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The Warehouse Group FY26 Q1 Trading Update and Cost Reset Programme

The Warehouse Group (“the Group”) has today provided a trading update for the 13 weeks ended 2 November 2025 (“FY26 Q1”).

- Group sales were \$674.1 million, up 0.9% compared to the 13 weeks ending 27 October 2024 (“FY25 Q1”).
- Group like for like same store sales¹ increased 0.1% compared to prior period.
- The Warehouse sales were \$389.0 million, up 0.7% compared to FY25 Q1, with like for like same store sales also up 0.7%.
- Warehouse Stationery sales were \$52.2 million, up 2.6% compared to FY25 Q1, with like for like same store sales up 1.4%.
- Noel Leeming sales were \$230.7 million, up 0.7% compared to FY25 Q1, with like for like same store sales down 1.6%.

The Group reported total sales of \$674.1 million, up 0.9% on the same period last year. Despite a challenging retail environment and a sluggish economy marked by low confidence and high unemployment, the Group delivered positive sales growth across all brands.

Group like for like same store foot traffic increased 0.2% and conversion improved 30 basis points to 58.4%, with units sold up 2.6%, showing more customers are visiting stores and responding positively to improved product lines in key categories.

Average selling prices declined 2.4% due to the highly promotional retail environment, changing sales mix as grocery continues to grow, and ongoing clearance activity.

Online sales increased 8.2% on prior period and now compromise 7.0% of total sales in FY26 Q1 compared to 6.5% of total sales in prior period, driven by particularly strong online sales growth in Noel Leeming.

The Warehouse Group Chief Executive Officer Mark Stirton said, “Sales revenue and units sold are up, which is an encouraging sign. However, we’re not yet seeing the scale of full price home and apparel sales needed to materially improve margin performance at The Warehouse. A warmer winter led to slower sell-through, resulting in increased clearance activity which also impacted the value perception of our new spring home and apparel ranges.”

¹ Like for like same store sales excludes online sales and Noel Leeming Commercial sales, and compares 13 weeks ending 2 November 2025 with 13 weeks ending 3 November 2024, adjusting for the 53rd week in FY25.



While Noel Leeming and Warehouse Stationery gross profit margins have improved, The Warehouse gross profit margin remains under pressure. This has resulted in Group gross profit margin down 40 basis points year to date compared to the same period last year.

“There are encouraging signs our new product ranges and in-store experience are resonating with customers. Trading conditions remain challenging, and we are doubling down on our efforts to improve gross profit margins and reduce Cost of Doing Business (CODB) in order to help improve profitability,” said Mr Stirton.

Cost Reset Programme

To address margin pressure and ensure our cost base is sustainable for a value retailer, The Warehouse Group is implementing a comprehensive cost reset programme, to deliver on our intention to reduce CODB to below 31% of sales. This programme is a critical step in restoring profitability and positioning the Group for sustainable growth.

“Our shareholders rightly expect decisive action, and that is exactly what we must deliver,” said Mr Stirton. “Our strategy is twofold: reducing costs now to recover profitability, while continuing to invest in the areas that will strengthen The Warehouse Group for the long term, like our stores, prices and product range.”

The programme will focus on continuing to drive down CODB across the business. It includes a proposed restructure of head office roles without reducing front line team member roles.

The Group is also pursuing opportunities to expand its partnership with Tata Consultancy Services (TCS) and potentially co-sourcing additional areas of the business.

“These are difficult decisions, and we do not take proposed changes that impact our people lightly. We know the effect this has on our team and their families, especially in the current economy, and we are committed to supporting our people through the upcoming consultation and change processes with care and respect over the coming months. These changes are unfortunately essential to ensure our operating model is fit for purpose and to secure the future of The Warehouse Group as New Zealand’s leading value retailer,” said Mr Stirton.

The Group remains focused on disciplined delivery in FY26. In conjunction with our focus on margin recovery, the cost reset programme is expected to lower The Warehouse Group’s cost base, help restore profitability, and strengthen capability to support the Group’s long-term sustainable growth.

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