 | 351,782 | 309,551 |
| Minority interest | | 987 | 976 | 1,184 |
| Total equity | | 322,705 | 352,758 | 310,735 |

Consolidated Statement of Cash Flows

| | Note | Unaudited 26 Weeks Ended 26 January 2025 \$ 000 | Unaudited 26 Weeks Ended 28 January 2024 \$ 000 | Audited 52 Weeks Ended 28 July 2024 \$ 000 |
|---|------|--|--|---|
| Cash flows from operating activities | | | | |
| Cash received from customers | | 1,600,303 | 1,700,688 | 3,137,910 |
| Payments to suppliers and employees | | (1,454,621) | (1,530,396) | (2,911,346) |
| Income tax paid | | (576) | (10,364) | (4,582) |
| Income tax refunded | | - | - | 7,995 |
| Interest paid (includes interest on lease liabilities) | | (22,181) | (22,449) | (44,107) |
| Net cash flows from operating activities | | 122,925 | 137,479 | 185,870 |
| Cash flows from investing activities | | | | |
| Proceeds from sale of property, plant and equipment | | 32 | 150 | 355 |
| Purchase of property, plant, equipment and computer software | | (5,088) | (28,731) | (39,284) |
| Torpedo7 disposal costs | | - | - | (4,720) |
| Net cash flows from investing activities | | (5,056) | (28,581) | (43,649) |
| Cash flows from financing activities | | | | |
| Proceeds/(repayments) from borrowings | | (57,550) | (19,100) | 6,500 |
| Lease principal repayments | | (47,805) | (51,594) | (99,532) |
| Treasury stock dividends received | | - | 111 | 180 |
| Dividends paid to parent shareholders | | - | (27,905) | (45,312) |
| Dividends paid to minority shareholders | | (396) | (183) | (183) |
| Net cash flows from financing activities | | (105,751) | (98,671) | (138,347) |
| Net cash flow | | 12,118 | 10,227 | 3,874 |
| Opening cash position | | 32,204 | 28,330 | 28,330 |
| Closing cash position | | 44,322 | 38,557 | 32,204 |
| Reconciliation of Operating Cash Flows | | | | |
| Profit/(loss) after tax | | 11,990 | (23,450) | (53,764) |
| Non cash items | | | | |
| Depreciation and amortisation expense - continuing operations | | 77,041 | 80,054 | 158,558 |
| Depreciation and amortisation expense - discontinued operations | 17 | - | 5,423 | 5,423 |
| Right of use asset impairment | 11 | - | 619 | - |
| Share based payment expense | | - | 551 | (804) |
| Torpedo7 asset impairment | 19 | - | 59,497 | - |
| Movement in deferred tax | | 3,860 | (11,064) | (4,119) |
| Total non cash items | | 80,901 | 135,080 | 159,058 |
| Items classified as investing or financing activities | | | | |
| Loss on disposal of property, plant and equipment | | 47 | 583 | 4,027 |
| Loss on disposal of Torpedo7 assets | 18 | - | - | 60,547 |
| Gain on lease terminations | 3 | - | (33) | (160) |
| Supplementary dividend tax credit | | - | 158 | 223 |
| Total investing and financing adjustments | | 47 | 708 | 64,637 |
| Changes in assets and liabilities | | | | |
| Trade and other receivables | | (19,127) | (22,336) | (3,567) |
| Inventory | | (61,164) | (46,048) | (28,034) |
| Trade and other payables | | 112,465 | 102,098 | 54,083 |
| Provisions | | (2,645) | (6,017) | (8,802) |
| Income tax | | 458 | (4,205) | 2,259 |
| Assets held for sale | | - | (3,886) | - |
| Liabilities connected to assets held for sale | | - | 5,535 | - |
| Total changes in assets and liabilities | | 29,987 | 25,141 | 15,939 |
| Net cash flows from operating activities | | 122,925 | 137,479 | 185,870 |

