



NZX | Media release – 27 March 2026

## The Warehouse Group announces FY26 Half Year Results: improved profitability despite tough conditions

The Warehouse Group today announced its half year results for the 26 weeks ended 1 February 2026.

- Group sales were \$1,612.1m, up 0.3% on FY25 H1 (\$1,607.2m), with like for like same store sales<sup>1</sup> up 0.5%
- The Warehouse sales were \$949.5m, up 0.5% on FY25 H1 (\$944.7m)
- Warehouse Stationery sales were \$116.1m, up 5.7% on FY25 H1 (\$109.8m)
- Noel Leeming sales were \$542.2m, down 1.2% on FY25 H1 (\$548.9m), reflecting a strong comparative period
- Group gross profit margin was 32.3%, down 20bps on FY25 H1
- Cost of doing business reduced by \$8.6m, down 1.7%, improving 70bps to 30.6% of sales (FY25 H1: 31.3%)
- Operating profit (EBIT pre-IFRS16) was \$26.9m, up 37.7% from \$19.5m in FY25 H1
- Reported Net Profit After Tax of \$15.7m, up 33.6% from \$11.8m in FY25 H1
- Adjusted Net Profit After Tax of \$17.9m, up 67.1% from \$10.7m in FY25 H1
- The Group will open new The Warehouse and Noel Leeming stores in Mangawhai in 2027

Despite a challenging retail environment and ongoing cost-of-living pressures on households, The Warehouse Group recorded sales of \$1,612.1 million in the six months to 1 February 2026, up 0.3% on FY25 H1, with like for like same store sales increasing 0.5%, while improving profitability through disciplined cost control and improved working capital with lower inventory.

Chair John Journee said the Board sees clear evidence that the Group is on the right path, while recognising the work ahead. “Consumer confidence is volatile and retail conditions remain extremely competitive. Against that backdrop, this is a solid result.

“We have held sales and improved profitability, while continuing to rebuild the foundations of good retailing. New leadership and a new operating model are now in place, and we are seeing the benefit through stronger cost discipline and execution. There is still more to do, and it will take time to restore sustainable returns.”

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1. Like for like same store sales compares 26 weeks ending 1 Feb 2026 with 26 weeks ending 2 Feb 2025, excludes online sales and removes the impact of opening and closing stores year on year.



Group Chief Executive Officer Mark Stirton said there are encouraging signs that the work underway is resonating with customers. “We are seeing customers respond as we get the basics right and deliver clearer value through better ranges and a stronger experience in stores.

“Our Black Friday, Christmas and Back to School events performed well across the half, while severe weather events in January impacted retail spending overall and affected summer seasonal and outdoor categories at The Warehouse.”

Gross profit was \$520.5 million, down 0.2%, with gross profit margin of 32.3%, down 20 basis points. Gross profit margin improved in Warehouse Stationery and Noel Leeming, while The Warehouse continued to face margin pressure.

“Group gross profit margin declined in the first quarter, driven largely by The Warehouse, where we deliberately cleared aged and seasonal stock, saw softer sales in higher-margin categories, and faced freight pressures. Positively, gross profit margin momentum grew in the second quarter, up 30 basis points, and the quality of sales improved,” Mr Stirton said.

In November 2025, the Group shared its aim to reduce costs to below 31% of sales. In the first half, cost of doing business reduced by 1.7%, improving by 70 basis points to 30.6% of sales. While progress has been made, cost of doing business as a percentage of sales is expected to moderate on a full year basis given the traditionally larger first half sales.

The Group will continue its cost reset programme by simplifying the business, reducing overheads and controlling spend.

Mr Stirton said disciplined cost control was a key driver of the improved result, with operating profit increasing 37.7% to \$26.9 million and reported net profit after tax of \$15.7 million, up from \$11.8 million in FY25 H1.

“Tight cost control flowed through to a good improvement in profitability. I want to thank our 10,000 team members across the country who are making a real difference for our customers every day as we reset the business.”

### **Store footprint growth – The Warehouse and Noel Leeming Mangawhai**

Today the Group announced The Warehouse and Noel Leeming will open new Mangawhai stores in mid-2027. This will be the first new The Warehouse store since the opening of The Warehouse Wānaka in 2023.

Mr Stirton said the Group’s store network remains a key strength, with more than 85% of New Zealanders living within a 20-minute drive of one of the Group’s stores. “We are excited to be opening new stores. Our stores are central to how we serve communities, deliver value and grow.”

Mr Stirton said Mangawhai is a fast-growing area, with strong demand from families for great value shopping, both residents and holiday makers, “Mangawhai has evolved from a seasonal holiday destination into a growing year-round community. Opening new stores allows us to employ locally and better serve a community that is expanding.”

