Adairs Limited
1H FY25 Results Presentation

24 FEBRUARY 2025

ELLE ROSEBY

GROUP CHIEF EXECUTIVE
OFFICER & MANAGING DIRECTOR

ASHLEY GARDNER

GROUP CHIEF FINANCIAL OFFICER

Contents

Important Information

1H FY24 was a 27-week period for statutory purposes, compared to a 26-week period in 1H FY25.

To aid comparison, an 'Adjusted change' column is included in the financial information which compares the same 26-weeks in both 1H FY25 and 1H FY24.

The adjusted 26-week period for 1H FY24 presented in the HY24 investor presentation was for a period weeks 1-26, whereas it is presented as weeks 2-27 in this investor presentation to be relevant to the respective comparable period presented due to the timing of Boxing Day.

Group – 1H FY25 operational highlights

Adairs

- Significant executive leadership team renewal over the last nine months, including:
  - Group CEO & Managing Director (new, started Jan 2025)
  - Head of Retail Operations (new, started Jan 2025); and
  - Head of Product (experienced team member promoted in Jun 2024).
- Ranges in key categories (e.g. bed linen) and higher inventory availability in-store have resonated well with customers, driving strong sales growth. This sales momentum has carried into the early stages of 2H FY25.
- Improvements in costs and operations at the NDC continue following 'step-in' by Adairs in Sep 2023.
  - Costs have been reduced, online customer service levels have improved, and in-store product availability has been enhanced by a 20% increase in items delivered to stores.
  - New warehouse management system was implemented in Jul 2024.
  - Further improvements in service and cost efficiency will continue to be extracted from the warehouse operations over the medium term.

Focus on Furniture

- The performance of new and refurbished stores gives us confidence in the national rollout strategy. The pipeline for new stores has increased with further stores to open in New South Wales and operations to commence in Western Australia in 2025 and 2026.
- The Queensland store expansion continued, with Robina opening in February 2025. Focus shares a warehouse with Mocka in Brisbane.

Mocka

- New leadership and skills added to the management team over the last 12 months. The team has settled in well, and their collective experience, confidence and capability is growing quickly.
- Australia and NZ websites were successfully re-platformed throughout 2024, providing a platform for the omni-channel strategy.
- Strong results being achieved from new product ranges, supporting improved margins.
- The strategy to raise brand awareness and expand the availability (distribution) of Mocka products progressed. We trialled wholesaling of Mocka product to a major national retailer in Australia and New Zealand and launched a selection of Mocka product at an Adairs store in New Zealand. These trials provided valuable operational and customer insights as Mocka moves toward opening its first standalone store in FY26.

Group – 1H FY25 financial highlights

($ million) Underlying[1]	1H FY25 26 weeks	1H FY24 27 weeks	Adjusted change[2]	Change
Total sales	**310.5**	302.4	**+6.6%**	+2.7%
Gross margin	**186.0**	182.3	**+5.8%**	+2.0%
Gross profit	**148.7**	143.6	**+7.1%**	+3.5%
CODB	**109.5**	107.4	**+5.7%**	+2.0%
EBITDA	**39.1**	36.2	**+11.0%**	+8.1%
EBIT	**33.0**	30.9	**+10.0%**	+6.7%
Earnings per share (cents)	**11.1**	10.2		**+8.5%**
Dividends per share (cents)	**6.5**	5.0		**+30.0%**
Net debt	**57.8**	58.6		**-(1.5%)**
Online sales %	**29.2%**	28.1%	**+120 bps**	+110 bps
Gross margin %	**59.9%**	60.3%	**-(50 bps)**	-(40 bps)
Gross profit %	**47.9%**	47.5%	**+20 bps**	+40 bps
CODB %	**35.3%**	35.5%	**-(30 bps)**	-(20 bps)
EBITDA %	**12.6%**	12.0%	**+50 bps**	+60 bps
EBIT %	**10.6%**	10.2%	**+30 bps**	+40 bps

(1) Refer to Appendix 5 for a reconciliation of underlying and statutory results.

(2) 'Adjusted change' refers to the change versus a comparable adjusted 26-week period in 1H FY24.

Financial highlights

- Group sales growth driven by strong contributions from Adairs (+9.3%) and Mocka (+12.4%)
- Gross margin improvement from Adairs and Mocka offset the adverse impact of foreign currency and higher import freight costs, most noticeably at Focus on Furniture.
- Warehousing costs continued to fall and offset the impact of higher delivery costs.
- CODB remained a focus, reducing by -30bps as a % of sales despite ongoing inflationary pressures.
- Gross margin improvement and benefits of the 2H FY24 cost-out program, contributed to Underlying Group EBIT of $33.0m (+10.0%) and Underlying Group EBIT margin of 10.6% (+30bps).
- Statutory EPS of 11.1 cents (+8.5%)
- Interim fully franked dividend of 6.5 cents per share (+30.0%).
  DRP remains active (1.5% discount).

Business units – 1H FY25 financial highlights

The 1H FY25 result was driven by strong contributions from Adairs, which achieved a record 1H sales result, and Mocka, which delivered another solid performance.