Consolidated Statement of Changes in Equity

| (Unaudited) | Share Capital \$ 000 | Treasury Stock \$ 000 | Hedge Reserves \$ 000 | Foreign Currency Translation Reserve \$ 000 | Employee Share Benefits Reserve \$ 000 | Retained Earnings \$ 000 | Minority Interest \$ 000 | Total Equity \$ 000 |
|--|----------------------------|-----------------------------|-----------------------------|---|--|--------------------------------|--------------------------------|---------------------------|
| For the 26 weeks ended 26 January 2025 | | | | | | | | |
| Balance at the beginning of the period | 365,517 | (5,282) | 6,361 | 220 | - | (57,265) | 1,184 | 310,735 |
| Profit for the half year | - | - | - | - | - | 11,791 | 199 | 11,990 |
| Movement in foreign currency translation reserve | - | - | - | 200 | - | - | - | 200 |
| Movement in derivative cash flow hedges | - | - | 245 | - | - | - | - | 245 |
| Tax related to movement in hedge reserve | - | - | (69) | - | - | - | - | (69) |
| Total comprehensive income | - | - | 176 | 200 | - | 11,791 | 199 | 12,366 |
| Dividends paid | - | - | - | - | - | - | (396) | (396) |
| Balance at the end of the period | 365,517 | (5,282) | 6,537 | 420 | - | (45,474) | 987 | 322,705 |

| (Unaudited) | Share Capital \$ 000 | Treasury Stock \$ 000 | Hedge Reserves \$ 000 | Foreign Currency Translation Reserve \$ 000 | Employee Share Benefits Reserve \$ 000 | Retained Earnings \$ 000 | Minority Interest \$ 000 | Total Equity \$ 000 |
|--|----------------------------|-----------------------------|-----------------------------|---|--|--------------------------------|--------------------------------|---------------------------|
| For the 26 weeks ended 28 January 2024 | | | | | | | | |
| Balance at the beginning of the period | 365,517 | (5,282) | (767) | (27) | 804 | 41,825 | 950 | 403,020 |
| Profit/(loss) for the half year | - | - | - | - | - | (23,659) | 209 | (23,450) |
| Movement in foreign currency translation reserve | - | - | - | 60 | - | - | - | 60 |
| Movement in derivative cash flow hedges | - | - | 550 | - | - | - | - | 550 |
| Tax related to movement in hedge reserve | - | - | (154) | - | - | - | - | (154) |
| Total comprehensive income | - | - | 396 | 60 | - | (23,659) | 209 | (22,994) |
| Share rights charged to the income statement | - | - | - | - | 551 | - | - | 551 |
| Dividends paid | - | - | - | - | - | (27,747) | (183) | (27,930) |
| Treasury stock dividends received | - | - | - | - | - | 111 | - | 111 |
| Balance at the end of the period | 365,517 | (5,282) | (371) | 33 | 1,355 | (9,470) | 976 | 352,758 |

| (Audited) | Share Capital \$ 000 | Treasury Stock \$ 000 | Hedge Reserves \$ 000 | Foreign Currency Translation Reserve \$ 000 | Employee Share Benefits Reserve \$ 000 | Retained Earnings \$ 000 | Minority Interest \$ 000 | Total Equity \$ 000 |
|--|----------------------------|-----------------------------|-----------------------------|---|--|--------------------------------|--------------------------------|---------------------------|
| For the 52 weeks ended 28 July 2024 | | | | | | | | |
| Balance at the beginning of the period | 365,517 | (5,282) | (767) | (27) | 804 | 41,825 | 950 | 403,020 |
| Profit/(loss) for the year | - | - | - | - | - | (54,181) | 417 | (53,764) |
| Movement in foreign currency translation reserve | - | - | - | 247 | - | - | - | 247 |
| Movement in derivative cash flow hedges | - | - | 9,900 | - | - | - | - | 9,900 |
| Tax related to movement in hedge reserve | - | - | (2,772) | - | - | - | - | (2,772) |
| Total comprehensive income | - | - | 7,128 | 247 | - | (54,181) | 417 | (46,389) |
| Share rights charged to the income statement | - | - | - | - | (804) | - | - | (804) |
| Dividends paid | - | - | - | - | - | (45,089) | (183) | (45,272) |
| Treasury stock dividends received | - | - | - | - | - | 180 | - | 180 |
| Balance at the end of the period | 365,517 | (5,282) | 6,361 | 220 | - | (57,265) | 1,184 | 310,735 |

