THE
WAREHOUSE
GROUP

NZX | Media release – 30 September 2026

The Warehouse Group reports strong profit growth in FY26

Summary for the 52 weeks ended 2 August 2026:

- Reported sales were $3.0 billion, down 1.9% on a 53-week FY25, up 0.4% on a comparative 52-week same-store basis[1]
- Group gross profit margin up 40 basis points to 32.6%
- Cost of doing business reduced by $29.8 million to 31.8% of sales, an improvement of 40 basis points
- Operating profit[2] (EBIT pre-NZ-IFRS 16) increased to $22.6 million from $1.3 million in FY25
- Reported net profit after tax increased to $11.2 million from $2.8 million net loss after tax in FY25
- Operating cash flow improved by $121.2 million to $193.5 million, capital expenditure increased to $21.1 million from $12.4 million in FY25 with investment primarily directed to stores
- Net debt reduced to $17.0 million from $96.1 million in FY25
- No final dividend has been declared for FY26

The Warehouse Group today announced a strong recovery in profitability, with comparable store sales holding broadly steady despite continued pressure on discretionary spending. Gross margin improved and costs reduced as a proportion of sales, while stronger cash flow supported increased investment in store upgrades and foundations for future growth.

Chair John Journee said the result demonstrates that the actions taken to date are delivering results.

"Despite a difficult retail environment, The Warehouse Group made meaningful progress during the year. Sales were steady on a comparable basis, profitability improved, and the business finished the year in a much stronger position.

“Importantly, this progress was driven by actions taken within the business rather than an improvement in market conditions, creating a stronger foundation for the next stage of our recovery. While the Board is pleased with the progress made, materially improving profitability remains our primary ambition."

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[1] FY25 was a 53-week financial year ending 3 August 2025, compared to 52 weeks in FY26. Same-store sales removes the 53rd week of FY25, excludes online, NLG Commercial, and the impact of opening and closing of stores during the reported and comparable year.
[2] Operating Profit (EBIT pre-IFRS16) excludes the impact of NZ IFRS16 and unusual items and is a non-GAAP measure.

Group sales were $3.0 billion, down 1.9% on the prior year which included an additional week of trading. Sales increased 0.4% on a comparative 52-week same-store basis.

Consumer confidence fluctuated throughout the year. Confidence improved through the first half as interest rates eased, signalling a possible recovery. However, international conflict, higher fuel prices and renewed pressure on household budgets weighed on consumer sentiment later in the year. Customers remained value conscious with average selling prices down 1.4%. Across the brands, customers spent more per visit and purchased more items, with average basket value up 0.5% and units sold up 1.8%.

Group gross profit margin increased 40 basis points to 32.6%, while cost of doing business reduced 40 basis points to 31.8% of sales. It was the first year since FY21 that gross margin improved while costs reduced as a percentage of sales.

Margin growth was supported by stronger buying and retailing discipline, improved ranges, tighter inventory management and a higher proportion of full-price sales. Combined with sustained cost discipline, this delivered an operating profit of $22.6 million, up from $1.3 million in the prior year. Margin recovery accelerated through the second half across all three brands.

Group Chief Executive Officer Mark Stirton said, "This result shows that the internal changes we're making are starting to get traction. Warehouse Stationery and Noel Leeming delivered strong profit growth, and The Warehouse finished the year in much better shape than it started.

"Our teams have worked incredibly hard through another year of significant change. We're buying better, managing inventory more effectively, improving our ranges and pricing, and running the business with greater discipline. At the same time, we're investing again in stores, the brand, customer experience and growth. We've made a good start, but our ambitions are much bigger, especially for The Warehouse where we’re determined to earn back our place as New Zealanders' first choice retailer."

Store development

The Group balanced cost reductions with selective investments in retail experience upgrades that support customers and growth. Capital expenditure increased to $21.1 million from $12.4 million in the prior year.

The Warehouse stores are receiving upgrades to lighting, flooring and racking, alongside new displays and visual merchandising in homewares, apparel and beauty.

In FY26 the Group returned to expanding its store footprint. Warehouse Stationery opened in Wellington Central and Noel Leeming relocated its Palmerston North store. Since August 2026, Warehouse Stationery has opened in Whitianga and Noel Leeming has opened its Auckland Central flagship store. In late 2027, the Group will open The Warehouse and Noel Leeming stores in Mangawhai.

“We are investing selectively in better presentation, more relevant and exciting stores, and new locations because we can see opportunities to grow all of our brands and serve more customers," said Mark Stirton.

Brand performance

The Warehouse

The Warehouse made progress during the year, particularly in the second half. Sales were $1,774.9 million, down 2.3% on the reported 53-week FY25. Sales increased 0.6% on a comparative 52-week same-store basis. Online sales represented 4.4% of sales, compared with 4.6% in FY25, and actions to improve the profitability of online sales resulted in meaningfully stronger operating margins versus the prior year.

