



**To: NZX Limited**

Auckland, 22 February, 2024

### **The Warehouse Group sells Torpedo7 to focus on core brands**

The Warehouse Group announced today that it has sold its outdoor brand Torpedo7 to Tahua Partners Limited for \$1.

Tahua Partners Limited will take ownership of Torpedo7's assets, including stock, cash in store and the Torpedo7 brand, and will assume its obligations, including in respect of leases and honouring gift cards, online orders, and customer returns. The majority of the permanent Torpedo7 team will be offered employment by Tahua Partners Limited.

The Warehouse Group expects that the sale will result in a non-cash, pre-tax accounting write-down ranging between \$55 million – \$65 million in the FY24 Half Year Income Statement. This is subject to audit and final review.

The Warehouse Group Chief Executive Officer Nick Grayston says, "While this sale will impact our FY24 Half Year result significantly, we expect that the net cash impact (post tax) of the sale will be close to zero. Importantly, the sale of Torpedo7 will allow us to focus on our core brands and improve the Group's financial performance.

"Torpedo7 represents only 5% of our Group sales, and the tough reality is that our attention and resources are better spent strengthening our core The Warehouse, Warehouse Stationery and Noel Leeming retail brands.

"Torpedo7 has faced ongoing challenges to its performance recently. Lower consumer demand post-Covid, driven in part by a global decline in the bike market, has impacted sales and profitability. We've decided it's time to draw a line under it and we have found an owner who can focus more attention to its turnaround.

"The sale of Torpedo7 is one of the steps we're taking as part of our strategic reprioritisation to narrow and simplify our focus on improving our performance and delivering better value to shareholders and customers. Other initiatives include managing gross profit margin, reducing our cost base and rebalancing capital expenditure."

Grayston says it's bittersweet to see Torpedo7 go, but he was pleased that it would continue to serve Kiwi customers who want to get out and enjoy outdoor adventures, with another New Zealand retailer at its helm.

A Tahua Partners Limited spokesperson said they were delighted to welcome Torpedo7 into their business.

"As a 100% Kiwi owned and operated business with a passion for retail and hospitality, we believe Torpedo7 complements our family of well-loved global and local brands."

The sale is expected to be completed by the end of March 2024. When the transaction is completed, The Warehouse Group will update the NZX.

The Group will release its FY24 interim results on 20 March 2024.

**ENDS**

Contact details regarding this announcement:

Investors and Analysts:	Celia Mearns, Acting Chief Financial Officer To be contacted via Kim Russell +64 9 488 3285 or +64 21 452 860
Media:	Julian Light, Corporate Affairs Partner +64 21 243 8528 Media.enquiries@thewarehouse.co.nz