Notes to the Interim Financial Statements

1. GENERAL INFORMATION

The Warehouse Group Limited (the Company) and its subsidiaries (together the Group) trade in the New Zealand retail sector. The Company is a limited liability company incorporated and domiciled in New Zealand. The Group is registered under the Companies Act 1993 and is an FMC Reporting Entity under Part 7 of the Financial Markets Conduct Act (FMCA) 2013. The address of its registered office is Level 4, 4 Graham Street, PO Box 2219, Auckland. The Company is listed on the New Zealand Stock Exchange (NZX).

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The interim financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (GAAP). They comply with New Zealand Equivalent to the International Accounting Standard 34 *Interim Financial Reporting* (NZIAS 34) and International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and consequently, do not include all the information required for full financial statements. These Group interim financial statements should be read in conjunction with the annual report for the 52 weeks ended 28 July 2024.

These interim financial statements have been prepared under the historical cost convention except for the revaluation of certain financial instruments (including derivative instruments). The reporting currency used in the preparation of the interim financial statements is New Zealand dollars, rounded to the nearest thousands unless otherwise stated.

Accounting standards

The material accounting policy information and other explanatory information applied in the preparation of these interim financial statements have been applied on a consistent basis with those used in the audited financial statements for the 52 weeks ended 28 July 2024.

There were no new accounting standards, amended standards or interpretations that became effective during the reporting period that have had a material impact on the Group's interim financial statements.

Non-GAAP financial information

The Group uses operating profit, earnings before tax and interest, unusual items and adjusted net profit to describe financial performance as it considers these line items provide a better measure of underlying business performance. These non-GAAP measures are not prepared in accordance with New Zealand Equivalent to International Financial Reporting Standards (NZ IFRS) and may not be comparable to similarly titled amounts reported by other companies. The Group's policy regarding unusual items and adjusted net profit are detailed in note 4.

Critical accounting judgements, estimates and assumptions

The preparation of the interim financial statements requires the Group to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at balance date and the reported amounts of revenues and expenses during the half year. The same material judgements, estimates and assumptions that are summarised in the audited financial statements for the 52 weeks ended 28 July 2024 were again applied in the preparation of these interim financial statements.

Approval of interim financial statements

These consolidated interim financial statements were approved for issue by the Board of Directors on 20 March 2025. Unless as otherwise stated, the interim financial statements have been reviewed by our Auditors, but are not audited.

Notes to the Interim Financial Statements - continued

3. SEGMENT INFORMATION

| Operating performance | REVENUE | | | OPERATING PROFIT | | |
|--|--------------------------------------|--------------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|-----------------------------------|
| | (Unaudited) | (Unaudited) | (Audited) | (Unaudited) | (Unaudited) | (Audited) |
| | 26 Weeks Ended 26 January 2025 | 26 Weeks Ended 28 January 2024 | 52 Weeks Ended 28 July 2024 | 26 Weeks Ended 26 January 2025 | 26 Weeks Ended 28 January 2024 | 52 Weeks Ended 28 July 2024 |
| Note | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 |
| The Warehouse | 944,743 | 965,630 | 1,792,254 | 12,490 | 38,795 | 17,672 |
| Warehouse Stationery | 109,848 | 117,925 | 231,907 | 2,364 | 7,746 | 12,886 |
| TheMarket.com | - | 2,476 | 4,061 | - | (5,288) | (8,513) |
| Warehouse | 1,054,591 | 1,086,031 | 2,028,222 | 14,854 | 41,253 | 22,045 |
| Noel Leeming | 548,943 | 544,424 | 1,005,217 | 8,516 | 14,290 | 17,342 |
| Other Group operations ¹ | 6,565 | 6,030 | 11,164 | (3,837) | (12,569) | (10,453) |
| Inter-segment eliminations | (2,892) | (3,739) | (7,006) | | | |
| Group | 1,607,207 | 1,632,746 | 3,037,597 | 19,533 | 42,974 | 28,934 |
| Adjustment for NZ IFRS 16 (Leases) | | | | 19,333 | 19,828 | 38,887 |
| Operating profit from continuing operations | | | | 38,866 | 62,802 | 67,821 |
| Unusual items ⁴ | | | | - | - | (8,883) |
| Earnings before interest and tax from continuing operations | | | | 38,866 | 62,802 | 58,938 |
| Operating margin | | | | | | |
| The Warehouse (%) | | | | 1.3 | 4.0 | 1.0 |
| Warehouse Stationery (%) | | | | 2.2 | 6.6 | 5.6 |
| Noel Leeming (%) | | | | 1.6 | 2.6 | 1.7 |
| Total Retail Group (%) | | | | 1.2 | 2.6 | 1.0 |

