# 2026 Annual Results

52 WEEKS ENDING 2 AUGUST 2026

THE WAREHOUSE GROUP

# Contents





THE WAREHOUSE GROUP

# Chair Update

**John Journee**

Chair

# Progress against the reset plan

| GROUP SALES | GROSS MARGIN | CODB[3] | OPERATING PROFIT[4] | FREE CASH FLOW[5] | NET DEBT |
|---|---|---|---|---|---|
| $3,027.6m | 32.6% | 31.8% | $22.6m | $79.4m | $17.0m |
| (1.9%) on a 53-week FY25<br>(0.2%) on a comparable 52 week[1]<br>+0.4% same store sales[2] | +40 bps on FY25[6] | -40 bps on FY25[6] | vs $1.3m in FY25 | vs ($45.2m) in FY25 | from $96.1m in FY25 |

## The Board's perspective

- FY26 was the first full year under the brand-led operating model and demonstrated that the reset could deliver in a difficult consumer environment. Operating profit recovered to $22.6m from $1.3m, driven by actions within the business rather than an improvement in market conditions
- Gross margin increased while the cost of doing business reduced, rebuilding operating leverage. Strong cash generation enabled the Group to reduce net debt by $79.1m while increasing investment in its store network
- Noel Leeming and Warehouse Stationery delivered stronger returns. The Warehouse also improved, but remains below an acceptable level of profitability, and its recovery is the Group's most important priority
- No final dividend has been declared for FY26. The Board's immediate priority is to rebuild sustainable earnings while retaining financial flexibility. The Board recognises the importance of dividends to shareholders and remains committed to returning to paying dividends in the future

1. Comparable 52 week removes the 53rd week of FY25
2. 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
3. Cost of Doing Business (CODB) excludes the impact of NZ IFRS 16, unusual items, and is a non-GAAP measure
4. Operating Profit (EBIT pre-IFRS 16) excludes the impact of NZ IFRS 16 and unusual items and is a non-GAAP measure. For a reconciliation between Operating Profit and Reported EBIT, refer to Slide 31 of this presentation and Note 2.0 of the financial statements
5. Free cash flow is calculated as Operating cash flow less capital expenditure and lease principal payments
6. Basis point movements are based on percentages rounded to the nearest 10bps and are so throughout the presentation

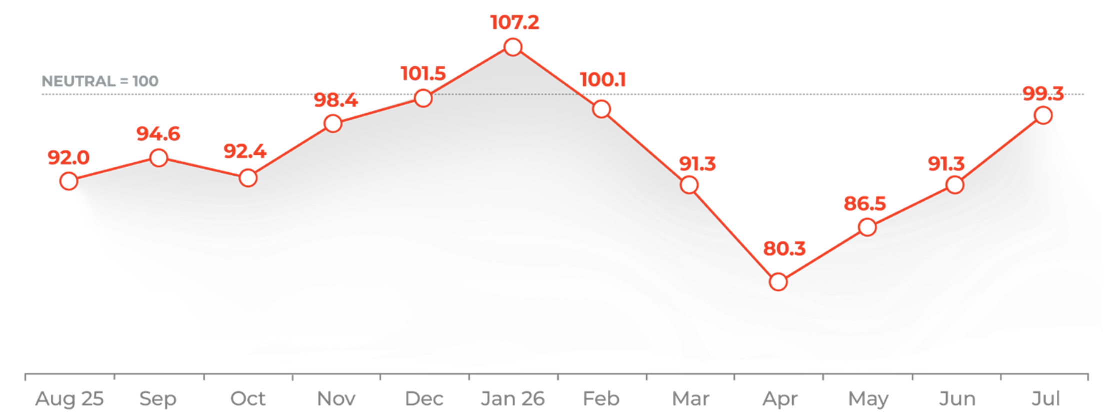
# CEO Update

**Mark Stirton**
Group CEO

# The market we traded through

Consumer confidence improved through the first half of FY26 before falling due to international conflict and recovered towards the end of the financial year. Despite the weaker environment, Group earnings improved

CONSUMER CONFIDENCE THROUGH FY26 · ANZ-ROY MORGAN, MONTHLY




**UNEMPLOYMENT[1]**
**5.6%**
Highest since September 2015

**INFLATION[1]**
**4.1%**
Two-year high, June qtr

**ANNUAL GDP GROWTH[1]**
**+1.7%**
Growth remains subdued

## What it meant for our customers

- Higher prices put further pressure on household budgets and discretionary spending
- Real incomes declined, unemployment increased, and the first OCR increase in three years added further pressure late in the year
- Customers shopped less often and focused more on value
- Customers bought more items, but at slightly lower average prices
- Lower foot traffic was partly offset by larger baskets and broadly stable conversion

GROUP METRICS[2] FY26 V FY25

| UNITS | ASP | FOOT TRAFFIC | BASKET SIZE |
|---|---|---|---|
| +1.8% | -1.4% | -0.2% | +0.5% |

1. Source: https://www.stats.govt.nz (unemployment; June 2026 update, inflation; annual as at June quarter, GDP growth; annual as at June quarter)
2. Group metrics shown have all been calculated on a 52-week same store sales basis, which 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

# FY26 began to restore operating leverage and strengthened the balance sheet

Margin and cost discipline lifted earnings, while inventory management improved cash conversion

### PROFIT RECOVERY

**$22.6m**

**OPERATING PROFIT**

**+$21.3m**

year-on-year improvement

**Profit improved on broadly flat comparable sales**

### OPERATING LEVERAGE

**32.6%**

**GROSS MARGIN**

**+40 bps[4]**

**31.8%**

**CODB / SALES**

**-40 bps[4]**

**FIRST TIME SINCE FY21**

**Margin and cost as % of sales improved together**

**The two levers are rebuilding operating leverage**

### BALANCE SHEET

**$79.4m**

**FREE CASH FLOW**

**$17.0m**

**NET DEBT**

**Net debt reduced by $79.1m**

Cash conversion strengthened financial flexibility and supported investment in-store

Lower inventory supported the improvement

**The financial platform is now more resilient, yet profitability still sits well below our ambitions**

1. Operating Profit (EBIT pre-IFRS 16) excludes the impact of NZ IFRS 16 and unusual items and is a non-GAAP measure. For a reconciliation between Operating Profit and Reported EBIT, refer to Slide 31 of this presentation and Note 2.0 of the financial statements.
2. Cost of Doing Business (CODB) excludes the impact of NZ IFRS 16, unusual items, and is a non-GAAP measure
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4. Basis point movements are based on percentages rounded to the nearest 10bps and are so throughout the presentation

# How we went against what we said we would do[1]

| | | |
|---|---|---|
| Overhead reductions | MET | $29.8m CODB[2] reduction; support office costs down 8.8% |
| Gross margin recovery | PARTIALLY MET | Group margin increased 40bps, led by the second half. Two out of three brands showed full year growth |
| The Warehouse margin recovery | NOT MET | Exited Q4 ahead, but full-year margin remained below FY25 with deeper clearance of aged inventory |
| Working capital unlocks | MET | $22.9m working-capital inflow; inventory down $37.9m |
| Disciplined capital investment | MET | $21.1m in capital expenditure, reweighted toward stores and supply chain |
| Retail-led strategy | MET | Retail-led strategy and execution priorities are set and in action |



1. As set out in the FY25 Annual Results investor presentation — Looking ahead.
2. Cost of Doing Business (CODB) excludes the impact of NZ IFRS 16, unusual items, and is a non-GAAP measure

# Rebuilding retail fundamentals

In FY26 we strengthened how we choose product, move it through the network and convert customer demand, with early evidence visible in lower inventory, better gross margin and store execution. However, we recognise there is further work to be done.