($ million) Underlying[1]	1H FY25 26 weeks	1H FY24 26 weeks	1H FY24 27 weeks	Adjusted change[2] $	Adjusted change[2] %	
TOTAL SALES						
Adairs	**220.5**	201.8	210.3	+18.7	+9.3%	▲
Focus on Furniture	**61.9**	64.6	66.2	-(2.7)	-(4.1%)	▼
Mocka	**28.1**	25.0	26.0	+3.1	+12.4%	▲
GROUP	**310.5**	291.4	302.4	+19.1	+6.6%	▲
UNDERLYING EBIT						
Adairs	**20.6**	15.6	16.3	+5.1	+32.5%	▲
Focus on Furniture	**8.5**	11.0	11.0	-(2.5)	-(22.5%)	▼
Mocka	**3.8**	3.4	3.6	+0.4	+12.3%	▲
GROUP	**33.0**	30.0	30.9	+3.0	+10.0%	▲
UNDERLYING EBIT MARGIN						
Adairs	**9.4%**	7.7%	7.8%		+160 bps	▲
Focus on Furniture	**13.7%**	17.0%	16.6%		-(330 bps)	▼
Mocka	**13.6%**	13.6%	13.7%		flat	—
GROUP	**10.6%**	10.3%	10.2%		+30 bps	▲

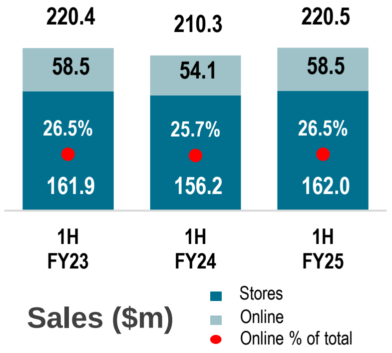
(1) Refer to Appendix 5 for a reconciliation of underlying and statutory results.

(2) 'Adjusted change' refers to the change versus a comparable adjusted 26-week period in 1H FY24.

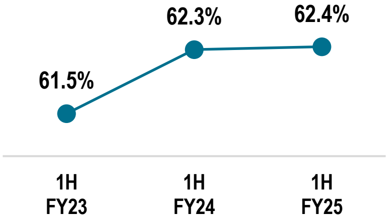
Adairs – 1H FY25 performance

Strong sales growth in both channels and lower cost-base drove significant EBIT improvement.

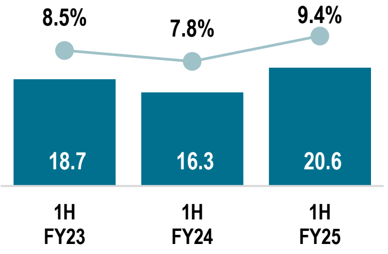
- Record 1H total sales of $220.5m, up +9.3%.
  - Store sales up +8.0% and Online sales up +12.8% (26.5% of total sales).
  - Improved product ranges and better stock availability drove sales growth.
  - Click & Collect continued to grow adding to the omni-channel offering.
  - 1 million Linen Lover members contributed c.85% of sales.
- Gross margin rate maintained, reflecting an improved product offering and well-managed promotional activity, offset the weaker AUD
- Ongoing reduction in warehousing costs through NDC continuous improvement. Total warehousing cost (inc. depreciation) are down c.$5.0m since ‘step-in’ in September of FY23.
- CODB as a % of sales fell by 100bps due to continued cost focus and impact of the 2H FY24 cost-out program, despite increased volumes and underlying inflation in wages and rents.
- Underlying EBIT of $20.6m, up +32.5%.
- 3 new stores opened, 3 upsized/refurbished, and 3 smaller stores closed (net +2.5% in GLA).



Sales ($m)



Gross margin



EBIT and EBIT margin

($ million) Underlying[1]	1H FY25 26 weeks	1H FY24 27 weeks	Adjusted change[2]	Change
Store sales	162.0	156.2	+8.0%	+3.7%
Online sales	58.5	54.1	+12.8%	+8.2%
Total sales	**220.5**	**210.3**	**+9.3%**	**+4.8%**
Gross margin	**137.5**	**131.1**	**+9.1%**	**+4.9%**
Warehouse costs	(13.9)	(15.6)	-(6.2%)	-(10.5%)
Delivery costs	(10.8)	(10.2)	+12.8%	+6.7%
Gross profit	**112.7**	**105.3**	**+11.0%**	**+7.0%**
CODB	(86.6)	(84.3)	+6.5%	+2.8%
EBITDA	**26.1**	**21.0**	**+28.6%**	**+24.0%**
Depreciation	(5.4)	(4.7)	+15.9%	+15.9%
EBIT	**20.6**	**16.3**	**+32.5%**	**+26.4%**
Online sales %	26.5%	25.7%	+80 bps	+80 bps
Gross margin %	62.4%	62.3%	-(10 bps)	+10 bps
Gross profit %	51.1%	50.1%	+80 bps	+100 bps
CODB %	39.3%	40.1%	-(100 bps)	-(80 bps)
EBITDA %	11.8%	10.0%	+180 bps	+180 bps
EBIT %	9.4%	7.8%	+160 bps	+160 bps

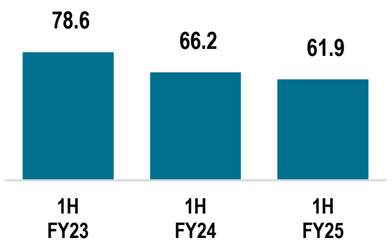
(1) Refer to Appendix 5 for a reconciliation of underlying and statutory results.

(2) ‘Adjusted change’ refers to the change versus a comparable adjusted 26-week period in 1H FY24.

