



Adairs Limited FY25 Results Presentation

27 August 2025

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Important Information

FY25 was a 52-week period for statutory purposes, compared to a 53-week period in FY24.

To aid comparison, an 'Adjusted change' column is included in the financial information, which compares the same 52 weeks in both FY25 and FY24. Unless otherwise stated, all commentary compares comparable 52-week periods.

In this presentation, references to "Company", "Group" or "Adairs Limited" refer to the Company (Adairs Limited) as a whole. References to "Adairs", "Mocka" or "Focus on Furniture / Focus" are references to the relevant business unit.

FY25 Group Overview



Leadership renewal and business support

New leadership team and enhanced business governance structure to strengthen strategic oversight and operational support.

Strategy review and reset underway

Vision 2030 strategic framework established.
Being progressively rolled out across business units with Adairs the most advanced.

Group Sales Performance

Group sales +6.5% vs. FY24
Record sales at Adairs and strong Mocka sales, offset by weaker sales at Focus on Furniture.

Group Earnings Performance

Underlying EBIT up +1.4% to \$55.2m.
Adairs up +21.3%, Mocka up +21.1%, Focus down -36.6%.

Balance Sheet

Net debt increased by +\$3.4m in FY25.
Gearing (Net debt/EBITDA) remains healthy at 1.0x at year end.

Dividends

Final dividend of 4.0 cps, fully franked, declared.
Takes total FY25 dividends to 10.5 cps (72% of NPAT).

Business unit performance varied in FY25. The Group's focus remains on managing near-term results while building the strategy, leadership, and foundations for each business to reach its full potential.

	Adairs	Focus on Furniture	Mocka
Leadership	<ul style="list-style-type: none"> Alongside the CEO transition, FY25 saw leadership changes within Product, Retail Operations, Finance, Merchandise Planning, Marketing, Leasing, IT and HR functions — including internal appointments. The leadership team is now stable and well-aligned to deliver on strategic priorities. 	<ul style="list-style-type: none"> Focus has traditionally operated with a lean, functionally oriented, and flat structure. Management augmentation is underway, with recruitment in progress for new leadership roles in Retail Operations and Marketing & Digital 	<ul style="list-style-type: none"> Significant leadership changes implemented in FY24 which have reset the organisation for more consistent performance. Evaluating additional capabilities required to support Mocka's planned opening of retail stores
Financial performance	<ul style="list-style-type: none"> Record sales of \$442.2m (+9.5%). Gross Margins impacted by increased promotions and clearance activity in Q4. CODB improvements achieved mainly in supply chain (i.e. NDC step-in). Underlying EBIT +21.2%. 	<ul style="list-style-type: none"> Sales down -6.5% and Gross Margins lower due to increased promotional activity in a subdued market environment (VIC weakest state -11.5%). CODB well-managed, but underlying EBIT down -36.6% to \$11.8m (10% EBIT margin). 1 new store opened, 2 existing stores refurbished. Head office and VIC DC relocated. 	<ul style="list-style-type: none"> Strong Sales +14.7%. AU +31.0% and NZ -3.0%. NZ sales returned to growth in Q4 FY25. Underlying EBIT increased by +21.1%. New product categories extend range into key customer life stages (nursery, kids, youth, young adults).
Operations & inventory	<ul style="list-style-type: none"> Adairs Linen Lover renewals +10% and new members +5%. Strategic partnership with Qantas Frequent Flyers (July 2025). Head office relocated to Chadstone in Jun 2025. More functional and on-brand space Inventory consistently higher through the year, increasing 'availability' but requiring increased clearance activity in H2 in fashion bedlinen 	<ul style="list-style-type: none"> The performance of new and refurbished stores supports further roll out and upgrades Management experience and customer research has provided valuable insights into areas needed for improvement. Management are translating these insights into clear action plans for FY26 and beyond Inventory well managed and clean at year end 	<ul style="list-style-type: none"> Web sites re-platformed and performing well Trialled a range of physical retail formats: Shop-in-Shop with Adairs (NZ) and wholesale (AU/NZ) Customer research confirmed target Mocka customer attributes and the role in 'her' home Mocka's first standalone store to open in FY26 Inventory purchases aligned to sales plan



FY25 Financial Performance

Group – FY25 financial performance

4



(\$ million)	FY25 52 weeks	FY24 52 weeks	FY24 53 weeks	Adjusted change ² (\$ million)	%	
TOTAL SALES						
Adairs	442.2	403.7	413.4	+38.5	+9.5%	▲
Focus on Furniture	117.9	126.2	129.6	-(8.2)	-(6.5%)	▼
Mocka	57.9	50.5	51.4	+7.4	+14.7%	▲
GROUP	618.1	580.4	594.4	+37.7	+6.5%	▲
UNDERLYING EBIT¹						
Adairs	35.8	29.5	31.7	+6.3	+21.2%	▲
Focus on Furniture	11.8	18.6	19.5	-(6.8)	-(36.6%)	▼
Mocka	7.6	6.3	6.5	+1.3	+21.1%	▲
GROUP	55.2	54.5	57.6	+0.8	+1.4%	▲
UNDERLYING EBIT MARGIN¹						
Adairs	8.1%	7.3%	7.7%	+80 bps		▲
Focus on Furniture	10.0%	14.8%	15.1%	-(480 bps)		▼
Mocka	13.1%	12.5%	12.6%	+70 bps		▲
GROUP	8.9%	9.4%	9.7%	-(50 bps)		▼
Statutory EPS	14.6		17.9	-(18.5)%		▼
Dividends / share	10.5		12.0	-(12.5)%		▼
Net debt	67.6		64.1	+5.4%		▲
Inventories	96.0		83.7	+14.7%		▲