## PLAN & BUY

**What we sell and what it costs**

### CAPABILITIES BUILT

- Buying and planning reset for all three brands, with stricter stock investment criteria
- Ranges, price points and sourcing strengthened in priority categories while ensuring we maintain value on key items
- Grocery simplified as a value-led top-up offer supporting broader shopping missions

AN EARLY EVIDENCE POINT

**–$37.9m** GROUP INVENTORY

**FUTURE UNLOCKS** Better sell-through, margin discipline and inventory productivity in key departments

## MOVE

**Getting product to customers at lower cost**

### CAPABILITIES BUILT

- Dedicated supply chain leadership and a new freight partner with improved capabilities
- Independent review of integrated supply chain highlighting opportunities, several changes now underway
- Streamlined online distribution to improve service to customers, partnered with DoorDash and reduced cost to serve online

AN EARLY EVIDENCE POINT

**4.7x** GROUP STOCK TURN (FY25: 4.6x)

**FUTURE UNLOCKS** Lower cost to serve, faster flow, improved availability and a scalable network

## SELL

**Stores, brand and conversion**

### CAPABILITIES BUILT

- Store investment across all three brands and visual merchandising uplift
- This Is Warehouse Country refreshed the brand platform
- New formats developed to broaden customer appeal

AN EARLY EVIDENCE POINT

**+0.4%** GROUP SAME-STORE SALES[1]

**FUTURE UNLOCKS** Improving foot-traffic, higher conversion, stronger baskets and better store economics

1. 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

# Focus is moving from flat sales to sustainable revenue growth

FY26 comparable sales were broadly flat. Our focus is to turn stronger retail fundamentals into sustainable revenue growth and gain back share.

## BRAND-LED GROWTH

### Clear routes to growth for each brand

#### THE WAREHOUSE

- Leverage brand platform and reappraisal to drive foot-traffic
- Strengthen product relevance, ranges and value
- Invest in stores and build local relevance based on customer segmentation
- Focus on growth categories, including Health & Beauty

#### WAREHOUSE STATIONERY

- Grow business & education
- Expand Print & Create, personalisation and services
- Reach more customers through new formats, new stores and improved online channels

#### NOEL LEEMING

- Win share in priority categories and younger customer groups
- Differentiate through expert service and solutions
- Grow national store network, roll-out interactive store concepts and accelerate online

# People, communities and environment

FY26 progress across our team, communities and environmental impact

**$1.9m**
contributed to New Zealand charities and communities

**Award Winner**
The Good Drop won the Spark Retail NZ 2026 Awards KNAPP Sustainability Leadership Award

**90%**
of electricity matched with electricity produced by Lodestone Energy's solar farms (FY25: 63%)

### EMISSIONS

**74%** reduction
Scope 1 and 2 market-based emissions change compared to FY23 base year (FY25: 45%)

### TRIFR
(Total recorded injury frequency rate)

**28.3**
Per million hours worked (FY25: 30.2)

### TEAM ENGAGEMENT

**25 eNPS**[1]
Group eNPS (FY25: 36)

### CIRCULARITY

**284** tonnes
Post consumer waste collected for reuse or recycling

### OPERATIONAL WASTE

**79%**
of operational waste diverted from landfill (FY25: 79%)

### ETHICAL SOURCING

**492**
Tier 1 factory ethical assessments completed in FY26

THE WAREHOUSE GROUP

1. eNPS (employee Net Promoter Score) in FY25 excludes DC team members as these were not surveyed in FY25


THIS IS WAREHOUSE COUNTRY.


# Financial Performance

**Stefan Knight**
Group CFO

# Group financial performance

Operating profit improved by $21.3m on broadly flat comparable sales, as higher gross margin and lower operating costs rebuilt operating leverage

| REPORTED REVENUE | COMPARABLE 52 WEEKS[1] | SAME-STORE SALES[2] |
|---|---|---|
| **$3,027.6m** | **(0.2%)** | **+0.4%** |

| $ million | FY26 52 weeks | FY25 53 weeks | Var |
|---|---|---|---|
| Sales revenue | 3,027.6 | 3,086.7 | (1.9%) |
| Gross profit | 986.6 | 995.1 | (0.9%) |
| Gross margin % | **32.6%** | **32.2%** | **+40 bps** |
| Cost of doing business | 964.0 | 993.8 | (3.0%) |
| CODB % of sales | 31.8% | 32.2% | (40) bps |
| Operating profit[3] | **22.6** | **1.3** | **+$21.3m** |
| Operating margin % | 0.7% | 0.0% | +70 bps |
| Adjusted NPAT[4] | 13.5 | (4.5) | +$18.0m |
| Reported NPAT[5] | **11.2** | **(2.8)** | **+$14.0m** |
| Dividend declared | - | - | - |

## Year in Review

- Operating profit increased to $22.6m from $1.3m, driven by improved margin and cost discipline in a challenging consumer environment
- Gross margin increased 40bps to 32.6%, with a 90bps second-half improvement led by Warehouse Stationery and Noel Leeming and supported by The Warehouse's recovery in Q4
- Cost of doing business reduced by $29.8m, or 3.0%, and improved 40bps to 31.8% of sales, led by lower support office, IT and depreciation costs
- Both levers, margin and cost, moved the right way in the same year — the first time since FY21
- The seasonal second-half loss narrowed to $4.3m from $18.2m, contributing $13.9m of the Group's $21.3m full-year earnings improvement

1. Comparable 52 week removes the 53rd week of FY25
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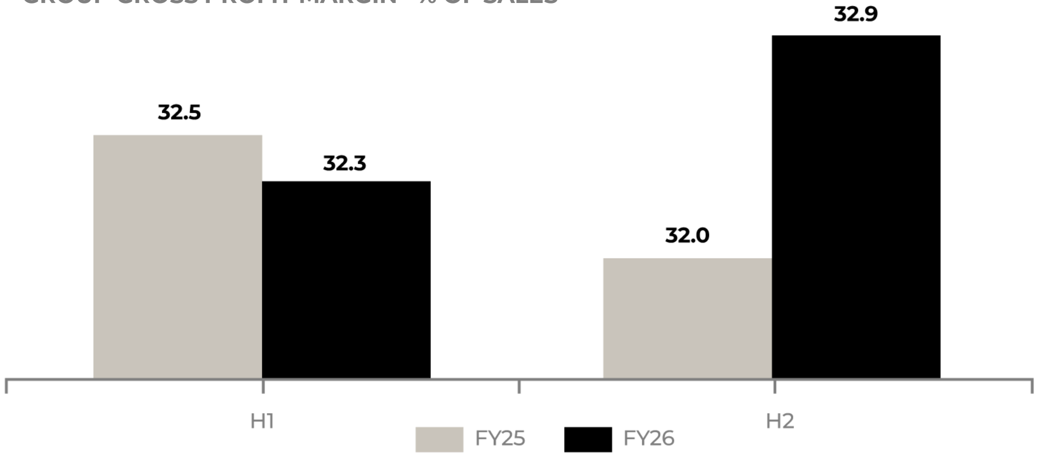
3. Operating Profit (EBIT pre-IFRS 16) excludes the impact of NZ IFRS 16 and unusual items and is a non-GAAP measure. For a reconciliation between Operating Profit and Reported EBIT, refer to Slide 31 of this presentation and Note 2.0 of the financial statements
4. Adjusted NPAT is before continuing operations before unusual items and is a non-GAAP measure. For a reconciliation between Adjusted and Statutory NPAT, refer to slide 31
5. Reported NPAT is attributable to shareholders and is adjusted for minority interests