Operating segments

The Group has three retail brands trading in the New Zealand retail sector. These brands form the basis of internal reporting used by senior management and the Board of Directors to monitor and assess performance and assist with strategy decisions. Brand trading performance is assessed using operating profit, which is a non-GAAP measure that excludes the impacts of NZ IFRS 16 Leases, and is considered a better measure of underlying brand performance. Assets are not allocated to operating segments and the balance sheet is managed and internally reported on a consolidated basis to the senior management and the Board of Directors.

Customers can purchase product from the three main retail chains either online or through the Group's physical retail store network. At period end the Group's physical store network consists of 85 The Warehouse stores, 66 Warehouse Stationery stores (including 41 stores trading within The Warehouse stores), and 66 Noel Leeming stores. The Warehouse predominantly sells general merchandise and apparel, Noel Leeming sells technology and appliance products and Warehouse Stationery sells stationery products.

Other Group operations include a property company, a chocolate factory and the residual cost of unallocated support office functions.

Footnote:

1) The Group changed the method used to allocate corporate costs to brands from the previous half year, resulting in additional costs of \$5.7 million being allocated from 'Other Group operations' to the three retail brands.

| Adjustment for NZ IFRS 16 (Leases) | Note | (Unaudited) | (Unaudited) | (Audited) |
|---|----------|-----------------------------|-----------------------------|--------------------------|
| | | As at 26 January 2025 | As at 28 January 2024 | As at 28 July 2024 |
| | | \$ 000 | \$ 000 | \$ 000 |
| Pre NZ IFRS 16 rent expense | | 65,139 | 64,770 | 129,060 |
| Right of use asset amortisation | | (45,806) | (44,975) | (90,333) |
| Gain on lease terminations | | - | 33 | 160 |
| Impact on operating profit from continuing operations | | 19,333 | 19,828 | 38,887 |
| Lease liability interest | 12 | (17,858) | (18,249) | (36,527) |
| Impact on profit before tax from continuing operations | 4 | 1,475 | 1,579 | 2,360 |

Notes to the Interim Financial Statements - continued

4. ADJUSTED NET PROFIT

| Adjusted net profit reconciliation | (Unaudited) 26 Weeks Ended 26 January 2025 \$ 000 | (Unaudited) 26 Weeks Ended 28 January 2024 \$ 000 | (Audited) 52 Weeks Ended 28 July 2024 \$ 000 |
|--|--|--|---|
| Note | | | |
| Net profit from continuing operations attributable to shareholders of the parent | 11,791 | 31,847 | 6,123 |
| Add back: Unusual items | | | |
| Restructuring costs | - | - | 8,883 |
| Unusual items before taxation from continuing operations | - | - | 8,883 |
| Adjustment for NZ IFRS 16 (Leases) | 3 (1,475) | (1,579) | (2,360) |
| Income tax relating to above items | 413 | 442 | (1,826) |
| Income tax effect of removing ability to claim tax deductions for building depreciation | - | - | 8,046 |
| Adjusted net profit from continuing operations attributable to shareholders of the parent | 10,729 | 30,710 | 18,866 |

Certain transactions can make the comparison of profits between years difficult. The Group uses adjusted net profit as a key indicator of performance and considers it a better measure of underlying business performance. Adjusted net profit makes allowance for the after tax effect of unusual items which are not directly connected with the Group's normal trading activities. The Group defines unusual items as any gains or losses from property disposals, goodwill and brand impairment, costs relating to business acquisitions or disposals, ineffective hedge derivatives and costs connected with restructuring the Group. Following the adoption of NZ IFRS 16 the non-cash impact relating to the lease accounting standard are also excluded from adjusted net profit.

