



tasmanian
independent
retailers

Feb 2021 (Period 8 - FY22)

IGA Monthly Update

SIW Purchases and Service Levels

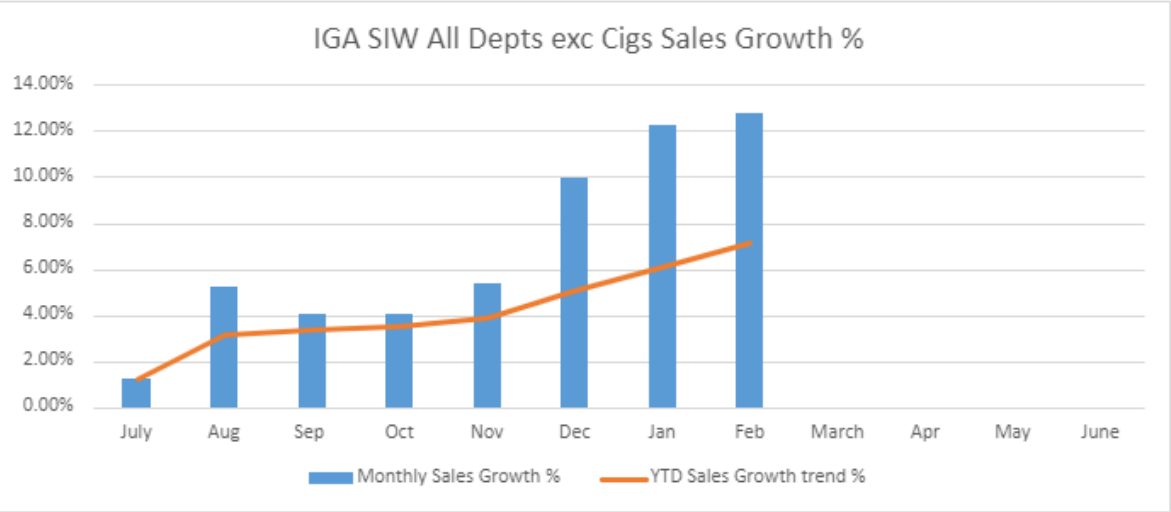


Commercial in Confidence

IGA SIW Sales Performance Overview

Sales and volume growth since the announcement of the reopening of the state and subsequent COVID outbreaks has been significant. As we saw back in March 2020, customers transitioned to shop locally, and this greatly benefited independent supermarkets and is the case once again today.

For all SIW categories (excluding Cigarettes), recent sales have been in double digits and our YTD growth has doubled in this 3-month period. It is also important to note that this growth has come on the back of degraded service levels due to the escalating COVID impacts to the supply chain.



IGA SIW “Year To Date” (Jul – Feb) FY22

SIW Purchases Performance Summary



Performance

- Total Departments (excluding Cigs)
 - Dollars **+7.17%**
 - Volume **+5.75%**
- Cigarettes only
 - Dollars **+1.60%**
 - Volume **-0.53%**
- Invoiced GP Margin (excluding Cigs)
 - GP% 21.75% vs 21.54% (LY)
 - GP\$ + \$1.540m **(+7.46%)**
- SIW Service Levels
 - Dec 92.57% vs 93.37% LY (**down 0.8%**)
 - Jan 85.88% vs 93.23% LY (**down 7.35%**)
 - Feb 85.43% vs 95.42% LY (**down 9.99%**)