# Gross margin overview

Group gross profit margin increased 40bps to 32.6%, driven by an improved second-half from all three brands and a strong fourth-quarter contribution from The Warehouse

GROUP GROSS PROFIT MARGIN · % OF SALES




**H1 (20)bps** · **H2 +90bps**

Full year 32.6% vs 32.2% **+40bps**

THE WAREHOUSE , GP % BY QUARTER · **STRONG FINISH IN RED**


## Group

- Group gross profit margin increased 40bps to 32.6%, with the full-year improvement delivered through a 90bps uplift in the second half
- The Warehouse was the primary driver, as first-half clearance activity gave way to stronger underlying trading margins in the fourth quarter
- Noel Leeming and Warehouse Stationery also delivered improved margin performance through the year, supporting a broader-based Group recovery

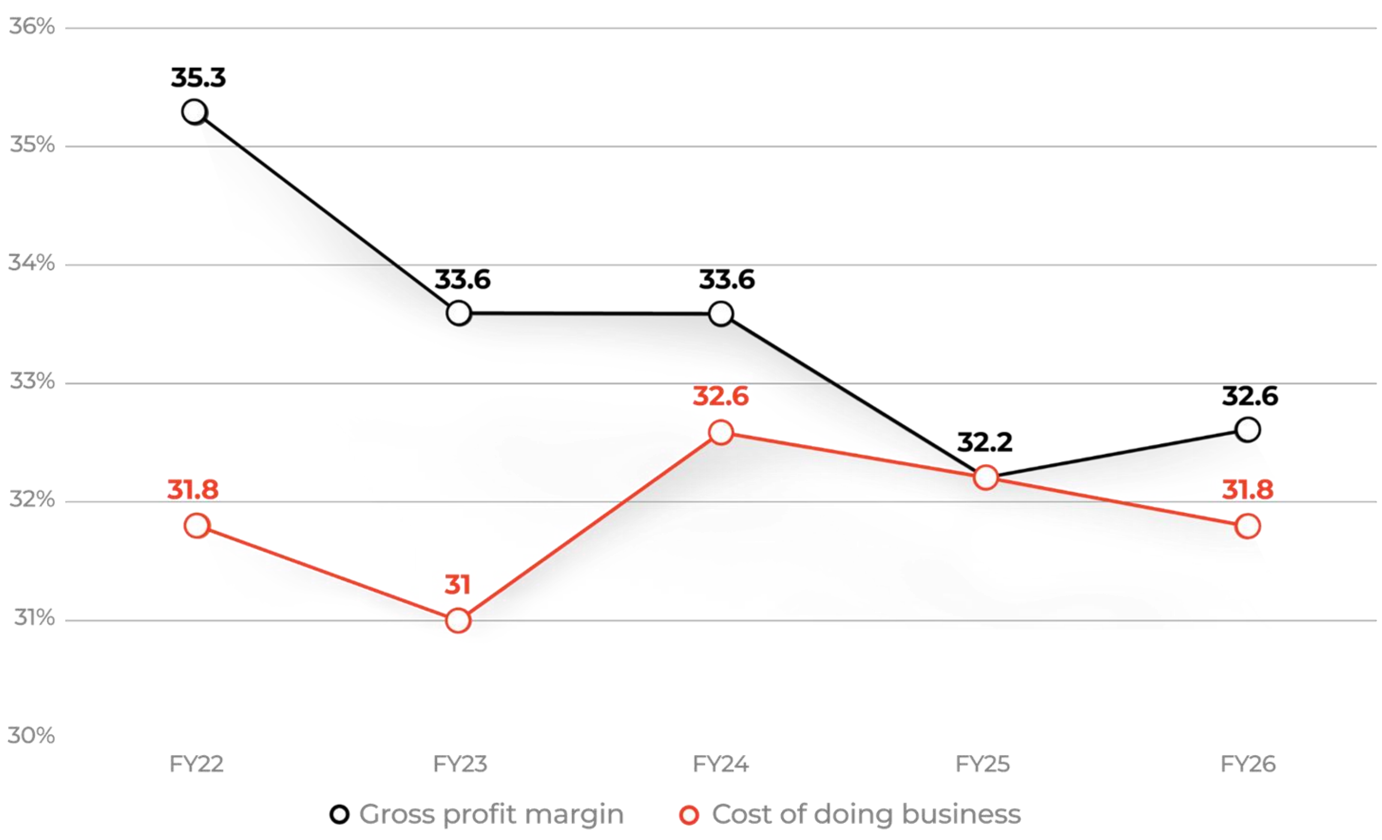
## The Warehouse

- First-half margin reflected the clearance of aged inventory from prior years, with the impact reducing as the year progressed
- Fourth-quarter margin increased to 36.9% led by Home and Apparel
- The Warehouse exited FY26 with cleaner inventory, improved trading mechanics and refreshed ranges heading into FY27
- We seek further opportunity for margin expansion as fundamental retail capability is restored and new ranges support more full price sales

# Operating leverage returns for the first time since FY21

Gross margin improved and the cost of doing business reduced in FY26, lifting operating margin

GROSS PROFIT MARGIN AND COST OF DOING BUSINESS[2] • % OF SALES




FY26 OPERATING MARGIN

**0.7%**

FY25:0.0% - a 70bps improvement

## Overview

- Gross margin increased to 32.6%, while the cost of doing business reduced to 31.8% of sales
- This lifted operating profit to $22.6m and operating margin to 0.7%
- At the Group's current sales base, every 10bps of operating margin represents approximately $3m of operating profit[1]
- All three brands contributed to the second-half improvement: Warehouse Stationery maintained its stronger performance, Noel Leeming continued to improve margin, and The Warehouse recovered strongly in Q4
- Improvement occurred alongside inventory discipline, with Group inventory reducing by $37.9m and aged inventory also declining by 130 bps