5. INVENTORY

| Inventory | (Unaudited) As at 26 January 2025 \$ 000 | (Unaudited) As at 28 January 2024 \$ 000 | (Audited) As at 28 July 2024 \$ 000 |
|--------------------------------|--|--|---|
| Finished goods | 501,213 | 439,540 | 428,340 |
| Inventory provisions | (15,985) | (13,359) | (13,276) |
| Retail stock | 485,228 | 426,181 | 415,064 |
| Goods in transit from overseas | 48,064 | 66,499 | 57,064 |
| Inventory | 533,292 | 492,680 | 472,128 |

6. TRADE AND OTHER RECEIVABLES

| Trade and other receivables | (Unaudited) As at 26 January 2025 \$ 000 | (Unaudited) As at 28 January 2024 \$ 000 | (Audited) As at 28 July 2024 \$ 000 |
|-------------------------------------|--|--|---|
| Trade receivables | 39,114 | 39,774 | 35,014 |
| Prepayments | 50,695 | 49,823 | 44,679 |
| Rebate accruals and other debtors | 28,540 | 26,436 | 19,529 |
| Total trade and other receivables | 118,349 | 116,033 | 99,222 |
| Less non current prepayments | (24,348) | (27,745) | (26,321) |
| Current trade and other receivables | 94,001 | 88,288 | 72,901 |

Notes to the Interim Financial Statements - continued

7. TRADE AND OTHER PAYABLES

| Trade and other payables | Note | (Unaudited) As at 26 January 2025 \$ 000 | (Unaudited) As at 28 January 2024 \$ 000 | (Audited) As at 28 July 2024 \$ 000 |
|---|------|--|--|---|
| Local trade creditors and accruals | | 347,226 | 318,134 | 290,608 |
| Foreign currency trade creditors | | 119,154 | 101,932 | 88,423 |
| Goods in transit creditors | | 21,026 | 26,975 | 17,069 |
| Goods and services tax | | 55,939 | 18,715 | 28,395 |
| Reward schemes and gift vouchers | | 15,905 | 23,305 | 17,991 |
| Payroll accruals | | 17,755 | 22,353 | 18,967 |
| | | 577,005 | 511,414 | 461,453 |
| Liabilities connected to assets held for sale | 18 | - | 5,535 | - |
| Total trade and other payables | | 577,005 | 516,949 | 461,453 |

8. PROVISIONS

| Provisions | Note | (Unaudited) As at 26 January 2025 \$ 000 | (Unaudited) As at 28 January 2024 \$ 000 | (Audited) As at 28 July 2024 \$ 000 |
|-------------------------------|------|--|--|---|
| Current liabilities | | 39,924 | 42,706 | 42,553 |
| Non current liabilities | | 20,326 | 22,974 | 20,342 |
| Total provisions | | 60,250 | 65,680 | 62,895 |
| Provisions consist of: | | | | |
| Employee entitlements | | 48,688 | 53,108 | 51,749 |
| Make good provision | | 7,600 | 8,032 | 7,373 |
| Sales returns provision | | 3,962 | 4,540 | 3,773 |
| Total provisions | | 60,250 | 65,680 | 62,895 |