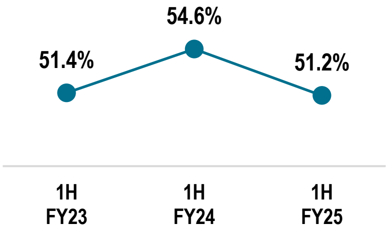
Focus on Furniture – 1H FY25 performance

Challenging first half impacted by a weaker trading environment and Victorian store portfolio bias. New and refreshed stores delivering encouraging results.

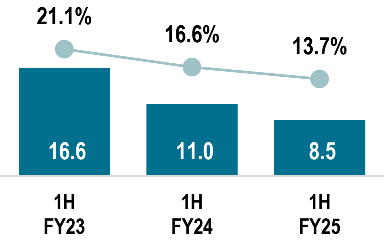
- Total sales of $61.9m, down -4.1%. Written orders were down -9.4%.
  - Value-orientated market with increased promotional activity needed to drive sales conversion.
  - Remains well positioned with its good quality mid-market product offering for when the market improves.
- Weaker AUD, higher freight costs and increased promotional activity weighed on margin.
- Underlying EBIT of $8.5m, down -22.5%.
- Newly opened stores in last 18 months (Helensvale and Prospect) have expanded the national store footprint and are contributing positive EBIT, in-line with expectations.
- A new store opened at Robina in Feb 2025 (third store in Queensland). Management expects 3-5 new stores to open over the next two years, targeting New South Wales and Queensland and a planned entry into Western Australia in 2026.
- Existing store refresh program delivering an enhanced customer experience and profitability uplift relative to other stores. A further 3-5 stores are expected to be refurbished over next 12 months.



Sales ($m)



Gross margin



EBIT and EBIT margin

($ million) Underlying[1]	1H FY25 26 weeks	1H FY24 27 weeks	Adjusted change[2]	Change
Store sales	57.9	61.4	-(3.3%)	-(5.6%)
Online sales	4.0	4.8	-(15.0%)	-(17.2%)
Total sales	**61.9**	**66.2**	**-(4.1%)**	**-(6.4%)**
Gross margin	**31.7**	**36.1**	**-(9.9%)**	**-(12.3%)**
Warehouse costs	(2.9)	(3.9)	-(24.5%)	-(27.3%)
Delivery costs	(3.0)	(3.0)	+5.5%	-(0.6%)
Gross profit	**25.8**	**29.2**	**-(9.5%)**	**-(11.5%)**
CODB	(16.7)	(17.7)	-(2.3%)	-(5.6%)
EBITDA	**9.1**	**11.5**	**-(20.3%)**	**-(20.5%)**
Depreciation	(0.6)	(0.5)	+31.4%	+31.4%
EBIT	**8.5**	**11.0**	**-(22.5%)**	**-(22.7%)**
Online sales %	6.4%	7.3%	-(90 bps)	-(90 bps)
Gross margin %	51.2%	54.6%	-(330 bps)	-(340 bps)
Gross profit %	41.7%	44.0%	-(250 bps)	-(240 bps)
CODB %	26.9%	26.7%	+50 bps	+20 bps
EBITDA %	14.8%	17.4%	-(300 bps)	-(260 bps)
EBIT %	13.7%	16.6%	-(330 bps)	-(290 bps)

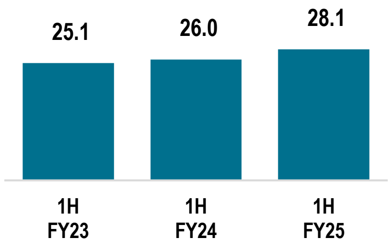
(1) Refer to Appendix 5 for a reconciliation of underlying and statutory results.

(2) 'Adjusted change' refers to the change versus a comparable adjusted 26-week period in 1H FY24.

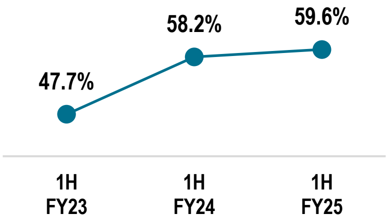
Mocka – 1H FY25 performance

Sales growth and margin improvement delivered a strong EBIT for the half, despite challenging conditions in New Zealand persisting.

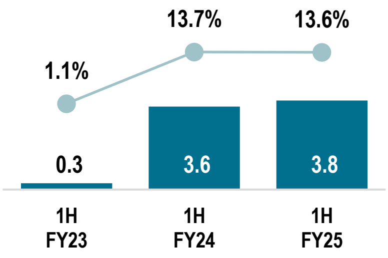
- Total sales of $28.1m, up +12.4%.
- Sales growth materially different across Australia and New Zealand:
  - Australia sales up +27.5%.
  - New Zealand sales down -3.5%, but trend improved throughout the half, especially following the New Zealand website re-platforming.
- Gross margin continued to improve with ongoing product improvement, improved stock turns and ongoing promotional discipline.
- Cost base well managed with additional investment to support future growth through brand awareness and team capability.
- Underlying EBIT of $3.8m, up +12.3%.
- New Zealand website re-platform completed in 1H FY25 (after Australia went live in 2H FY24).
- Trialled opportunities to grow physical presence through wholesale channels and product placement in an Adairs' New Zealand store. Each initiative has provided valuable learnings and insights ahead of opening a standalone Mocka store (targeting 1H FY26).