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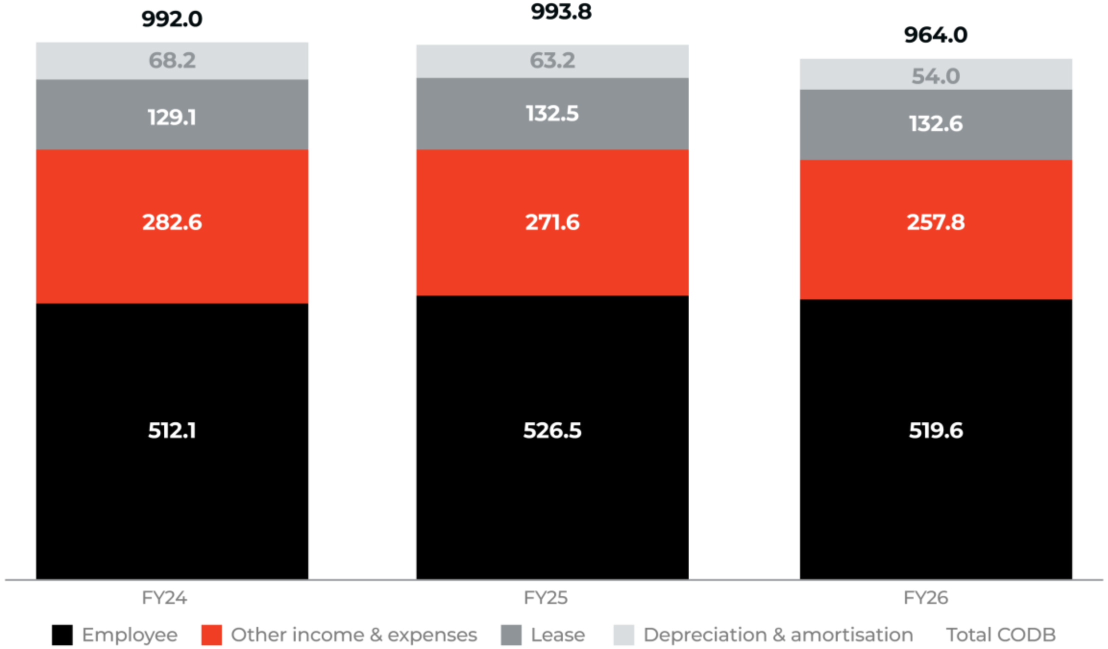
# The cost reset programme

CODB BY CATEGORY $ MILLION




*As % of sales*

| FY24 | FY25 | FY26 |
|---|---|---|
| 32.6% | 32.2% | 31.8% |

| CODB[1] BY ALLOCATION $ MILLION | FY26 52 weeks | FY25[2] 53 weeks | Variance |
|---|---|---|---|
| Brand costs | 683.8 | 682.5 | +0.2% |
| Support office costs | 226.2 | 248.1 | (8.8%) |
| Depreciation & amortisation | 54.0 | 63.2 | (14.5%) |
| **Total cost of doing business** | **964.0** | **993.8** | **(3.0%)** |

## CODB Overview

- Cost of doing business[1] reduced by $29.8m, reflecting delivery of the cost reset programme and the additional trading week in FY25
- CODB[1] improved by 40bps to 31.8% of sales, making a material contribution to the Group's profitability uplift
- Employee expenses reduced by $6.9m, with savings from the support office restructure and TCS partnership partly offset by higher store and distribution centre wages primarily driven by wage inflation
- Employee expenses also benefited from one-off savings arising from the timing of the TCS implementation
- IT costs reduced by $12.6m, driven by lower support charges and more disciplined project activity
- Further benefits came from lower SaaS and advertising costs
- Depreciation and amortisation reduced by $9.1m as earlier system and previous store investment programmes continued to amortise and capital expenditure was tightly managed

THE WAREHOUSE GROUP

1. Cost of Doing Business (CODB) excludes the impact of NZIFRS 16, unusual items, and is a non-GAAP measure
2. Approximately $4m of FY25 Brand and SSO comparatives have been reclassified to align with FY26 and future allocation basis

# The Warehouse

SALES
**$1,774.9m**
VS COMPARABLE 52 WEEKS[1] (0.7%)

SAME-STORE SALES[2]
**+0.6%**
UNITS +1.7% | ASP (1.0%)

BASKET SIZE[3]
**+0.8%**
FOOT TRAFFIC (0.3%)

OPERATING PROFIT[4] / (LOSS)
**$(7.5)m**
Improved by $4.7m, with most of the improvement in the second half

**The Warehouse reduced its operating loss in FY26, supported by a stronger second half. The immediate aim is to return the brand to profitability**

| | FY26 52 weeks | FY25 53 weeks | Var |
|---|---|---|---|
| Sales *($ m)* | **1,774.9** | 1,816.5 | (2.3%) |
| Operating profit / (loss) *($ m)* | **(7.5)** | (12.2) | **+$4.7m** |
| *Operating margin* | (0.4%) | (0.7%) | +30 bps |
| Online sales *($ m)* | 78.6 | 83.2 | (5.5%) |
| *Online penetration* | 4.4% | 4.6% | (20) bps |
| Stores *(#)* | 84 | 84 | — |
| Sales density[5] ($/sqm) | 3,901 | 3,870 | +0.8% |

## Performance

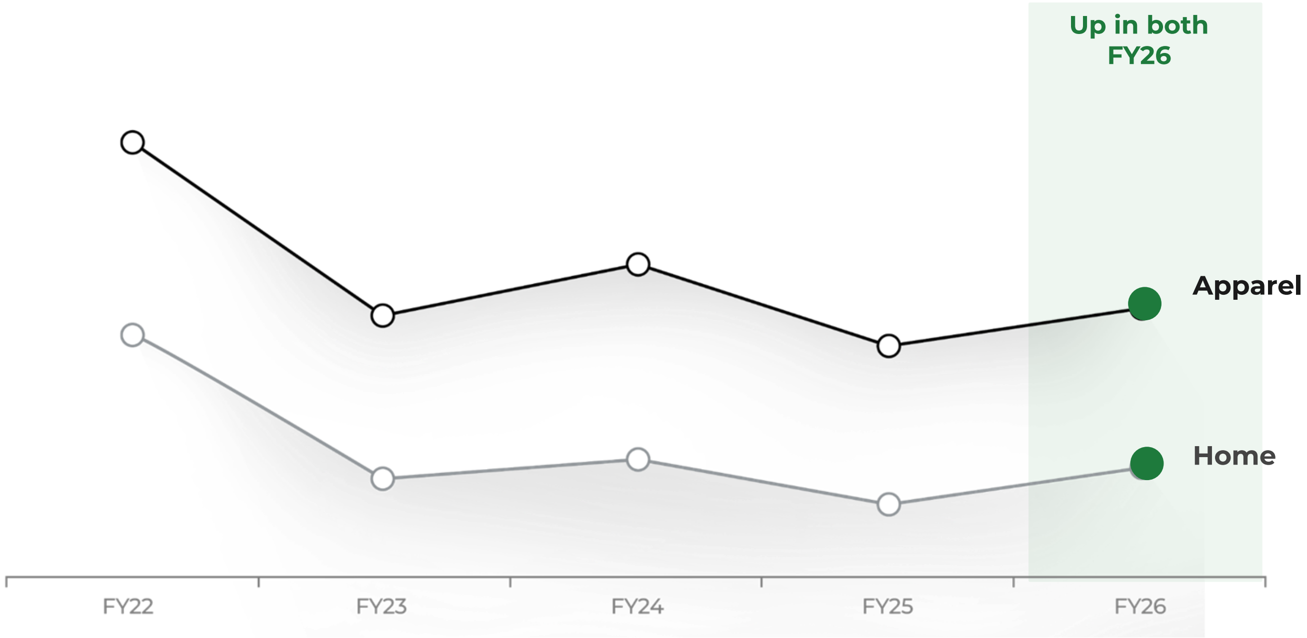
- Same-store sales increased as customers bought more items, partly offset by lower average prices in a value conscious market
- Gross margin improved in the second half and exited the year ahead of FY25, with the strongest improvement in Q4
- Home and Apparel led the margin recovery, reinforcing the importance of these higher margin categories to The Warehouse's earnings
- Lower foot traffic was offset by better conversion and larger baskets, with customers making fewer but more valuable visits
- Online sales remain an area of opportunity. New offers, including The Warehouse Club and DoorDash, supported customer engagement, while stronger online margins more than offset lower sales