9. PROPERTY, PLANT, EQUIPMENT AND COMPUTER SOFTWARE

| Property, plant, equipment and computer software | Note | (Unaudited) As at 26 January 2025 \$ 000 | (Unaudited) As at 28 January 2024 \$ 000 | (Audited) As at 28 July 2024 \$ 000 |
|---|------|--|--|---|
| Property, plant and equipment | | 168,631 | 205,802 | 187,208 |
| Computer software | 10 | 77,269 | 92,965 | 86,156 |
| Carrying amount | | 245,900 | 298,767 | 273,364 |
| Movement in property, plant, equipment and computer software | | | | |
| Carrying amount at the beginning of the period | | 273,364 | 317,572 | 317,572 |
| Capital expenditure | | 3,851 | 27,813 | 39,018 |
| Depreciation and amortisation - continuing operations | | (31,235) | (35,079) | (68,225) |
| Depreciation and amortisation - discontinued operations | | - | (1,311) | (1,311) |
| Classified as held for sale | 18 | - | (9,497) | - |
| Disposals | | (80) | (731) | (13,690) |
| Carrying amount at the end of the period | | 245,900 | 298,767 | 273,364 |

10. INTANGIBLE ASSETS

| Intangible assets | Note | (Unaudited) As at 26 January 2025 \$ 000 | (Unaudited) As at 28 January 2024 \$ 000 | (Audited) As at 28 July 2024 \$ 000 |
|-----------------------|------|--|--|---|
| Computer software | 9 | 77,269 | 92,965 | 86,156 |
| Brands | | 15,500 | 15,500 | 15,500 |
| Goodwill | | 57,456 | 57,456 | 57,456 |
| Net book value | | 150,225 | 165,921 | 159,112 |

The Group performs a detailed impairment assessment of intangible assets prior to the end of each financial year and at each interim reporting date considers if there are any indicators of impairment which could have a bearing on the impairment assessments. The Group's review did not identify any impairment in respect of the cash generating units connected with the Group's material intangible assets.

Notes to the Interim Financial Statements - continued

11. RIGHT OF USE ASSETS

| Right of use assets | Note | (Unaudited) As at 26 January 2025 \$ 000 | (Unaudited) As at 28 January 2024 \$ 000 | (Audited) As at 28 July 2024 \$ 000 |
|---|------|--|--|---|
| Movement in right of use assets | | | | |
| Carrying amount at the beginning of the period | | 601,610 | 661,025 | 661,025 |
| Foreign exchange movement | | 14 | 21 | 45 |
| Additions | 12 | 19,613 | 27,045 | 51,891 |
| Depreciation - continuing operations | 3 | (45,806) | (44,975) | (90,333) |
| Depreciation - discontinued operations | | - | (4,112) | (4,112) |
| Reassessment of lease terms | 12 | 8,002 | 2,267 | 7,026 |
| Lease impairments | 19 | - | (619) | - |
| Leases assigned as part of the Torpedo7 sale | 18 | - | - | (22,429) |
| Lease surrenders and terminations | | - | (1,616) | (1,503) |
| Carrying amount at the end of the period | | 583,433 | 639,036 | 601,610 |
| Less classified as held for sale | 18 | - | (21,827) | - |
| Right of use assets | | 583,433 | 617,209 | 601,610 |

12. LEASE LIABILITIES

| Lease liabilities | Note | (Unaudited) As at 26 January 2025 \$ 000 | (Unaudited) As at 28 January 2024 \$ 000 | (Audited) As at 28 July 2024 \$ 000 |
|--|------|--|--|---|
| Movement in lease liabilities | | | | |
| Carrying amount at the beginning of the period | | 736,812 | 803,158 | 803,158 |
| Foreign exchange movement | | 14 | 23 | 49 |
| Additions | 11 | 19,613 | 27,045 | 51,891 |
| Interest for the period - continuing operations | 3 | 17,858 | 18,249 | 36,527 |
| Interest for the period - discontinued operations | | - | 726 | 958 |
| Reassessment of lease terms | 11 | 8,002 | 2,267 | 7,026 |
| Lease repayments | | (65,663) | (70,569) | (137,017) |
| Leases assigned as part of the Torpedo7 sale | 18 | - | - | (24,117) |
| Lease surrenders and terminations | | - | (1,649) | (1,663) |
| Balance at the end of the period | | 716,636 | 779,250 | 736,812 |
| Less liabilities connected to assets held for sale | 18 | - | (24,230) | - |
| Lease liabilities | | 716,636 | 755,020 | 736,812 |
| Lease liability maturity analysis | | | | |
| Within one year | | 94,470 | 89,981 | 100,098 |
| One to two years | | 91,072 | 86,466 | 90,603 |
| Two to five years | | 247,150 | 234,929 | 232,603 |
| Beyond five years | | 283,944 | 343,644 | 313,508 |
| Total lease liabilities | | 716,636 | 755,020 | 736,812 |
| Current liabilities | | 94,470 | 89,981 | 100,098 |
| Non current liabilities | | 622,166 | 665,039 | 636,714 |
| Total lease liabilities | | 716,636 | 755,020 | 736,812 |