Sales ($m)



Gross margin



EBIT and EBIT margin

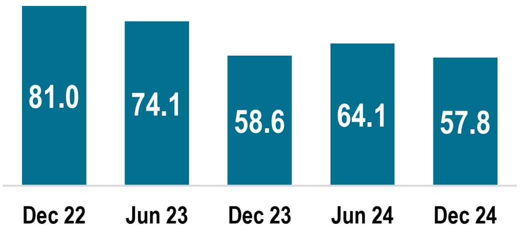
($ million) Underlying[1]	1H FY25 26 weeks	1H FY24 27 weeks	Adjusted change[2]	Change
Store sales	-	-	-	-
Online sales	28.1	26.0	+12.4%	+8.3%
Total sales	**28.1**	**26.0**	**+12.4%**	**+8.3%**
Gross margin	**16.8**	**15.1**	**+14.9%**	**+10.9%**
Warehouse costs	(2.1)	(2.0)	+10.5%	+8.3%
Delivery costs	(4.5)	(4.1)	+14.8%	+10.6%
Gross profit	**10.1**	**9.1**	**+16.0%**	**+11.6%**
CODB	(6.2)	(5.4)	+19.1%	+14.9%
EBITDA	**3.9**	**3.7**	**+11.3%**	**+6.5%**
Depreciation	(0.1)	(0.1)	(27.9%)	(27.9%)
EBIT	**3.8**	**3.6**	**+12.3%**	**+7.4%**
Online sales %	100.0%	100.0%	-	-
Gross margin %	59.6%	58.2%	+130 bps	+140 bps
Gross profit %	36.0%	34.9%	+110 bps	+110 bps
CODB %	22.1%	20.9%	+120 bps	+130 bps
EBITDA %	13.8%	14.1%	-(10 bps)	-(20 bps)
EBIT %	13.6%	13.7%	-	-(10 bps)

(1) Refer to Appendix 5 for a reconciliation of underlying and statutory results.

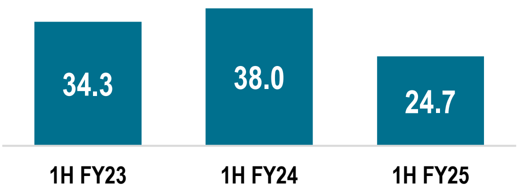
(2) 'Adjusted change' refers to the change versus a comparable adjusted 26-week period in 1H FY24.

Balance sheet and cash flow

($ million)	Dec 22	Jun 23	Dec 23	Jun 24	Dec 24
Inventories	106.4	87.8	83.5	83.7	97.6
Trade and other payables	(66.8)	(54.9)	(54.8)	(52.4)	(63.4)
Deferred revenue	(19.5)	(20.1)	(26.8)	(21.5)	(24.1)
Property, plant and equipment	24.3	22.9	37.0	38.3	38.7
Intangibles	280.3	282.3	285.1	282.6	284.3
Right-of-use assets	172.9	157.2	171.8	175.5	171.9
Lease liabilities	(196.3)	(180.4)	(195.2)	(198.9)	(197.1)
Deferred tax liabilities	(21.2)	(20.8)	(17.4)	(17.7)	(18.8)
Net other assets and liabilities	1.8	2.3	(8.7)	(2.2)	(5.1)
Total funds employed	**282.0**	**276.3**	**274.4**	**287.3**	**294.3**
Borrowings	(109.2)	(100.0)	(80.0)	(77.0)	(70.0)
Cash	28.2	25.9	21.4	12.9	12.2
Net debt	**(81.0)**	**(74.1)**	**(58.6)**	**(64.1)**	**(57.8)**
Equity	**201.0**	**202.2**	**215.8**	**223.2**	**236.5**



Net debt ($m)



Underlying operating cash flow ($m)

Inventories

- Total Group inventories increased +$13.9m across 1H FY25 to $97.6m.
- Additional investment in core lines in the Adairs brand has delivered the improved 1H FY25 result and will continue to annualise benefits into 2H FY25.

Capital expenditure

- Group CAPEX in 1H FY25 was $8.2m, including:
  - New stores, upsizes and refurbishments
  - Continued investment in IT and digital initiatives

Net debt

- Ongoing focus on debt reduction with net debt of $57.8m down -$6.3m since Jun 2024, equating to c.0.8x LTM Underlying EBITDA.
- Existing facilities secured until Jan 2026 ($90m) and Jan 2027 ($45m). Refinancing exercise has recently commenced.

Dividend and DRP

- Fully franked FY25 interim dividend of 6.5 cps (5.0 cps in FY24).
  - Record date: 11 Mar 2025; Payment date: 3 Apr 2025.
- DRP remains active (election forms due 12 Mar 2025) with participants receiving shares at a 1.5% discount to the 5-day VWAP.

Trading update and outlook

Trading update

Real-time sales (unaudited)	2H FY25 (first 7 weeks)
Group	**+9.2%**
Adairs	+15.2%
Focus on Furniture	-(5.4%)
Mocka	+2.1%

Group total sales in the first seven weeks of 2H FY25 are up +9.2% over the prior corresponding period. Macroeconomic conditions are materially unchanged from 1H FY25 (and the prior corresponding period), with the sales improvement being primarily driven by 'controllables'.

Adairs:

Sales (both stores and online) are considerably higher than in the same period in 2H FY24. Higher inventory availability and improvements in range appeal are driving sales growth. Gross margin trends are consistent with 1H FY25.