1. Comparable 52 week removes the 53rd week of FY25
2. Same store sales removes the 53rd week of FY25, excludes online, and the impact of opening and closing of stores during the reported and comparable year
3. Foot traffic and basket size are calculated on a 52 week same store basis
4. Operating Profit (EBIT pre-IFRS 16) excludes the impact of NZ IFRS 16 and unusual items and is a non-GAAP measure
5. Sales density is calculated on a 52-week basis

# Home and Apparel margins improving

**Home and Apparel are important to The Warehouse's profitability, representing nearly half of sales and including some of its highest-margin categories. Margins improved in both areas through better buying, stronger ranges and improved execution**

HOME AND APPAREL · CASH GROSS MARGIN %, FY22–FY26




## WHAT DROVE FY26

### APPAREL

- ✓ **More full-price sales** — supported by better sell-through
- ✓ **Better margins** – across full-price and clearance sales
- ✓ **Broad-based improvement:** led by Womenswear, with Menswear and Kidswear also ahead

### HOME

- ✓ **Aged inventory reduced**—margins improved even though we cleared more stock
- ✓ **Home Textiles led the improvement,** with Home Furnishings, Seasonal Home and Seasonal Appliances also ahead
- → **Gardening and Storage volumes increased,** but at lower margins

**Behind the improvement:** stronger buying and planning discipline, rebuilt ranges and price points
**Next:** continue strengthening ranges, full-price sell-through and margin delivery across Home and Apparel

# Warehouse Stationery

WS

| SALES | SAME-STORE SALES[2] | FOOT TRAFFIC[3] | OPERATING PROFIT[4] / (LOSS) |
|---|---|---|---|
| **$227.6m** | **+2.0%** | **+0.2%** | **$15.9m** |
| VS COMPARABLE 52 WEEKS[1] +2.5% | UNITS +3.4% \| ASP (1.3%) | Conversion improved too | Up 94% on FY25 operating profit of $8.2m |

**Warehouse Stationery returned to sales growth and nearly doubled operating profit, supported by stronger margins and disciplined cost and stock management**

## Performance

- Sales returned to growth with both standalone stores and the 42 stores within The Warehouse contributing
- Operating profit increased $7.7m to $15.9m, with operating margin improving to 7.0%
- Growth was led by Print & Create, Art & Craft and Office Furniture
- Print & Create benefited from growth in digital printing, copying and personalised products. Art & Craft and Office Furniture also grew, supported by stronger ranges
- Disciplined pricing and stock management supported gross profit growth across all categories along with improved range
- One store opened in Wellington Central during FY26, followed by Whitianga at the start of FY27

| | FY26 52 weeks | FY25 53 weeks | Var |
|---|---|---|---|
| Sales *($ m)* | **227.6** | 226.0 | +0.7% |
| Operating profit / (loss) *($ m)* | **15.9** | 8.2 | **+$7.7m** |
| *Operating margin* | 7.0% | 3.6% | +340 bps |
| Online sales *($ m)* | 16.2 | 15.8 | +2.5% |
| *Online penetration* | 7.1% | 7.0% | +10 bps |
| Stores *(#)* | 67 | 66 | +1 |
| Sales density[5] ($/sqm) | 4,341 | 4,297 | +1.0% |

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3. Foot traffic is calculated on a 52 week same store basis
4. Operating Profit (EBIT pre-IFRS 16) excludes the impact of NZ IFRS 16 and unusual items and is a non-GAAP measure
5. Sales density is calculated on a 52-week basis

# Noel Leeming

SALES
**$1,017.4m**
VS COMPARABLE 52 WEEKS[1] (0.2%)

SAME-STORE SALES[2]
**(0.5%)**
UNITS (3.9%) | ASP +3.6% | FOOT TRAFFIC[3] (0.5%)

ONLINE SALES GROWTH[3]
**+13.2%**
Improved on-line traffic and conversion

OPERATING PROFIT[4] / (LOSS)
**$21.8m**
Up $10.1m on FY25

**Profit up $10.1m on flat comparable sales. Noel Leeming ran a better business in FY26 and is now investing to grow it**

## Performance

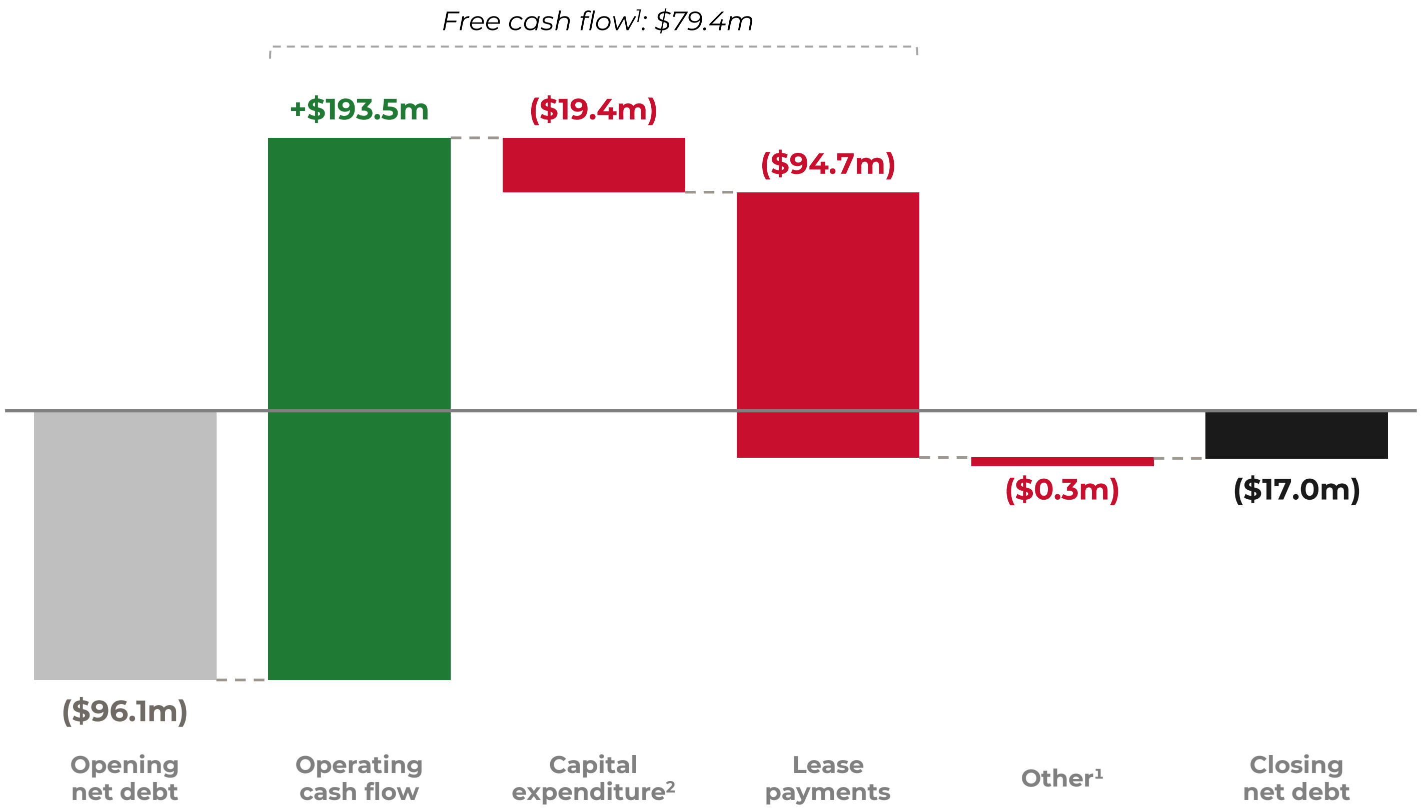
- Comparable sales were broadly flat, with non-repeatable commercial sales in the prior year being offset by underlying growth in the retail business
- Operating profit increased by $10.1m to $21.8m, with operating margin improving to 2.1%
- Appliances and core technology led growth, supported by commercial wins, new brands and the Windows 10 and 3G transitions
- Intense competitor pricing in audio-visual and computing weighed on sales, with Noel Leeming maintaining pricing discipline to protect margin and gain share where product and service are a difference
- Online grew strongly and now accounts for around one dollar in eight of the brand's sales
- Investment in the store network continues, with Queen Street opened in September 2026 and Mangawhai planned for late 2027
- Looking ahead we are focused on returning to top line growth and maintaining market share. We will do this by capitalising on our scale advantage and continuing to make service a clear point of difference for customers

