



NZX | Market release – 2 October 2025

## **The Warehouse Group announces FY25 Annual Results, marking a year of reset and progress**

### **Financial summary 53-weeks ending 3 August 2025**

- Group Sales, up 1.6% to \$3.1 billion, flat on a 52-week same store sales comparable basis<sup>1</sup>;
- The Warehouse Sales were up 1.4% to \$1.8 billion;
- Warehouse Stationery Sales were down 2.5% to \$226.0 million;
- Noel Leeming Sales were up 3.3% to \$1.0 billion;
- Gross Profit Margin was down 140 basis points to 32.2%;
- Cost of Doing Business (CODB) reduced as a percentage of sales by 40 basis points to 32.2%;
- Operating Profit (EBIT pre-NZ IFRS 16) of \$1.3 million, down from \$28.9 million in FY24;
- Reported Net Loss After Tax was \$2.8 million (FY24: Net Loss After Tax \$54.2 million);
- Capital Expenditure tightly controlled at \$12.4 million, down from \$39.0 million in FY24;
- Net Debt was \$96.1 million, due to the timing of year end, and net cash flows in the 53<sup>rd</sup> week including month end supplier payments. If year end had been at the same time as FY24, net debt would have been approximately \$13 million;
- No dividend declared for the financial year.

The Warehouse Group today announced its financial results for the year ended 3 August 2025, marking a year of reset and progress in an extremely challenging and competitive environment. While profitability remains below acceptable levels, the Group took deliberate steps to strengthen its ongoing performance and saw early signs of improvement, particularly in the second half, with improved sales and margin trends.

Chair, Dame Joan Withers, said FY25 was a year of decisive change and deployment of the brand led strategy outlined last year. “Economic and retail conditions in New Zealand remain extremely challenging. Unemployment and inflation remain comparatively high, and consumer confidence is down, putting further pressure on discretionary spending and intensifying retail competition. Against that backdrop, The Warehouse Group held its top line, improved sales in the second half, and made meaningful progress on cost control. While profitability is not where we want it to be, the decisions made this year have laid the

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<sup>1</sup> FY25 was a 53-week financial year ending Sunday 3 August 2025, compared to 52 weeks in FY24. Where appropriate, revenue analysis compares FY25 on a 52-week same store sales basis with FY24 (removing the final 53<sup>rd</sup> week of FY25, excluding online, NLG Commercial, and the impact of opening and closing of stores in each period). All other financial commentary is unadjusted and compares 53 weeks in FY25 with 52 weeks in FY24.

foundation for improved margin and bottom line performance as the economic recovery unfolds.”

Group sales were \$3.1 billion, up 1.6% on FY24, flat on a 52-week same store basis. Operating profit (EBIT pre-NZ IFRS16) was \$1.3 million, with a reported net loss after tax of \$2.8 million and adjusted net loss after tax<sup>2</sup> of \$4.5 million.

Gross profit margin declined 140 basis points to 32.2%. This was mainly due to The Warehouse resetting key price points in its higher-margin home and apparel categories to reinforce its value position, along with a shift in sales towards lower-margin categories. Noel Leeming, the Group’s lowest-margin brand, also made up a larger proportion of sales in FY25. Additionally, all three brands, especially The Warehouse and Warehouse Stationery, ran more clearance activity than planned to clear seasonal ranges.

Group Chief Executive Officer Mark Stirton, who took on the role in August 2025, said the Group is sharpening its focus on disciplined execution to lift performance. “In FY25, we reset how we operate. We simplified our organisational structure and returned to a brand-led model with retail ways of working. We also reset our pricing, improved our product range, and controlled costs and capital expenditure.”

“Customers are responding well to our new ranges and pricing, with higher conversion and more units sold, especially in home, apparel, toys, and health and beauty. Stronger second-half sales show that when we get the offer right, customers respond quickly. Economic conditions remain tough and continue to affect consumer confidence, but we have additional work to do on rebuilding our retail fundamentals within buying and planning which will be a key focus of FY26. There is growing excitement in the business as we work to unlock the full potential of our brands.”

CODB decreased by 40 basis points to 32.2% of sales. “We are controlling the controllable,” said Mr Stirton. “While store wage rates, rents and utilities have risen ahead of sales, we have reduced head office costs by 7.8% and depreciation by 7.4%. We recently announced the first phase of our strategic partnership with Tata Consultancy Services, which is expected to deliver \$40 million in savings over five years through the licences and managed services consolidation. This will help us drive greater efficiency across our cost base.”

Mr Stirton said the Group carefully managed capital during the period, with expenditure reduced to \$12.4 million from \$39.0 million in FY24. “The major investment in essential core IT systems and infrastructure is now complete. Future investment will focus on improving merchandise buying and planning capabilities to lift margins and strengthen inventory management, implement new automation in our distribution centre to improve our efficiencies, and enhance our store experience in key locations.”

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<sup>2</sup> Adjusted Net Loss after Tax and Adjusted NPAT is from continuing operations before unusual items and is a non-GAAP measure. A reconciliation between Adjusted and Statutory NPAT is located in Note 5.0 of the financial statements for the 53 weeks ending 3 August 2025.

## **Brand performance**

### The Warehouse

The Warehouse delivered sales of \$1.8 billion, up 1.4% on a 53-week reported year, with 52-week same store sales up 1.2%. Sales declined 2.2% in the first half but recovered in the second, growing 2.0% over the 26-week period.

