

2023 THE WAREHOUSE GROUP
**FINANCIAL
STATEMENTS**



Financial Statements

For the 52 week period ended 30 July 2023

The financial statements have been presented in a style which attempts to make them less complex and more relevant to shareholders. The note disclosures have been grouped into six sections: 'basis of preparation', 'financial performance', 'operating assets and liabilities', 'financing and capital structure', 'financial risk management' and 'other disclosures'. Each section sets out the significant accounting policies in green text boxes applied in producing the relevant notes, along with details of any key judgements and estimates used. The purpose of this format is to provide readers with a clearer understanding of what drives financial performance of the Group.

These financial statements have been approved for issue by the Board of Directors on 27 September 2023.



Joan Withers

Board Chair

27 September 2023



Dean Hamilton

Audit and Risk Committee Chair

27 September 2023

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The Warehouse Group Limited is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Level 4, 4 Graham Street, PO Box 2219, Auckland.

Consolidated Income Statement

For the 52 week period ended 30 July 2023

	Note	2023	2022
		\$ 000	\$ 000
Retail sales	2.1	3,399,112	3,294,332
Cost of retail goods sold	8.1	(2,262,388)	(2,129,950)
Gross profit		1,136,724	1,164,382
Other income	3.1	8,585	7,683
Employee expense	3.2	(574,352)	(575,361)
Depreciation and amortisation expense	3.3	(162,696)	(146,122)
Other operating expenses	3.4	(306,211)	(291,812)
Operating profit	2.1	102,050	158,770
Unusual items	5.0	(13,935)	-
Earnings before interest and tax		88,115	158,770
Net interest expense	3.6	(44,521)	(36,831)
Profit before tax		43,594	121,939
Income tax expense	4.1	(13,657)	(34,851)
Net profit for the period		29,937	87,088
Attributable to:			
Shareholders of the parent		29,810	89,311
Minority interests	11.5	127	(2,223)
		29,937	87,088
Earnings per share attributable to shareholders of the parent			
Basic earnings per share	6.0	8.6 cents	25.9 cents
Diluted earnings per share	6.0	8.6 cents	25.9 cents

Consolidated Statement of Comprehensive Income

For the 52 week period ended 30 July 2023

	Note	2023	2022
		\$ 000	\$ 000
Net profit for the period		29,937	87,088
Items that may be reclassified subsequently to the income statement			
Movement in foreign currency translation reserve		(206)	294
Movement in derivative cash flow hedges		(18,510)	8,873
Tax relating to movement in hedge reserve		5,183	(2,484)
Other comprehensive income		(13,533)	6,683
Total comprehensive income		16,404	93,771
Attributable to:			
Shareholders of the parent		16,277	95,994
Minority interest	11.5	127	(2,223)
Total comprehensive income		16,404	93,771

Consolidated Balance Sheet

As at 30 July 2023

	Note	2023	2022
		\$ 000	\$ 000
ASSETS			
Current assets			
Cash and cash equivalents	11.2	28,330	24,999
Trade and other receivables	8.2	76,274	87,853
Inventories	8.1	493,308	562,313
Derivative financial instruments	12.2	5,208	29,491
Current taxation	4.2	5,038	1,505
Total current assets		608,158	706,161
Non current assets			
Trade and other receivables	8.2	20,747	11,664
Property, plant and equipment	9.1	222,289	224,355
Intangible assets	9.2	168,239	151,825
Right of use assets	10.1	661,025	673,278
Investment in associate		-	3,839
Deferred taxation	4.3	88,476	89,227
Total non current assets		1,160,776	1,154,188
Total assets		1,768,934	1,860,349
LIABILITIES			
Current liabilities			
Borrowings	11.2	76,400	66,150
Trade and other payables	8.3	407,339	480,596
Derivative financial instruments	12.2	7,320	668
Lease liabilities	10.3	98,996	95,849
Provisions	8.4	49,292	49,831
Total current liabilities		639,347	693,094
Non current liabilities			
Lease liabilities	10.3	704,162	724,991
Provisions	8.4	22,405	21,165
Total non current liabilities		726,567	746,156
Total liabilities		1,365,914	1,439,250
Net assets		403,020	421,099
EQUITY			
Contributed equity	11.3	360,235	360,235
Reserves	11.4	10	12,739
Retained earnings		41,825	48,940
Total equity attributable to shareholders		402,070	421,914
Minority interest	11.5	950	(815)
Total equity		403,020	421,099