Gross profit margin was 20 basis points below FY25 but recovered through the second half, with fourth-quarter margin finishing strongly ahead of the prior year. After the allocation of support office costs, the brand reported an operating loss of $7.5 million, an improvement of $4.7 million on the prior year's operating loss of $12.2 million.

“At The Warehouse, we are improving the style, quality and presentation of our ranges, particularly in homewares and apparel. These categories represent 50% of revenue and were key contributors to the brand’s improved second-half margin performance, with more apparel sold at full price during the year and margins improved across homewares,” said Mark Stirton.

Beauty sales increased 5.2% on a comparable 52-week basis as customers responded to broader ranges and improved in-store presentation. The Warehouse remained New Zealand's preferred toy retailer for a second consecutive year, with record toy sales. The Warehouse simplified its grocery range to pantry staples and everyday essentials, resulting in improved category performance.

“Grocery is an important reason customers choose to shop with us regularly. Rather than expanding the range, we’re concentrating on the staples customers buy most often and where we can offer the best value, like bread, eggs, coffee and olive oil. A simpler range allows us to deliver lower prices and a more reliable top-up shop for our customers.”

“This year, we undertook an extensive review of our customer segments, providing valuable insights into what matters most and how best to reach them. Our new brand platform, *This Is Warehouse Country*, marks the next phase for The Warehouse, building on what New Zealanders have loved since 1982 while refreshing the offer and experience for modern families.”

Warehouse Stationery

Warehouse Stationery delivered a strong result, returning to sales growth and nearly doubling operating profit.

Sales increased 0.7% to $227.6 million against a 53-week FY25, while 52-week same-store sales increased 2.0%. Online sales represented 7.1% of sales, broadly in line with the prior year. Operating profit increased to $15.9 million from $8.2 million in the prior year.

Disciplined pricing and stock management supported gross profit growth across every category, with margin strengthening through the second half.

Growth was supported by strong performances across Warehouse Stationery’s key categories. Print & Create sales increased 13.8% on a comparable 52-week basis, Art & Craft sales increased 6.7%, and Office Furniture sales increased 5.5%.

“Warehouse Stationery’s result shows there is still significant growth opportunity in a well-established brand. We are serving more schools, strengthening our position with small businesses and seeing strong demand across creative categories, while operating the business more effectively,” said Mark Stirton.

Noel Leeming

Noel Leeming made the largest contribution to the Group's earnings recovery.

Sales were $1,017.4 million, down 2.0% on the reported 53-week FY25. On a comparable 52-week basis, same-store sales were down 0.5% while total sales (including on-line) decreased 0.2%. Online sales increased to 13.1% of sales from 11.3% in the prior year.

Noel Leeming maintained pricing discipline in a highly competitive market and delivered margin growth across both halves. Operating profit increased to $21.8 million from $11.7 million in the prior year.

Appliances delivered the strongest growth during the year, with sales increasing 11.2% on a 52-week basis, led by whiteware and small appliances. Cellular sales increased 4.7% and Computers & Storage increased 10.6%, supported by new brands and customer demand linked to the Windows 10 and 3G transitions. Services, including delivery, installation and Tech Solutions, grew 10.1% during the year.

“In an extremely competitive market, Noel Leeming remained disciplined and responsive to pricing and promotional activity, while still delivering a strong result. Looking ahead, we see opportunities to grow market share through an expanded store and product offer as New Zealand’s leading locally owned technology and appliances retailer,” said Mark Stirton.

Balance sheet

Buying and planning improved progressively in priority categories over the year, reducing inventory to $438.8 million from $476.7 million and aged inventory to 21.8% from 23.1%. Stock turn increased to 4.7 times from 4.6 times. Lower inventory levels and improved stock movement supported stronger working capital performance and cash generation.

The Group generated free cash flow of $79.4 million, compared with an outflow of $45.2 million in the prior year. Net debt reduced by $79.1 million to $17.0 million.

Dividend

No final dividend has been declared for FY26. The Board's immediate priority is to rebuild sustainable earnings while retaining financial flexibility.

Outlook

Sales in the first eight weeks of FY27 were broadly in line with the prior year, while margin performance was ahead of the prior comparable period.

“With consumer confidence and economic growth subdued, retail conditions are expected to remain challenging. We can't control those factors, so we're concentrating on improving the areas within our control and delivering a better result regardless of market conditions.

“Improving performance at The Warehouse remains the Group's biggest priority. We will achieve that by delivering better value and a better customer experience through more relevant ranges, better pricing, better stock management and lower costs,” said Mark Stirton.

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