## **Brand performance**

### The Warehouse

The Warehouse delivered sales of \$949.5 million, up 0.5% on FY25 H1, with like for like same store sales up 1.2%. Store foot traffic increased 0.5% and conversion, the number of visitors who end up making a purchase, improved 1.0%.

Peak trading events including Black Friday and Christmas performed well. The Warehouse saw category revenue growth across Health & Beauty up 3.7%, Toys up 3.2%, and Leisure up 2.7%, as customers shopped for gifts, summer and holiday activities. Health and Beauty, an increasingly important category for the brand, continued to gain traction following improvements in visual merchandising, and presents a significant opportunity.

Gross profit margin declined with softer sales in higher margin categories, higher freight costs and increased provisions for aged stock. “We’re stepping up the work to revitalise our Home and Apparel offer, while remaining sharp on value for customers. We are also investing in our store experience, including visual merchandising upgrades and remodelling plans are underway for our first new flagship store format,” said Mr Stirton.

### Warehouse Stationery

Warehouse Stationery delivered sales of \$116.1 million, up 5.7% on FY25 H1. The result is aided by the timing of the Back to School trading period falling more into this half year. Like for like same store sales increased 1.8%.

Standalone store foot traffic increased 1.8% and conversion improved 1.4%, with sales growth across all categories. Gross profit margin increased significantly, reflecting better retail execution with price resets, improved stock control, and lower clearance activity contributing to gross profit growing faster than sales.

Mr Stirton said Warehouse Stationery has played an important role in proving the Group’s approach. “As the smallest brand, Warehouse Stationery allowed us to move and apply changes faster. Our focus now is on applying the same learnings at scale in The Warehouse as we continue the broader turnaround.”

### Noel Leeming

Noel Leeming delivered sales of \$542.2 million, down 1.2% on FY25 H1. On a like for like same store sales basis, sales decreased 1.3%.

In FY25 H1, the closure of Flybuys in December 2024 supported an increase in sales as customers redeemed points ahead of the programme ending.

Peak trading events, including Black Friday and Christmas performed well, while Boxing Day was softer, in line with broader retail conditions. Sales growth was achieved in cellular, computers and whiteware.

A strong focus on strengthening profitability in a highly competitive market achieved growth in gross profit margin, and combined with disciplined cost control, delivered an operating profit of \$12.9 million, up 52.0% on FY25 H1, and higher than FY25 full year.

Mr Stirton said Noel Leeming continues to compete strongly in an intensely competitive market. “The improvement in margin and profit is excellent to see and evidence the Noel Leeming team are doing the retail basics well while building a strong service and commercial offering.”

### **Capital allocation and net debt**

The Group maintained disciplined capital allocation in the half primarily investing in store improvement, with capital expenditure of \$5.8 million and total project expenditure of \$9.1 million in the half year, compared to \$8.9 million in the prior half year.

Capital expenditure will remain controlled for the remainder of the year, including investment in store footprint growth, store experience and systems to support customer experience and long-term performance.

FY26 H1 net debt was \$93.3 million. Net debt and working capital were impacted by the 53-week year in FY25, which meant the FY26 H1 balance sheet date fell one week later than FY25 H1. That extra week resulted in additional cash outflows of \$138.5 million. On a comparable basis, FY26 H1 was in a net cash position of \$45.2 million, compared with a net cash position of \$19.0 million at the equivalent point in FY25 H1.

### **Dividend**

The Board has elected not to declare an interim dividend given the Group’s half year result and uncertain outlook.

Chair John Journee said, “There is still more to do to restore sustainable returns, and this will take time. The Board and management are aligned and working closely together to reinstate dividends, and we thank our shareholders for their ongoing patience and support.”

### **Looking ahead**

Trading in the first six weeks of the second half has resulted in sales down 0.2% on the same period last year.

Chair John Journee said the economic recovery remains slow and, amid ongoing global volatility, trading conditions continue to be challenging.

“International conflict has created further uncertainty for New Zealanders. Rising fuel prices and potential disruption, along with congestion across key shipping routes, are expected to push freight costs higher in the period ahead.

“While the full impact on supply chain and consumers remains uncertain, management is closely monitoring conditions with planning underway. We are working with external stakeholders to seek to mitigate and manage these pressures as the situation evolves.”

Mark Stirton said the Group is acting decisively on what it can control. “In the second half, we will continue the work to turnaround performance. In this environment, the mission doesn’t change at The Warehouse, we will continue to strive to deliver value for Kiwis every day.”

The Group will release its FY26 third-quarter trading update on 15 May 2026 and its FY26 annual results on 24 September 2026.

## Ends

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