Focus on Furniture:

Written sales improved in early 2H compared to 1H FY25; however, sales conversion continues to be a challenge. The performance of newly opened stores is pleasing, contributing to total sales growth. The opening order book for 2H FY25 is approximately $5 million lower than at the same time last year.

Mocka:

Australia sales are up +14.3%, whilst New Zealand sales are down -10.2%.

Outlook

- For the balance of FY25 management remains focused on execution and expects:
  - Adairs sales to continue to maintain positive momentum, supported by improved inventory availability and attractive and differentiated product ranges. Further improvements in warehousing efficiency and service will also support sales and profitability.
  - Focus on Furniture trading to remain challenging in 2H, given its Victorian store portfolio bias and lower opening order book at the end of Dec 2024. Up to three stores will be temporarily closed in 2H FY25 for refurbishment.
  - Mocka Australia to maintain momentum with an increasing audience, improved online customer experience and new product successes to support sales growth. Mocka New Zealand is expected to remain challenging.
- The Group has hedged c.95% of USD purchases in 2H FY25 at US$0.67 (FY24: $0.69).
- Capital expenditure in FY25 is now expected to be in the range of $16m to $18m (previously $13m to 15m), driven by the timing of Group projects and confirmed relocation of the Adairs customer support office and Focus on Furniture customer support office and warehouse in 2H FY25.

2H FY25 and beyond – key priorities

adairs

- **Grow store portfolio profitably** focusing on larger space - new stores, upsizes and consolidating smaller stores at lease renewal.
- **Category expansion opportunities** particularly across fashion bedlinen, kids and gifting.
- **Evolve the Linen Lover program** to enhance customer value – leveraging customer data and insights.
- Continue to **improve cost and service outcomes** at the National Distribution Centre.
- Increase in-store **stock levels** to improve range availability for customers.
- **Customer Support Office** move to Chadstone.

focus on furniture & bedding

- Pipeline of store openings is growing. Targeting **3-5 new stores** over next two years, including entry to Western Australia.
- Proven incremental returns on **refurbished stores**. Continue to roll-out refreshed format to 3-5 more stores over next 12 months.
- Expand **product range** (e.g. outdoor).
- Maintain **agile supply chain** as store network grows.
- **Customer Support Office** and **national distribution centre** move to SE Melbourne.

Mocka.

- **Build out categories** and **innovate existing ranges** to support further sales growth.
- Maintain **gross margins**.
- **Optimise new website** and supporting systems to deliver better customer experience and improved conversion / ATV.
- Continue to explore **new channel opportunities to grow physical presence**.
- Open the first stand-alone **Mocka store** (targeting 1H FY26).

QUESTIONS?

adairs

Appendices

1. About the Group

2. Store footprint – Adairs brand

3. Store footprint – Focus on Furniture brand

4. Group income statement

5. Group income statement reconciliation

6. Group cash flow reconciliation

7. Glossary

Appendix 1: About the Adairs Group

Adairs Limited (ASX: ADH) is Australasia's largest omni-channel specialty retailer of home furnishings, furniture and home decoration products

Common to all three businesses

- Design-led (in-house)
- Exclusive and differentiated products
- Sell through their own (or controlled) channels
- Vertically integrated supply chain
- Strong value for money and superior margins

Omni-channel

- Strong in both channels, allows customers to shop us when, where and how they want
- Larger TAM than pure-play
- Efficient customer acquisition costs
- Better customer retention
- Data and loyalty focused
- $170m+ p.a. in online sales

High service, customer-focused

- Elevated service to help customers discover, coordinate, execute and manage their purchases
- Our team are passionate and experienced

adairs

- Leading specialty retailer of home furnishings with a large and growing online channel and a national footprint of 171 stores.
- Sells on-trend fashion products, quality staples, strong value and superior customer service. Experts in home textiles and decorative furnishing.

