



Release to the Australian Securities Exchange

Adairs Limited Trading update – First 17 weeks of FY21

26 October 2020

Adairs Limited (ASX: ADH)

Ahead of its Annual General Meeting to be held at 11.00am (AEST) today Adairs wishes to provide a trading update for the first 17 weeks of FY21, ending 25 October 2020.

Sales in this period have remained elevated across all channels and are well ahead of the same period last year, despite 43 stores in the Melbourne Metropolitan area being affected by COVID-19 Government restrictions since 6 August 2020 (11.5 weeks of the period).

Sales, unaudited (first 17 weeks of FY21)	Growth over PCP
Adairs stores	-0.6%
Adairs stores (LFL) ¹	+17%
Adairs online	+134%
Adairs Total Sales	+22%
Mocka ²	+48%

Online sales represented 41% of total sales (comprising Adairs online 32% and Mocka 9%) versus 17% for the same period last year.

Gross margins are well above prior year levels and remain an area of focus for management, with the continuation of pricing and sourcing initiatives outlined with the FY20 results. Underlying trading gross margin³ for Adairs for the first 17 weeks is approximately 600bps higher than the same period last year, whilst Mocka's gross margin is approximately 150bps higher.² Management anticipate that gross margins will moderate from current levels over the balance of FY21 as restrictions are lifted across the country and more options for discretionary spending emerge, but are expected to remain above FY20 levels.

¹ Like for like sales growth ("LFL") has been adjusted for Greater Melbourne store closures and is calculated on a store by store daily basis (where only stores open on the same day in each corresponding period have been included).

² For information only. Adairs acquired Mocka in December 2019.

³ Excludes online freight costs and store distribution costs which would normally be included in gross profit under AASB15.



Inventory levels were well below ideal levels through the last 6 months due to the actions taken to manage the inventory and liquidity position in the second half of FY20 and the stronger than anticipated sales results since stores re-opened in May 2020. Pleasingly, inventory levels are now coming into line with last year and will be in a good position to support stores through the key November / December trading period.

Costs continue to be well controlled with the business investing in marketing to drive new customer acquisition and team to support the underlying strategies of the business. Government wage subsidies concluded at the end of September, however Adairs has put in place a support program to continue to pay those team members in Victoria impacted by the mandated store closures.

Due to the persisting and inherent uncertainties associated with COVID-19, the Board cautions investors against projecting this sales and margin growth across the balance of FY21.

Speaking on the trading update Mark Ronan, CEO and Managing Director, said:

“I am pleased that the momentum seen in the second half of FY20 has continued into FY21. These results highlight the strength and continued success of our brands, supported by our omni channel strategy and operational agility. We continue to see our customers invest more in the comfort of their homes, where many are spending more time working and studying.

Under challenging circumstances, our team have delivered a great product range, with all categories performing well. This has been supported by all team members across the business working collectively to enable customers to shop via their preferred channel in a safe manner over this period. I have been so proud to see the passion and commitment of our team to work through the challenges and focus on what really matters - inspiring and delighting our customers.”

ENDS

This announcement has been approved by the Board of Adairs Limited.

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About Adairs Limited

Adairs Limited is Australia's largest omni channel specialty retailer of home furnishings and home decoration products. We own and operate two businesses in the category, Adairs and Mocka. Both businesses are design led, customer focused, and sell quality in-house designed product direct to customers in Australia and New Zealand. Adairs head office is in Melbourne, Australia.

For further information visit our investor relations website www.investors.adairs.com.au



About Adairs

Adairs is a leading specialty retailer of home furnishings in Australia and New Zealand with a national footprint of stores across a number of formats and a large and growing online channel. Our strategy is to present customers with a differentiated proposition, which combines on-trend fashion products, quality staples, strong value and superior customer service.

For further information visit www.adairs.com.au

About Mocka

Mocka, a wholly owned subsidiary of Adairs, is a vertically integrated pure-play online home and living products designer and retailer operating in Australia and New Zealand. Mocka sells its own exclusive, well designed, functional and stylish products in the Home Furniture & Décor, Kids and Baby categories. Delivering great product and compelling everyday value-for-money is core to the Mocka customer proposition.

For further information visit www.mocka.com.au