13. BORROWINGS

| Net cash/debt | Note | (Unaudited) As at 26 January 2025 \$ 000 | (Unaudited) As at 28 January 2024 \$ 000 | (Audited) As at 28 July 2024 \$ 000 |
|--|------|--|--|---|
| Cash and cash equivalents | | 44,322 | 38,557 | 32,204 |
| Borrowings | | (25,350) | (57,300) | (82,900) |
| Net cash/debt | | 18,972 | (18,743) | (50,696) |
| Committed bank credit facilities at balance date are: | | | | |
| Committed bank debt facilities | | 450,000 | 490,000 | 470,000 |
| Liquidity buffer | | 468,972 | 471,257 | 419,304 |

The Group complied with the debt ratios and covenants stipulated in the Group's negative pledge arrangement with its banks throughout the half year. Details regarding these covenants and the Group's liquidity policy, can be found in the 2024 Annual Report.

Notes to the Interim Financial Statements - continued

14. DERIVATIVE FINANCIAL INSTRUMENTS

| Derivative financial instruments | (Unaudited) As at 26 January 2025 \$ 000 | (Unaudited) As at 28 January 2024 \$ 000 | (Audited) As at 28 July 2024 \$ 000 |
|---|--|--|---|
| Foreign exchange contracts | | | |
| Current assets | 16,610 | 4,401 | 10,786 |
| Current liabilities | (1,133) | (3,022) | (78) |
| Total derivative financial instruments | 15,477 | 1,379 | 10,708 |
| Classified as: | | | |
| Cash flow hedges | 9,079 | (516) | 8,834 |
| Fair value hedges | 6,398 | 1,895 | 1,874 |
| Total derivative financial instruments | 15,477 | 1,379 | 10,708 |

The Group continues to manage its foreign exchange risks in accordance with the policies and parameters detailed in the 2024 Annual Report. The following table lists the key inputs used to determine the fair value of the Group's foreign exchange contracts and hedge levels at balance date.

US Dollar forward contracts

| | | | |
|---|---------|---------|---------|
| Notional amount (NZ\$000) 0 to 12 months | 351,761 | 383,829 | 367,205 |
| Average contract rate (\$) | 0.5988 | 0.6113 | 0.6070 |
| Spot rate used to determine fair value (\$) | 0.5715 | 0.6095 | 0.5892 |
| Forecast next twelve month USD hedge level (percentage) | 65.8 | 67.7 | 69.6 |

Fair value

The Group's derivatives are not traded in an active market which means quoted prices are not available to determine the fair value. To determine the fair value the Group uses valuation techniques which rely on observable market data. The fair value of forward exchange contracts are determined using the forward exchange market rates at the balance date. For accounting purposes (NZ IFRS 13) these valuations are deemed to be Level 2 fair value measurements as they are not derived from a quoted price in an active market but rather, a valuation technique that relies on other observable market data.

15. COMMITMENTS

| Commitments | (Unaudited) As at 26 January 2025 \$ 000 | (Unaudited) As at 28 January 2024 \$ 000 | (Audited) As at 28 July 2024 \$ 000 |
|--|--|--|---|
| Capital commitments | | | |
| Capital expenditure contracted for at balance date but not recognised as liabilities is set out below: | | | |
| Within one year | 412 | 4,141 | 903 |

16. RELATED PARTIES

Except for directors' fees and key executive remuneration, there have been no other related party transactions during the period.