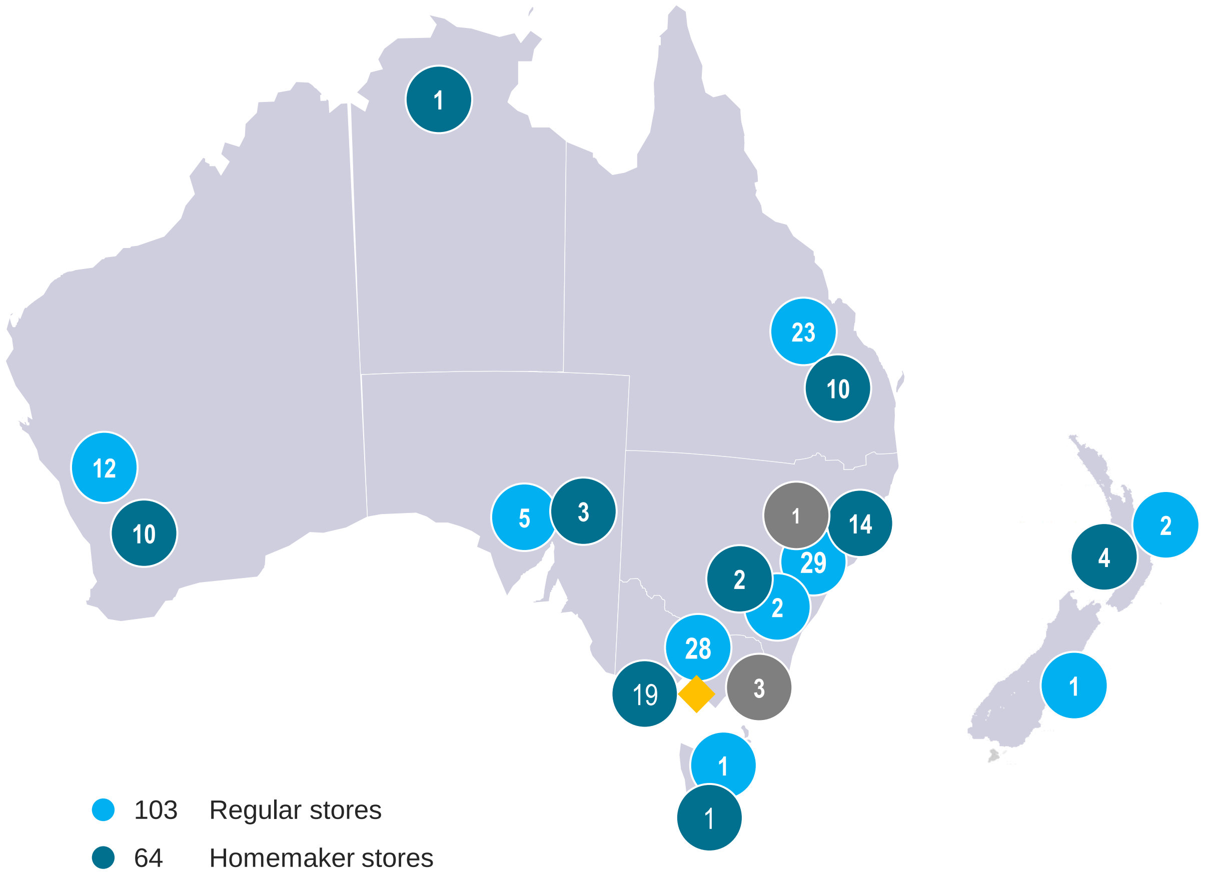
focus on furniture & bedding

- Vertically integrated omni-channel furniture and bedding retailer operating in Australia.
- Sells well designed, functional and on-trend products at great value for money through a 26-store network and online.
- Low lead times facilitating faster delivery to customers.

Mocka.

- Pure-play online home and living products designer and retailer with growing websites in both Australia and New Zealand.
- Sells design-led, functional and stylish products in the Home Furniture, Kids and Nursery categories.
- All products designed in-house and exclusive to Mocka.