| $ million | FY26 52 weeks | FY25 53 weeks | Var |
|---|---|---|---|
| Sales *($ m)* | **1,017.4** | 1,038.1 | (2.0%) |
| Operating profit *($ m)* | **21.8** | 11.7 | **+$10.1m** |
| *Operating margin* | 2.1% | 1.1% | +100 bps |
| Online sales[5] *($ m)* | 133.0 | 117.5 | +13.2% |
| *Online penetration* | 13.1% | 11.3% | +180 bps |
| Stores *(#)* | 66 | 66 | — |
| Sales density[6] ($/sqm) | 12,734 | 12,724 | +0.1% |

1. Comparable 52 week removes the 53rd week of FY25
2. Same store sales removes the 53rd week of FY25, excludes online, and the impact of opening and closing of stores during the reported and comparable year
3. Foot traffic is calculated on a 52 week same store basis
4. Operating Profit (EBIT pre-IFRS 16) excludes the impact of NZ IFRS 16 and unusual items and is a non-GAAP measure
5. Online sales in FY25 was stated as $108.7 million. This has been re-stated to $117.5 million in this presentation recognising a reclassification of commercial online sales
6. Sales density is calculated on a 52-week basis

# Cash flow and net debt

Strong operating cash flow funded increased capital investment and reduced net debt by $79.1m to $17.0m




FREE CASH FLOW
**$79.4m**
A $124.6m improvement from FY25

AVERAGE DAILY BORROWINGS
**-45% reduction**
Against FY25 daily average

BANK INTEREST COST
**$2.7m**
Reduced 60% on lower debt levels

### WHAT IT SAYS

- Operating cash flow improved by $121.2m to $193.5m, supported by stronger trading performance and improved working capital. FY25 was impacted by an extra week of negative net cash-flow
- Free cash flow increased to $79.4m from an outflow of $45.2m in FY25, after capital expenditure and lease payments
- Capital expenditure increased 54% to $19.4m as investment shifted towards stores, while net debt reduced by $79.1m to $17.0m
- The Group remains compliant with all banking covenants and has access to available facilities to meet its needs

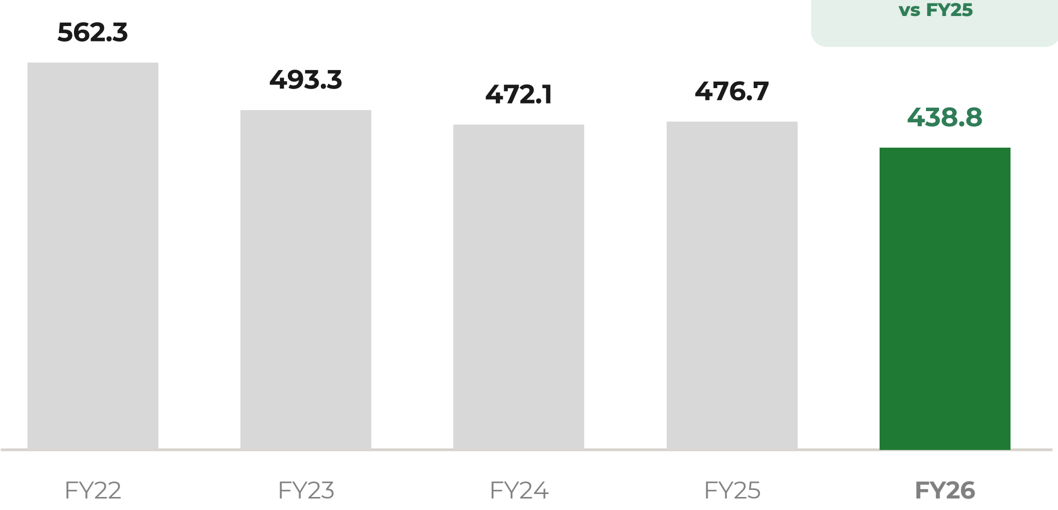
1. Free cash flow is calculated as Operating cash flow less capital expenditure and lease principal payments
2. The difference between cash flow capital expenditure of $19.4 million above and capital expenditure of $21.1m on the Project expenditure slide and in Note 9.1 and Note 9.2 of the financial statements is due to timing of accruals and creditor payments

# Inventory improvements strengthened the balance sheet

Closing inventory declined by $37.9m, reflecting lower aged stock and faster Group stock turn, while further improvement remains a priority

CLOSING INVENTORY · $ MILLION

**−$37.9m**
vs FY25




| $438.8m | 21.8% | 4.7x |
|---|---|---|
| CLOSING INVENTORY | AGED INVENTORY[1] | GROUP STOCK TURN |
| FY25 $476.7m | FY25 23.1% | FY25 4.6x |

INVENTORY BY BRAND · $ MILLION

| | FY25 | FY26 | |
|---|---|---|---|
| The Warehouse + Warehouse Stationery | 345.8 | 309.2 | −10.6% |
| Noel Leeming | 131.0 | 129.6 | −1.0% |

**PRUDENT PROVISIONING**

**$18.9m**

inventory provisions

**4.7% of inventory cost, up from 3.7%**

**COMMENTARY**

- Lower inventory was driven primarily by The Warehouse and Warehouse Stationery, including a $19.7m reduction in goods in transit.
- Aged inventory reduced to 21.8% from 23.1%, while provisions increased to address selected aged, slow-moving and end-of-life stock.
- The reset supports stronger stock flow and working-capital discipline, while clearance plans remain actively managed.