Toys had a record breaking year, up 8.0% on a 52-week basis, and The Warehouse reclaimed its number one position in consumer preference for toys. FMCG delivered a strong performance, with sales up 7.7%, including growth in cosmetics, up 7.8%, and health and wellbeing, up 6.2%, on a 52-week basis.

Same store foot traffic held steady, up 0.3%, with traffic conversion up 2.5%. Unit sales grew 4.5% across all categories, and most importantly in home and apparel.

Holding sales in a tough retail climate came at the cost of margin, with gross profit margin down 180 basis points. This was driven by strategic price resets to improve value positioning, growth in lower-margin categories, and deeper clearance in high-margin categories. Despite good control of overheads, the drop in gross profit margin led to a decline in operating profit, from \$17.7 million in FY24 to a loss of \$12.2 million.

### Warehouse Stationery

Warehouse Stationery reported sales of \$226.0 million, down 2.5% on a 53-week reported year, with 52-week same store sales down 3.2%. Sales softened in the first half but stabilised in the second half.

The print and create category delivered strong margin and sales up 7.2% on a 52-week basis on FY24, driven by our expansion of personalised gifting options and increasing customer demand for digital printing, while big ticket items like office furniture remained under pressure.

Same store foot traffic (excluding SWAS stores) declined 1.8%, while foot traffic conversion rose 5.8%. Gross profit margin decreased 110 basis points due to a reduction in everyday low prices and higher sales in lower margin categories. Operating profit was \$8.2 million, compared to \$12.9 million in FY24.

### Noel Leeming

Noel Leeming achieved sales of \$1.0 billion, up 3.3% on a 53-week reported year, and up 1.4% on a 52-week like for like comparable period. Noel Leeming Commercial experienced very strong growth of 40% in the year, and excluding Commercial sales which are not transacted in store, 52-week same store sales decreased 1.6%.

Total sales were resilient throughout the year, growing 0.8% in the first half with increased growth of 2.0% in the second half 26-week period.

Despite pressure on discretionary spending, sales grew in key Noel Leeming categories. Small appliances rose 10.2%, and gaming delivered a standout result up 21.0% on a 52-week basis on the back of strong launches of the PS5 and Nintendo Switch. Over the year,

customers prioritised everyday electrical essentials, resulting in lower basket sizes but higher unit volumes.

Same store foot traffic declined 0.9%, while conversion was very strong, increasing 3.7%. Gross profit margin held relatively steady down 20 basis points. Operating profit was \$11.7 million compared to \$17.3 million in FY24.

### **Balance Sheet**

Net debt increased from \$50.7 million to \$96.1 million. This was due to the timing of the year end compared to the prior period; when adjusted for the additional week, net debt would have been approximately \$13.0 million.

### **Leadership changes**

To drive improvement in execution across the organisation, FY25 saw the formation of a refreshed Executive Leadership Team. The Executive Leadership Team now consists of:

- Mark Stirton as Group Chief Executive Officer
- Stefan Knight as Group Chief Financial Officer
- Richard Parker as Group Chief People Officer
- Mark Anderton as Group Chief Sourcing and Supply Chain Officer
- Shayne Tong as Group Chief Digital and Transformation Officer
- Silv Roest as Group Chief Legal and Corporate Affairs Officer
- Carrie Fairley as Chief Merchandise Officer – The Warehouse and Warehouse Stationery (Acting)
- Ian Carter as Chief Store Operations Officer – The Warehouse and Warehouse Stationery
- Jason Bell as Chief Executive Officer – Noel Leeming

For the purposes of the Financial Markets Conduct Act 2013, the Group considers the Group Chief Executive Officer and Group Chief Financial Officer roles as Senior Managers.

### **Dividend**

The Board has elected not to declare a final dividend for FY25, given the Group's financial performance. Dame Joan said the decision was not taken lightly. "It is a source of great disappointment to the Board that we were unable to declare either interim or final dividends for FY25. Our shareholders have stood by us through a challenging period, and they rightly expect an appropriate return on their investment. While we are not yet in a position to deliver a dividend, we are focused on improving profitability and rebuilding shareholder value. That work is underway, and the Board and the Executive Leadership Team remain committed to delivering for our shareholders."

### **Outlook**

Trading for the first seven weeks of FY26 remains challenging, with sales and gross profit tracking to similar levels as last year.

Dame Joan said the retail outlook in New Zealand remains difficult, with low consumer confidence and ongoing cost-of-living pressures continuing to affect household spending.

“We are operating in a tough and unpredictable environment. While we are seeing early signs of improvement, we remain cautious about the pace of recovery. The Warehouse Group has taken the right steps to reset its foundations, and the Board is confident in the leadership and direction now in place.”

Looking ahead, the Group enters FY26 with a clear focus on disciplined delivery. Margin recovery will be driven by improved sourcing, tighter inflow margin control, and disciplined inventory management. The Warehouse will target growth in higher-margin categories including apparel, health and beauty, home, and toys. Capital will be allocated to the most impactful projects, and selective space growth opportunities are being actively pursued. Overhead cost management remains a priority, with changes underway to reduce CODB to below 31% of sales.

Mark Stirton said the Group’s new purpose will guide its direction. “Our purpose is to build exceptional retail brands that customers love, our team take pride in and deliver sustainable shareholder returns. Our approach is to strengthen and grow our three New Zealand retail brands, enabling each to lead in its market while leveraging shared services, platforms, and capital efficiencies. FY26 is about disciplined delivery, and we will share our longer-term strategy later in FY26.”

## Ends

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