Appendix 2: Store footprint – Adairs brand

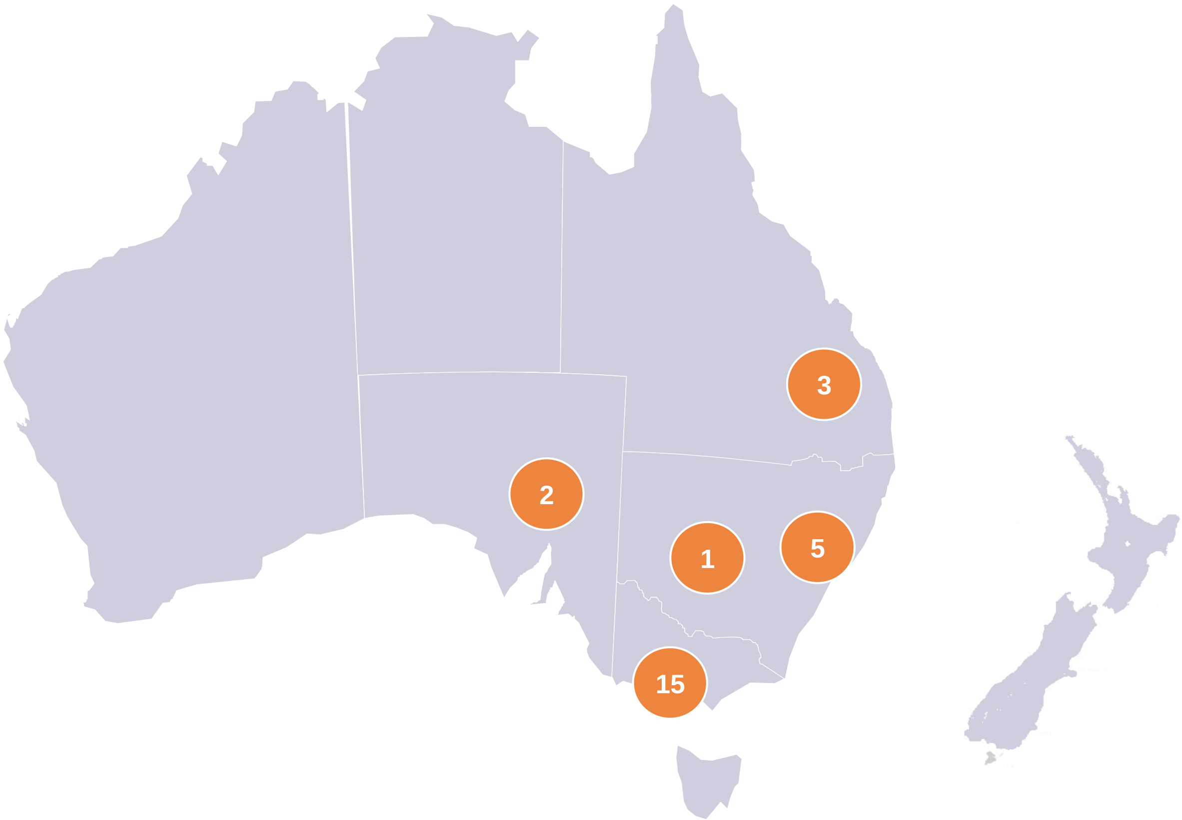


- 103 Regular stores
- 64 Homemaker stores
- 4 Kids stores
- Head Office and NDC

		FY25 ACTIVITY				
Store count	Jun 24	New	Closed	Upsize	Refurb	Jun 25
VIC	52	-	(2)	1	-	50
NSW	44	1	(1)	-	-	44
QLD	31	2	-	2	-	33
WA	22	-	-	-	-	22
SA	8	-	-	-	-	8
ACT	4	-	-	-	-	4
TAS	2	-	-	-	-	2
NT	1	-	-	-	-	1
NZ	7	-	-	-	-	7
Total	**171**	**3**	**(3)**	**3**	**-**	**171**

GLA (m^2)	**75,702**	**77,616**
Change (m^2)		**+1,914**
Change (%)		**+2.5%**

Appendix 3: Store footprint – Focus on Furniture brand



		FY25* ACTIVITY				
Store count	Jun 24	New	Closed	Upsize	Refurb	Dec 24*
VIC (Metro)	11	-	-	-	-	11
VIC (Regional)	4	-	-	-	-	4
NSW (Metro)	2	-	-	-	-	2
NSW (Regional)	3	-	-	-	-	3
ACT	1	-	-	-	-	1
SA	2	-	-	-	1	2
QLD	2	1	-	-	-	3
Total	**25**	1	-	-		**26**

GLA (m^2)	**44,308**	**46,140**
Change (m^2)		**+1,832**
Change (%)		**+4.1%**

* Includes activity until Feb 2025.

Appendix 4: Group income statement

	Adairs	Focus	Mocka	Group			
($ million) Underlying[1]	1H FY25 26 weeks	1H FY25 26 weeks	1H FY25 26 weeks	1H FY25 26 weeks	1H FY24 27 weeks	Adjusted change[2]	Change
Store sales	162.0	57.9	-	219.9	217.6	+4.8%	+1.1%
Online sales	58.5	4.0	28.1	90.6	84.8	+11.1%	+6.8%
Total sales	**220.5**	**61.9**	**28.1**	**310.5**	**302.4**	**+6.6%**	**+2.7%**
Gross margin	**137.5**	**31.7**	**16.8**	**186.0**	**182.3**	**+5.8%**	**+2.0%**
Warehouse costs	(13.9)	(2.9)	(2.1)	(18.9)	(21.5)	-(8.0%)	-(11.9%)
Delivery costs	(10.8)	(3.0)	(4.5)	(18.4)	(17.3)	+12.0%	+6.3%
Gross profit	**112.7**	**25.8**	**10.1**	**148.7**	**143.6**	**+7.1%**	**+3.5%**
CODB	(86.6)	(16.7)	(6.2)	(109.5)	(107.4)	+5.7%	+2.0%
EBITDA	**26.1**	**9.1**	**3.9**	**39.1**	**36.2**	**+11.0%**	**+8.1%**
Depreciation	(5.4)	(0.6)	(0.1)	(6.1)	(5.3)	+16.6%	+16.6%
EBIT	**20.6**	**8.5**	**3.8**	**33.0**	**30.9**	**+10.0%**	**+6.7%**
Interest				(3.6)	(3.7)	-(3.5%)	-(3.5%)
Tax				(8.8)	(7.9)	+14.4%	+10.3%
NPAT				**20.6**	**19.2**	**+10.9%**	**+7.1%**
Statutory EPS (cents)				**11.1**	**10.2**		**+8.5%**
Dividends per share (cents)				**6.5**	**5.0**		**+30.0%**
Inventories	**69.1**	**15.9**	**12.6**	**97.6**	**83.5**		**+16.9%**
Online sales %	26.5%	6.4%	100.0%	29.2%	28.1%	+120 bps	+110 bps
Gross margin %	62.4%	51.2%	59.6%	59.9%	60.3%	-(50 bps)	-(40 bps)
Gross profit %	51.1%	41.7%	36.0%	47.9%	47.5%	+20 bps	+40 bps
CODB %	39.3%	26.9%	22.1%	35.3%	35.5%	-(30 bps)	-(20 bps)
EBITDA %	11.8%	14.8%	13.8%	12.6%	12.0%	+50 bps	+60 bps
EBIT %	9.4%	13.7%	13.6%	10.6%	10.2%	+30 bps	+40 bps

(1) Refer to Appendix 5 for a reconciliation of underlying and statutory results.

(2) 'Adjusted change' refers to the change versus a comparable adjusted 26-week period for 1H FY24.