THE WAREHOUSE GROUP

1. Aged inventory calculated as stock over six months old

# Project expenditure

Investment lifted in capital expenditure led by stores, operations and property

**TOTAL PROJECT EXPENDITURE[1]**

**$27.8m**

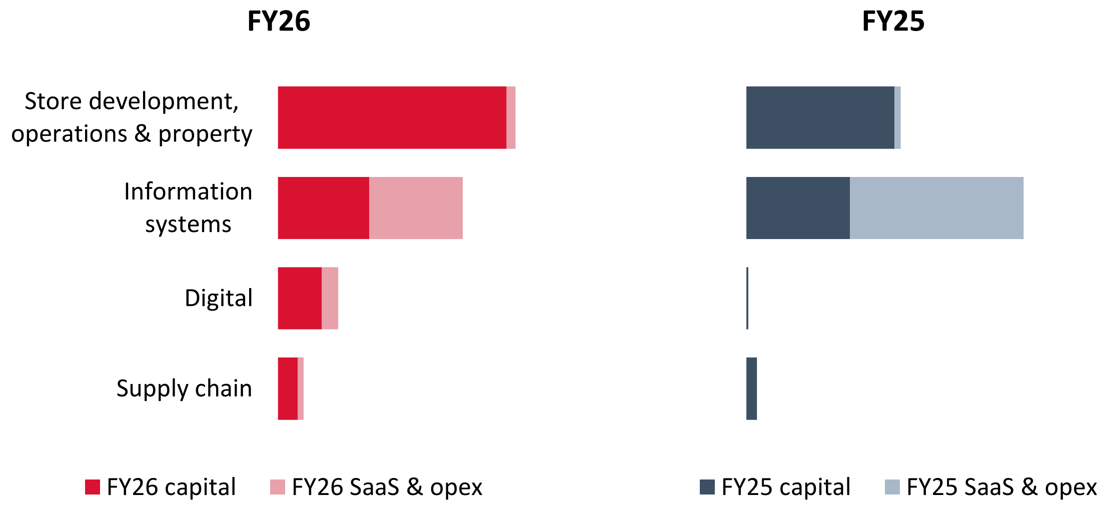
FY25: $21.0m

**CAPITAL EXPENDITURE**

**$21.1m**

76% of project spend

**PROJECT EXPENDITURE BY CATEGORY · $ MILLION**




| $ million | FY26 | FY25 |
|---|---|---|
| Store development, operations & property | **13.0** | 7.3 |
| Information systems | **10.1** | 13.1 |
| Digital | **3.3** | 0.1 |
| Supply chain | **1.4** | 0.5 |
| Total project expenditure | **27.8** | **21.0** |
| *of which capital expenditure* | 21.1 | 12.4 |
| *of which SaaS & project opex* | 6.7 | 8.6 |

## WHAT IT SAYS

- Total project expenditure increased $6.8m to $27.8m, with the investment mix shifting toward capital expenditure
- Capital expenditure increased $8.7m to $21.1m, primarily reflecting higher investment in store development, operations and property. Digital and supply chain capital investment also increased
- Key investments include fit-out of new stores and relocations, improved LED lighting and HVAC in stores and in-store digital screen deployment
- SaaS and project opex reduced $1.9m to $6.7m. The reduction was concentrated in information systems, partly offset by higher digital and supply chain project opex

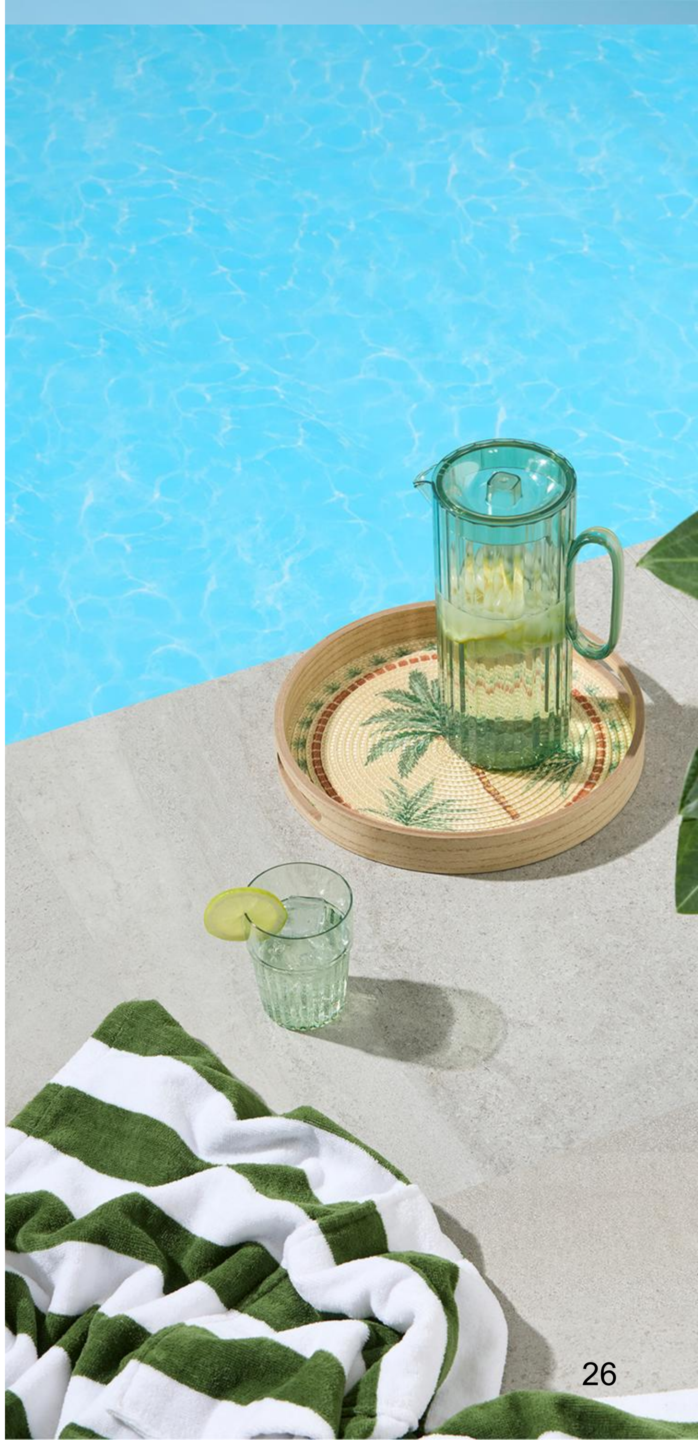
1. Total project expenditure includes capital expenditure, prepayments, SaaS expenditure and project operating expenditure

# The Year Ahead

**Mark Stirton**
Group CEO

# The year ahead

| | |
|---|---|
| TRADING UPDATE | **Trading in the first eight weeks of FY27:** Group sales were broadly in line with the prior year, with margin performance ahead of the prior comparable period |
| ENVIRONMENT | **The retail environment remains challenging**, with cautious consumer spending and continued volatility. We will remain focused on the factors within our control |
| THE WAREHOUSE | **Margin recovery at The Warehouse remains our most important earnings priority**, while continuing to deliver value for our customers. This will be supported by continued improvements in product ranges, pricing, merchandise planning and inventory management |
| DISCIPLINE | **Cost, capital and working-capital discipline will continue**, alongside further work to strengthen sourcing, supply-chain performance and inventory productivity across the Group |
| BRAND AND STORE GROWTH | **We will invest selectively to grow each of our retail brands,** strengthening The Warehouse customer proposition, growing Noel Leeming and Warehouse Stationery, and investing in new and existing stores where we see attractive returns. |
| INVESTOR DAY | **The launch of *This Is Warehouse Country* marks the next phase of The Warehouse's recovery**, with our longer-term retail-led strategy and pathway to stronger, more sustainable returns to be presented at **Investor Day in November** |

