

21 January 2025

Catch wind down and OneDigital update

Wesfarmers today announced that Catch will cease to trade as a standalone operating business in the fourth quarter of the 2025 financial year. Catch's e-commerce fulfilment centres will be transferred to Kmart Group, while select digital capabilities developed in Catch will be transferred to Wesfarmers' retail divisions. This will eliminate the losses associated with Catch as a standalone entity and strengthen the retail divisions' omnichannel offers.

Wesfarmers Managing Director Rob Scott said the decision was in the best interests of shareholders and would better leverage the assets and capabilities developed within Catch.

"While Catch's financial performance has been challenging, we have gained valuable insights and capabilities that have accelerated the Group's digital transformation and supported the development of the OnePass membership program," Mr Scott said.

"Since the acquisition of Catch in 2019, Wesfarmers' retail divisions have significantly enhanced their data and digital operations, recording more than \$3 billion in e-commerce sales and 220 million monthly digital interactions with customers in the 2024 financial year. Wesfarmers' retail divisions currently represent the largest non-food, omnichannel retail group in Australia.

"The recent increase in competitive intensity in the Australian e-commerce sector has affected Catch's financial performance and growth prospects. In this environment, the Group's retail and health businesses, with their leading omnichannel offerings and trusted brands, are better positioned to respond as the market and customer expectations evolve. These businesses are supported by extensive store networks, leading e-commerce platforms, the Group's shared data asset and complementary loyalty and membership programs, including OnePass. Together, these elements provide the opportunity to cost-effectively scale the Group's customer propositions, helping create shareholder value.

"We thank the Catch team for their hard work improving the operating performance of the business and building valuable capabilities for the Group. Where possible, opportunities for redeployment within the Group will be offered to affected team members."

Transition plans

Catch's dedicated e-commerce fulfilment capabilities at its Moorebank, New South Wales and Truganina, Victoria fulfilment centres will be transferred to Kmart Group in the fourth quarter of the 2025 financial year. This use of centralised fulfilment is expected to improve the customer experience and efficiency of Kmart Group's e-commerce operations.

Kmart Group Managing Director Ian Bailey said the transfer of Catch's fulfilment centres builds on the successful partnership between Kmart and Catch at Moorebank.

"Kmart Group can better utilise Catch's fulfilment centres, which are currently less than 50 per cent utilised. The transition will result in faster deliveries to customers at a lower unit cost, while relieving pressure on our busy stores."

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The transition of Catch's fulfilment centres is expected to have a positive but not material impact on Kmart Group earnings in the 2026 financial year, with benefits expected to increase as online sales grow.

Following the wind down of the Catch retail business, select digital capabilities, including specialist personnel and supplier relationships, will be transferred to other retail divisions.

An update on the wind down and transition of Catch will be provided at the Wesfarmers Strategy Briefing Day in May 2025.

One-off costs and Catch preliminary half-year earnings results

Wesfarmers expects to record one-off costs associated with the wind down and transition of Catch of between \$50 million and \$60 million, to be included in the results for the second half of the 2025 financial year. This amount does not include the operating losses Catch will incur from trading in the second half of the 2025 financial year. The expected one-off costs include approximately \$25 million to \$30 million of non-cash costs.

Subject to review by the Group's auditor, Catch is expected to report an operating loss before tax of between \$38 million and \$40 million, for the half-year ended 31 December 2024. This does not include any of the expected one-off costs associated with the wind down and transition.

OneDigital update

OneDigital continues to accelerate the Group's data and digital ambitions, offering customers a more rewarding omnichannel experience across the retail and health divisions, while leveraging data analytics to support each division's growth agenda.

The OnePass membership program continues to provide members with compelling instore and online benefits and is driving higher shopping frequency and incremental sales. The Group's shared data asset, which includes more than 12 million customer records, is enabling the Group to better understand customers, improve personalisation and identify cross-shop opportunities. Importantly, the asset is supported by continued investment in privacy, security and data governance.

OneDigital will now accelerate the development of a Group retail media network. This will include an investment in shared systems, data and sales capabilities to commercialise retail media across the retail and health divisions.

In line with previous guidance, the operating loss for OneDigital (excluding Catch) is expected to be approximately \$70 million for the 2025 financial year. This includes the costs associated with increased investment in the development of retail media capabilities. The benefits from the Group's investment in OneDigital continue to be embedded in the divisional results.

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This announcement was authorised to be given to the ASX by the Wesfarmers Disclosure Committee.