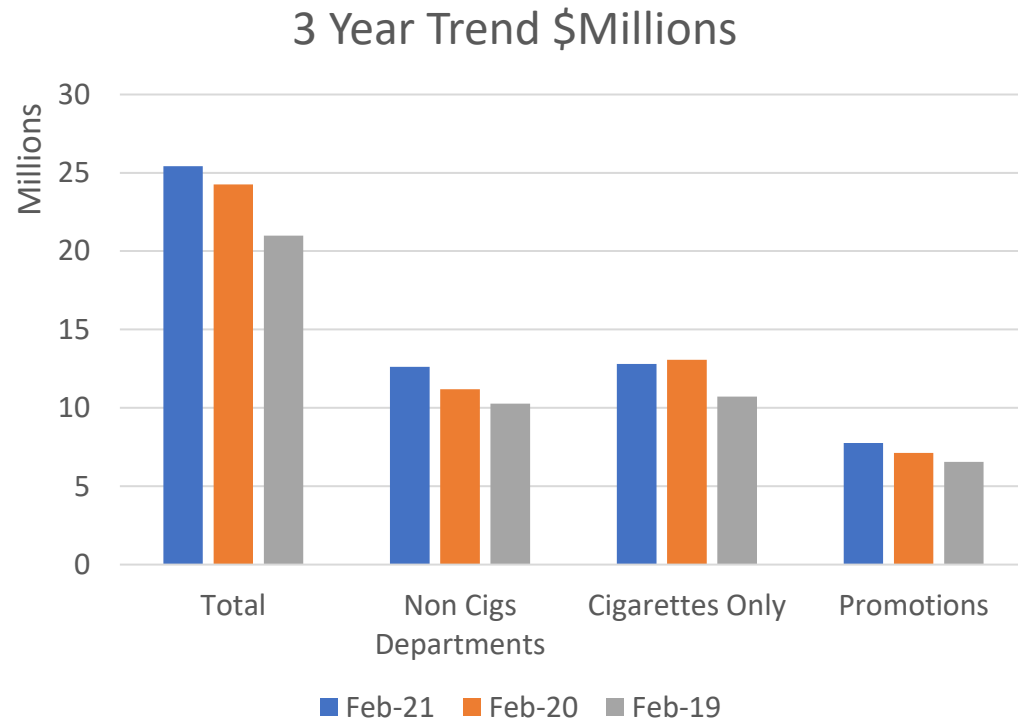
Drivers

- COVID-19 Impact
 - Customers increase their requirement to shop locally
 - State opens to visitors, tourist numbers increase
 - More Christmas functions as families are reunited, extra food purchased
 - As COVID cases increase, the need to have additional food reserves has increased . Additional grocery purchases to cover isolation requirements.
- Sustained warmer weather over summer (Dec to Feb) has increased sales in “cool down” categories.
 - Soft Drinks + 22%
 - Water +21.7%
 - Ice Cream Multipacks + 8.7%
 - Ice + 24.55%
 - Suncare + 42.57% (despite service level being only 30%)

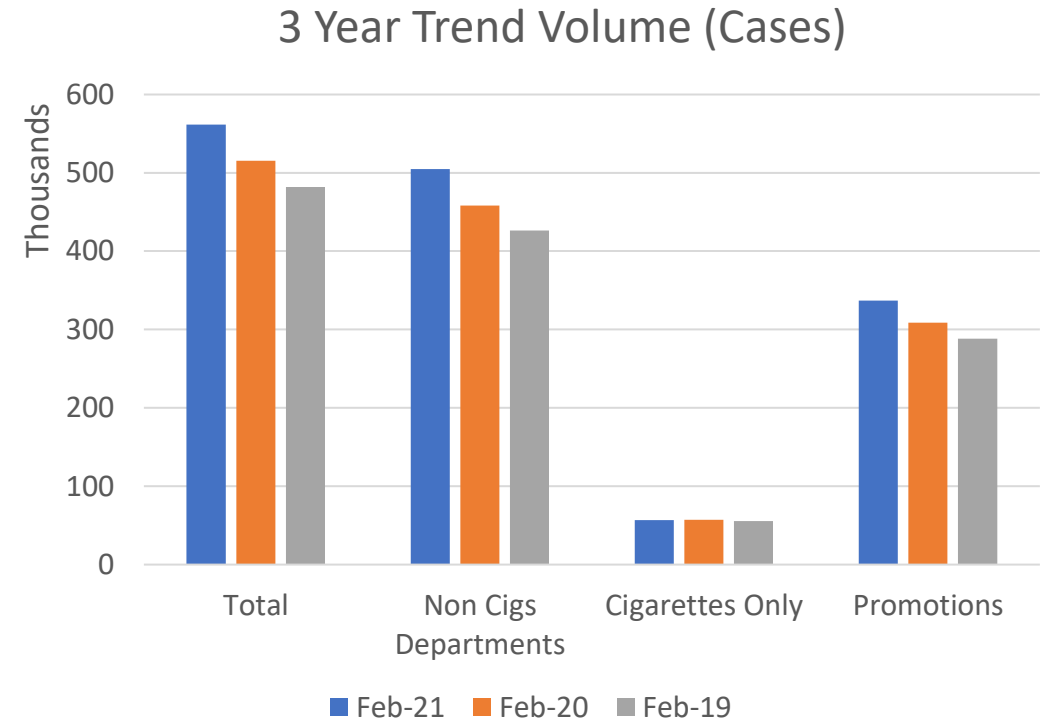
SIW Purchases – Feb 2022



SIW Purchases - \$ Sales



SIW Purchases – Volume (Cases)