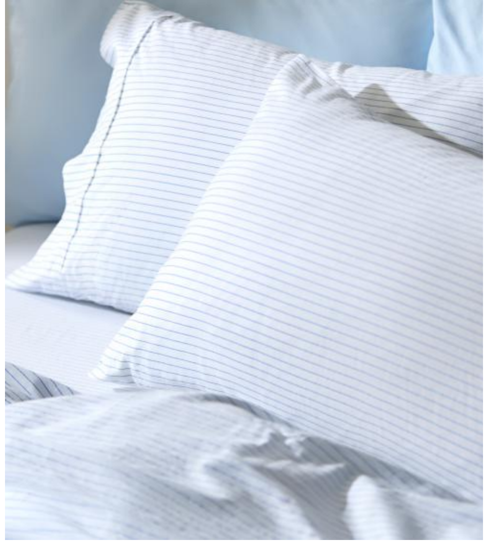


# Building exceptional retail brands

thewarehouse warehouse stationery noel leeming

# Appendix





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# Sales summary

| $ million | The Warehouse | Warehouse Stationery | Noel Leeming | Group |
|---|---|---|---|---|
| **FY26 reported sales (52 weeks)** | **1,774.9** | **227.6** | **1,017.4** | **3,027.6** |
| FY25 reported sales (53 weeks) | 1,816.5 | 226.0 | 1,038.1 | 3,086.7 |
| **FY26 growth on reported FY25** | **(2.3%)** | **+0.7%** | **(2.0%)** | **(1.9%)** |
| FY25 sales on a 52-week basis | 1,787.7 | 222.0 | 1,019.0 | 3,034.8 |
| **FY26 growth on 52-week FY25** | **(0.7%)** | **+2.5%** | **(0.2%)** | **(0.2%)** |
| **FY26 same-store sales growth (52 weeks)** | **+0.6%** | **+2.0%** | **(0.5%)** | **+0.4%** |
| FY26 H1 sales (26 weeks) | 949.5 | 116.1 | 542.2 | 1,612.1 |
| FY25 H1 sales (26 weeks) | 944.7 | 109.8 | 548.9 | 1,607.2 |
| **H1 growth** | **+0.5%** | **+5.7%** | **(1.2%)** | **+0.3%** |
| FY26 H2 sales (26 weeks) | 825.4 | 111.5 | 475.2 | 1,415.5 |
| FY25 H2 sales (27 weeks, as reported) | 871.8 | 116.2 | 489.2 | 1,479.5 |
| **H2 growth on reported FY25** | **(5.3%)** | **(4.0%)** | **(2.9%)** | **(4.3%)** |
| **H2 growth on 26 comparable weeks** | **(2.1%)** | **(0.6%)** | **+1.1%** | **(0.9%)** |

# Quarterly sales by brand

FY26 versus FY25 as reported. The 53rd week fell in the FY25 fourth quarter; a 13-week comparison is shown for Q4.

| $ million | Q1 | Q2 | Q3 | Q4 | FY | Q4 on 13 comparable wks |
|---|---|---|---|---|---|---|
| **The Warehouse — FY26** | 389.0 | 560.5 | 405.3 | 420.1 | **1,774.9** | |
| — *FY25* | 386.3 | 558.4 | 415.9 | 455.9 | 1,816.5 | |
| — *growth* | +0.7% | +0.4% | (2.5%) | (7.9%) | (2.3%) | **(1.6%)** |
| **Warehouse Stationery — FY26** | 52.2 | 63.9 | 57.1 | 54.4 | **227.6** | |
| — *FY25* | 50.9 | 58.9 | 58.8 | 57.4 | 226.0 | |
| — *growth* | +2.6% | +8.5% | (2.9%) | (5.2%) | +0.7% | **+1.9%** |
| **Noel Leeming — FY26** | 230.7 | 311.5 | 236.6 | 238.6 | **1,017.4** | |
| — *FY25* | 229.1 | 319.8 | 234.9 | 254.3 | 1,038.1 | |
| — *growth* | +0.7% | (2.6%) | +0.7% | (6.2%) | (2.0%) | **+1.4%** |
| **Group (incl. Other) — FY26** | **674.1** | **938.0** | **700.8** | **714.7** | **3,027.6** | |
| — *FY25* | 668.0 | 939.2 | 710.5 | 769.0 | 3,086.7 | |
| ***— growth*** | **+0.9%** | **(0.1%)** | **(1.4%)** | **(7.1%)** | **(1.9%)** | **(0.3%)** |

# EBIT and NPAT reconciliation

For the 52 weeks ended 2 August 2026

| | Operating Profit | | NPAT[2] | | |
|---|---|---|---|---|---|
| **$ million** | **FY26** | **FY25** | **FY26** | **FY25** | |
| **Reported earnings** | **56.6** | **40.5** | **11.2** | **(2.8)** | *Statutory* |
| Restructuring costs | 5.7 | — | 4.3 | — | *Head office redundancies* |
| Adjustments for NZ IFRS 16[1] | (39.7) | (39.2) | (2.0) | (1.7) | *Lease accounting* |
| **Adjusted earnings** | **22.6** | **1.3** | **13.5** | **(4.5)** | *Non-GAAP* |

**RESTRUCTURING**

- Restructuring costs of $5.7m before tax relate to head-office redundancies arising from the cost reset programme and TCS partnership

**NZ IFRS 16**

- Operating Profit excludes NZ IFRS 16 to maintain comparability with historical performance and common market practice. The FY26 adjustment was $39.7m at EBIT and $2.0m at NPAT



1. Refer to Note 2.2 of the Financial Statements for further details on the NZ IFRS 16 adjustment
2. 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.

# Investor metrics

| | FY26 | FY25 |
|---|---|---|
| **Returns** | | |
| Return on equity[1] | **3.8%** | (0.8%) |
| Return on net operating assets[2] | **3.6%** | 3.0% |
| Dividend payout ratio | — | — |
| **Cash generation** | | |
| Free cash flow[3] | **$79.4m** | $(45.2)m |
| Cash conversion ratio[4] | **1.29x** | (0.50)x |
| Stock turn (times) | **4.7** | 4.6 |
| **Gearing** | | |
| Net debt | **$17.0m** | $96.1m |
| Gearing (net debt over net debt plus equity) | **5.2%** | 24.3% |
| **Profitability** | | |
| Gross profit margin | **32.6%** | 32.2% |
| CODB as a percentage of sales | **31.8%** | 32.2% |
| Operating profit margin | **0.7%** | 0.0% |

1. Return on Equity is calculated as Net Profit from Continuing Operations After Tax / average Shareholder Equity
2. Return on Net Operating Assets is calculated as Net Operating Profit After Tax (excluding interest) / average Net Operating Assets
3. Free cash flow is calculated as Operating cash flow less capital expenditure and lease principal payments
4. Cash conversion is calculated as Operating cash flow / EBITDA on a pre-IFRS 16 basis

THE WAREHOUSE GROUP

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