Consolidated Statement of Cash Flows

For the 52 week period ended 30 July 2023

	Note	2023	2022
		\$ 000	\$ 000
Cash flows from operating activities			
Cash received from customers		3,409,163	3,304,417
Payments to suppliers and employees		(3,139,848)	(3,119,707)
Income tax paid	4.2	(11,033)	(42,514)
Interest paid		(44,099)	(36,773)
Net cash flows from operating activities		214,183	105,423
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		30,667	456
Purchase of property, plant and equipment and computer software		(115,088)	(107,469)
Purchase of associate		-	(4,500)
Purchase of minority interest	11.5	(691)	(1,716)
Net cash flows from investing activities		(85,112)	(113,229)
Cash flows from financing activities			
Proceeds from borrowings		10,250	66,150
Lease principal repayments		(101,171)	(98,264)
Treasury stock dividends received		138	381
Dividends paid to parent shareholders		(34,907)	(95,863)
Dividends paid to minority shareholders		(50)	(125)
Net cash flows from financing activities		(125,740)	(127,721)
Net cash inflow/(outflow)		3,331	(135,527)
Opening cash position		24,999	160,526
Closing cash position	11.2	28,330	24,999

Reconciliation of Operating Cash Flows

For the 52 week period ended 30 July 2023

	Note	2023	2022
		\$ 000	\$ 000
Net profit		29,937	87,088
Non cash items			
Depreciation and amortisation expense	3.3	162,696	146,122
Right of use asset impairment	10.1	226	-
Share based payment expense	3.2	804	-
COVID-19 landlord rent relief	10.2	-	(1,775)
Movement in deferred tax	4.3	5,934	4,239
Total non cash items		169,660	148,586
Items classified as investing or financing activities			
Loss on disposal of property, plant and equipment		2,634	1,128
Loss from investment in associate		3,839	661
Gain on lease terminations	2.2	(977)	(2,681)
Supplementary dividend tax credit	4.2	223	481
Total investing and financing adjustments		5,719	(411)
Changes in assets and liabilities			
Trade and other receivables		2,496	(15,564)
Inventories		69,005	(105,162)
Trade and other payables		(59,802)	30,159
Provisions		701	(26,890)
Income tax		(3,533)	(12,383)
Total changes in assets and liabilities		8,867	(129,840)
Net cash flows from operating activities		214,183	105,423

Consolidated Statement of Changes in Equity

For the 52 week period ended 30 July 2023

	Note	Share Capital \$ 000	Treasury Shares \$ 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 week period ended 30 July 2023									
Balance at the beginning of the period		365,517	(5,282)	12,560	179	-	48,940	(815)	421,099
Profit for the period		-	-	-	-	-	29,810	127	29,937
Movement in foreign currency translation reserve		-	-	-	(206)	-	-	-	(206)
Movement in derivative cash flow hedges		-	-	(18,510)	-	-	-	-	(18,510)
Tax relating to movement in hedge reserve	4.3	-	-	5,183	-	-	-	-	5,183
Total comprehensive (loss)/income		-	-	(13,327)	(206)	-	29,810	127	16,404
Contributions by and distributions to owners									
Share rights charged to the income statement		-	-	-	-	804	-	-	804
Minority put options exercised		-	-	-	-	-	(2,379)	1,688	(691)
Dividends paid	7.1	-	-	-	-	-	(34,684)	(50)	(34,734)
Treasury stock dividends received		-	-	-	-	-	138	-	138
Balance at the end of the period		365,517	(5,282)	(767)	(27)	804	41,825	950	403,020
		(note: 11.3)	(note: 11.3)	(note: 11.4)	(note: 11.4)	(note: 11.4)		(note: 11.5)	
For the 52 week period ended 31 July 2022									
Balance at the beginning of the period		365,517	(5,282)	6,171	(115)	-	60,573	(2,694)	424,170
Profit/(loss) for the period		-	-	-	-	-	89,311	(2,223)	87,088
Movement in foreign currency translation reserve		-	-	-	294	-	-	-	294
Movement in derivative cash flow hedges		-	-	8,873	-	-	-	-	8,873
Tax relating to movement in hedge reserve	4.3	-	-	(2,484)	-	-	-	-	(2,484)
Total comprehensive income/(loss)		-	-	6,389	294	-	89,311	(2,223)	93,771
Contributions by and distributions to owners									
Minority put options exercised		-	-	-	-	-	(5,943)	4,227	(1,716)
Dividends paid	7.1	-	-	-	-	-	(95,382)	(125)	(95,507)
Treasury stock dividends received		-	-	-	-	-	381	-	381
Balance at the end of the period		365,517	(5,282)	12,560	179	-	48,940	(815)	421,099
		(note: 11.3)	(note: 11.3)	(note: 11.4)	(note: 11.4)	(note: 11.4)		(note: 11.5)	