IGA SIW SERVICE LEVEL TREND

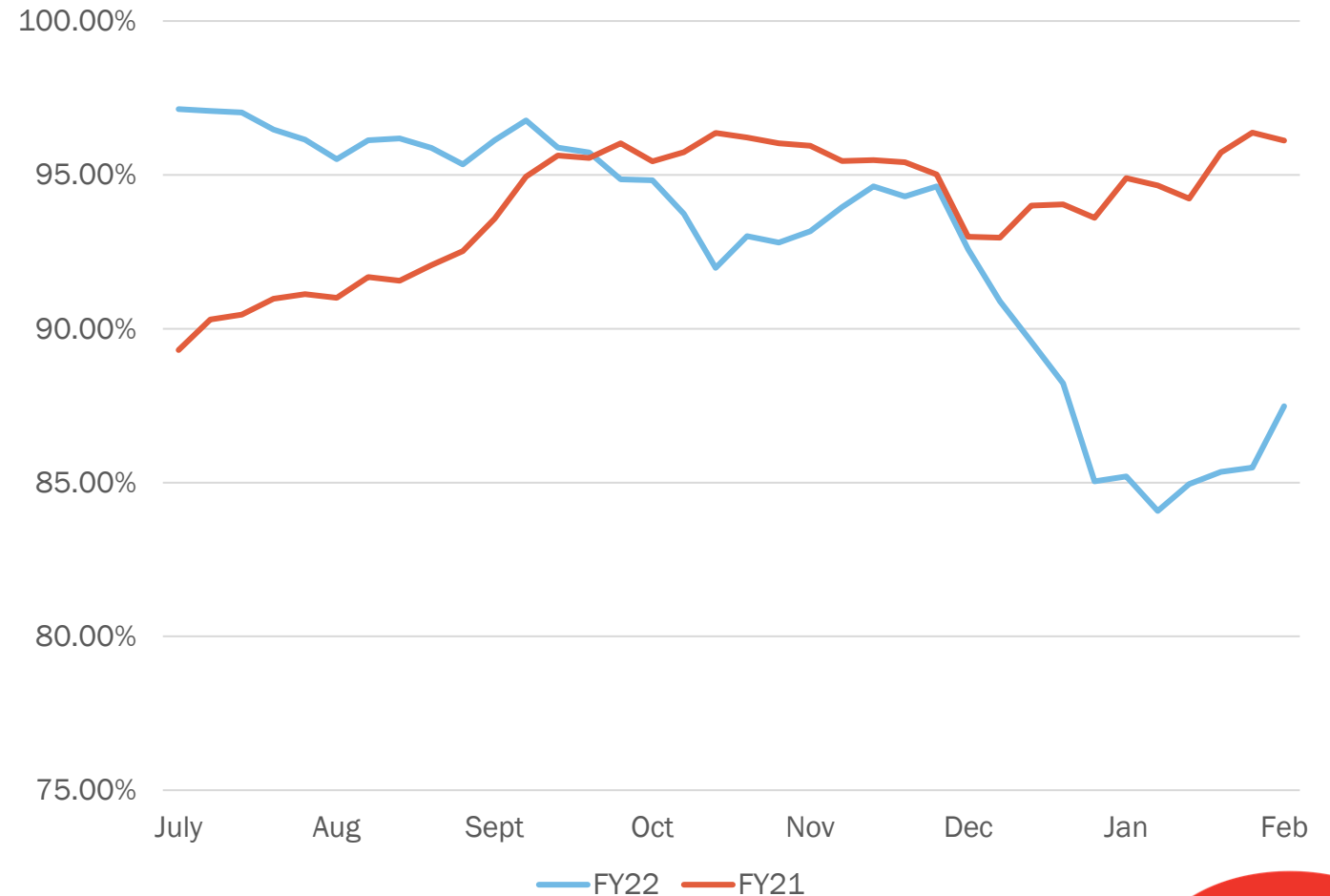


Feb 2022

85.43%

SIW is dealing with all the challenges that COVID is bringing to the Supply Chain. This is a National issue.

SIW Service Level Trend 2021-2022



IGA SIW Sales Performance Outlook

We live in unprecedented times as the World and Australia face some enormous challenges. Pressure will remain on global and local supply chains but should ease as COVID becomes more manageable in the community.

While the World looks to the conflict in Ukraine to be resolved as soon as possible, the ramifications are already being felt, especially with skyrocketing fuel prices. Similarly, here in Australia, the recent flood events will impact pricing for fresh food as supply will be scarce in some sectors.

Inflation will be a key issue for the remainder of 2022. We have already seen a significant level of supplier cost price increases, and we are expecting a lot more as suppliers recover costs associated with the impact of the COVID pandemic.

Sales growth is unfortunately assured with the expected level of inflation, but customers will begin feeling the pinch on their home budgets. They may adjust spending on their non-essential purchases.

More and more, customers will be looking for value in an environment of increasing prices. It will become essential that we continue to provide an alternative value offer in the market.