Appendix 5: Group income statement reconciliation

($ million)	1H FY25 RECONCILIATION: Underlying 1H FY25 (26 weeks)	AASB 16 impact	WMS transition costs	Statutory 1H FY25 (26 weeks)	1H FY24 RECONCILIATION: Underlying 1H FY24 (27 weeks)	AASB 16 impact	NDC transition costs	Statutory 1H FY24 (27 weeks)
Total sales	**310.5**	**-**	**-**	**310.5**	**302.4**	**-**	**-**	**302.4**
Gross profit	**148.7**	**-**	**-**	**148.7**	**143.6**	**-**	**-**	**143.6**
CODB	(109.5)	27.7	(0.6)	(82.4)	(107.4)	25.0	(1.6)	(83.9)
EBITDA	**39.1**	**27.7**	**(0.6)**	**66.3**	**36.2**	**25.0**	**(1.6)**	**59.6**
Depreciation	(6.1)	(23.6)	-	(29.8)	(5.3)	(22.1)	-	(27.4)
EBIT	**33.0**	**4.1**	**(0.6)**	**36.5**	**30.9**	**2.9**	**(1.6)**	**32.2**
Interest	(3.6)	(5.3)	-	(8.9)	(3.7)	(3.5)	-	(7.3)
Tax	(8.8)	0.3	0.2	(8.2)	(7.9)	0.2	0.5	(7.2)
NPAT	**20.6**	**(0.8)**	**(0.4)**	**19.4**	**19.2**	**(0.4)**	**(1.1)**	**17.7**
EPS (cents)	**11.8**			**11.1**	**11.1**			**10.2**
Gross profit %	47.9%			47.9%	47.5%			47.5%
CODB %	35.3%			26.5%	35.5%			27.8%
EBITDA %	12.6%			21.3%	12.0%			19.7%
EBIT %	10.6%			11.8%	10.2%			10.7%

Notes:

(1) **AASB 16 impact**: Under *AASB 16,* lease expenses are removed from occupancy expenses (CODB) and replaced with depreciation of lease assets and interest on lease liabilities over the relevant lease term.

(2) **WMS transition costs**: Costs associated with the transition and implementation of the Adairs brand warehouse management system ("WMS"), including SaaS project costs.

(3) **NDC transition costs**: Costs associated with the transition and step-in to the National Distribution Centre.

Appendix 6: Group cash flow reconciliation

($ million)	1H FY25 RECONCILIATION Underlying 1H FY25	AASB 16 impact	Statutory 1H FY25	Underlying 1H FY24
Opening cash	**12.9**	**-**	**12.9**	**25.9**
Operating cash flow	24.7	24.4	49.0	37.9
Investing cash flow	(8.2)	-	(8.2)	(22.2)
Financing cash flow	(17.2)	(24.4)	(41.5)	(20.3)
Net cash flow	**(0.7)**	**-**	**(0.7)**	**(4.5)**
Foreign exchange differences	(0.0)	-	(0.0)	(0.0)
Closing cash	**12.2**	**-**	**12.2**	**21.4**

($ million)	Underlying 1H FY25	Underlying 1H FY24
Underlying EBITDA	**39.1**	**36.2**
Significant items (cash impact)	(0.6)	(1.6)
Share-based payments	(0.2)	(0.2)
Changes in working capital		
- Inventories	(13.9)	4.2
- Trade and other receivables	(3.0)	0.3
- Trade and other payables	(11.0)	(0.2)
- Deferred revenue	2.6	6.7
- Other	0.6	(0.5)
Net changes in working capital	**(2.7)**	**10.2**
Income tax paid	(7.4)	(3.5)
Net bank interest paid	(3.6)	(3.5)
Net operating cash flows	**24.7**	**37.9**
Capital expenditure – NDC asset purchase	-	(12.5)
Capital expenditure – other	(8.2)	(9.7)
Net investing cash flows	**(8.2)**	**(22.2)**
Net repayment of borrowings	(7.0)	(20.0)
Dividends paid	(10.2)	-
Other transactions	-	(0.3)
Net financing cash flows	**(17.2)**	**(20.3)**
Net cash flows for the period	**(0.7)**	**(4.5)**
Foreign exchange differences	(0.0)	(0.0)
Cash and cash equivalents (opening)	12.9	25.9
Cash and cash equivalents (closing)	**12.2**	**21.4**

Appendix 6: Glossary

Term	Meaning
ASP	Average selling price
ATV	Average transaction value
CAC	Customer acquisition cost
CODB	Cost of doing business (refers to all expenses incurred by the company other than those already captured in Gross Profit)
COGS	Cost of goods sold
CPS	Cents per share
CPUD	Cost per unit delivered
DC	Distribution centre
DPS	Dividend per share
DRP	Dividend Reinvestment Plan
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest and tax, depreciation and amortisation
EPS	Earnings per share
ESG	Environmental, Social and Governance
GLA	Gross lettable area (floor space in square metres) - excludes any offsite storage a store may have
Gross Margin	Sales less COGS (excl. warehousing and delivery costs)
Gross Profit	Sales less COGS (incl. warehousing and delivery costs)

Term	Meaning
IPS	Items per sale
LFL	Like for like
LTM	Last twelve months
NPAT	Net profit after tax
NDC	National Distribution Centre (services Adairs brand only)
Online contribution	Online gross profit (including all online distribution costs) less customer support office wages/rent and marketing (other than in-store marketing)
PCP	Previous corresponding period
PPP	People, Product and Planet Committee (Sustainability Committee)
ROIC	Return on invested capital
SIT	Stock in transit
Stores contribution	Stores gross profit less store labour costs, store rents and in-store marketing
TAM	Total addressable market
Unallocated overheads	Executive team and other head office labour costs, product design & development
VWAP	Volume weighted average price
WMS	Warehouse management system
YTD	Year to date
YoY	Year on year

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