Notes to the Interim Financial Statements - continued

17. DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group that represents a separate major line of business that is part of a disposal plan. The results of discontinued operations are presented separately as a single amount in the Income Statement.

Last year, the Group sold its Torpedo7 business following the receipt of an unsolicited indicative proposal from Tahua Partners Limited to purchase the Torpedo 7 business assets, with effect from the end of March 2024. The Torpedo7 business operations were consequently reclassified as a discontinued operation. The Torpedo7 results and cash flows for last year were as follows.

| Torpedo7 results and cash flows | Note | (Unaudited) | (Audited) |
|--|------|---------------------------------------|------------------------------------|
| | | As at 28 January 2024 \$ 000 | As at 28 July 2024 \$ 000 |
| Retail sales | | 73,041 | 94,545 |
| Cost of retail goods sold | | (48,396) | (66,325) |
| Gross profit | | 24,645 | 28,220 |
| Other income | | 298 | 365 |
| Employee expense | | (18,110) | (24,178) |
| Depreciation and amortisation expense | | (5,423) | (5,423) |
| Other operating expense | | (10,025) | (12,168) |
| Operating profit | | (8,615) | (13,184) |
| Unusual items | 18 | (60,116) | (60,547) |
| Loss before interest and tax | | (68,731) | (73,731) |
| Interest expense | | (4,456) | (5,644) |
| Loss before tax | | (73,187) | (79,375) |
| Income tax expense | | 17,681 | 19,071 |
| Loss from discontinued operations | | (55,506) | (60,304) |
| Cash flows from discontinued operations | | | |
| Net cash flows from operating activities | | 6,265 | (7,100) |
| Net cash flows from investing activities | | (161) | (5,120) |
| Net cash flows from financing activities | | (5,118) | 11,826 |

18. DISCONTINUED - UNUSUAL ITEMS

Tahua Partners purchased certain Torpedo7 business assets for \$1 at the end of March 2024, which included plant and equipment, inventory, inventory prepayments, the Torpedo7 brand and also assumed the obligations for most store leases, honouring gift cards, customer orders not yet delivered and customer returns. The assets sold and the lease and other liabilities assumed by the purchaser as well as the resulting half year impairment and full year loss are detailed below:

| | Note | (Unaudited) | (Audited) |
|---|------|---------------------------------------|------------------------------------|
| | | As at 28 January 2024 \$ 000 | As at 28 July 2024 \$ 000 |
| Trade and other receivables | | 3,324 | 1,366 |
| Inventory | | 50,562 | 49,214 |
| Working capital | | 53,886 | 50,580 |
| Property, plant, equipment and computer software | | 9,497 | 9,731 |
| Right of use assets | | 21,827 | 22,429 |
| Book value of assets (before impairment) held for sale (half year) / sold (full year) | | 85,210 | 82,740 |
| Gift cards and online fulfilment obligations | | (5,535) | (3,795) |
| Lease liabilities | | (24,230) | (24,117) |
| Liabilities connected to assets held for sale (half year) / assumed by the purchaser (full year) | | (29,765) | (27,912) |
| Net assets (before impairment) available for sale (half year) / sold (full year) | | 55,445 | 54,828 |
| Other adjustments | | 4,671 | 3,215 |
| Redundancy and transaction costs | | - | 2,504 |
| Half year asset impairment / Full year loss on net asset disposal before tax | 17 | 60,116 | 60,547 |

19. HELD FOR SALE ASSETS

| | Note | (Unaudited) |
|--|------|---------------------------------------|
| | | As at 28 January 2024 \$ 000 |
| Book value of assets (before impairment) held for sale | 18 | 85,210 |
| Impairment | | (59,497) |
| Assets held for sale | | 25,713 |

The January 2024 asset impairment (refer note 18) comprises both the impairment of held for sale assets (\$59.5 million) above and the right of use asset for a store lease (\$0.6 million - refer note 11) excluded from the sale agreement and retained by the Group.