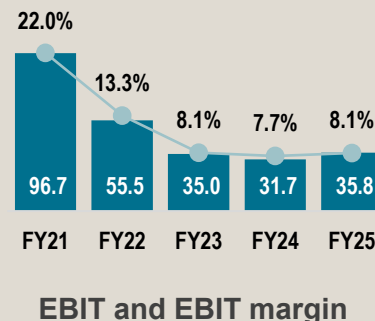
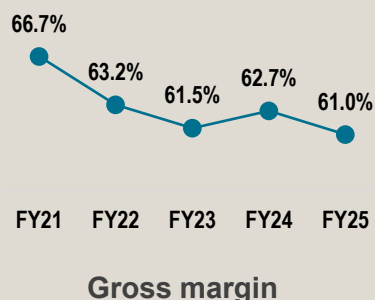
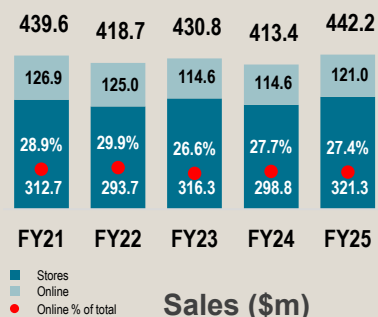
(1) Refer to Appendix 1 for a reconciliation of underlying and statutory results.
(2) 'Adjusted change' refers to the change for a comparable adjusted 52-week period for FY24.

Adairs – FY25 financial performance

5

Adairs delivered record sales and 20%+ growth in Underlying EBIT in FY25, driven by increased promotional activity in H2 and enhanced operational efficiency.

- ▶ Record total sales of \$442.2m, up +9.5% (+7.8% on a like-for-like basis).
 - Store sales up +10.0% and Online sales up +8.3% (27.4% of total sales).
 - Achieved strong growth (>10%) in key categories of core bed linen, Adairs kids, home accessories and hard furnishings.
 - Elevated promotional activity aimed at driving sales and managing inventory in fashion and bulky categories.
 - Ranging issues with fashion bedlinen and furniture impacted gross margin and stock levels throughout H2.
 - 1 million Linen Lover members contributed >80% of sales.
- ▶ Gross margin declined -170bps reflecting increased promotional and clearance activity in H2 and the weaker AUD.
- ▶ Despite rate escalations across most costs, total CODB as a percentage of sales declined -130 bps to 39.4% as a result of stronger sales, improved productivity at the NDC and disciplined cost management.
- ▶ Underlying EBIT was \$35.8m, up +\$6.3m (+21.2%) on FY24.
- ▶ NDC continued to improve efficiency, service levels, and cost outcomes. Since taking operational control in August 2023 more than \$6.0m of annual costs have been removed from the facility.
- ▶ 4 new stores opened, 4 upsized/refurbished, and 7 smaller stores closed (net +2.7% in GLA). Expect 4-6 new stores and 3-4 upsizes, delivering 3-5% GLA growth in FY26.



(\$ million) Underlying ¹	FY25 52 weeks	FY24 53 weeks	Adjusted change ²	Change
Store sales	321.3	298.8	+10.0%	+7.5%
Online sales	121.0	114.6	+8.3%	+5.6%
Total sales	442.2	413.4	+9.5%	+7.0%
Gross margin	269.9	259.3	+6.5%	+4.0%
Warehouse costs	(26.3)	(29.2)	-(8.5%)	-(10.0%)
Delivery costs	(22.3)	(20.9)	+8.9%	+6.5%
Gross profit	221.3	209.2	+8.4%	+5.8%
CODB	(174.3)	(167.5)	+6.0%	+4.1%
EBITDA	46.9	41.7	+18.7%	+12.6%
Depreciation	(11.1)	(10.0)	+11.2%	+11.2%
EBIT	35.8	31.7	+21.2%	+13.0%
Inventories	66.1	58.4		+13.2%
Online sales %	27.4%	27.7%	-(30 bps)	-(30 bps)
Gross margin %	61.0%	62.7%	-(170 bps)	-(170 bps)
Gross profit %	50.0%	50.6%	-(50 bps)	-(60 bps)
CODB %	39.4%	40.5%	-(130 bps)	-(110 bps)
EBITDA %	10.6%	10.1%	+80 bps	+50 bps
EBIT %	8.1%	7.7%	+80 bps	+40 bps

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

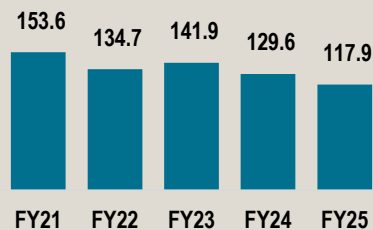
(2) 'Adjusted change' refers to the change for a comparable adjusted 52-week period for FY24.

Focus on Furniture – FY25 financial performance

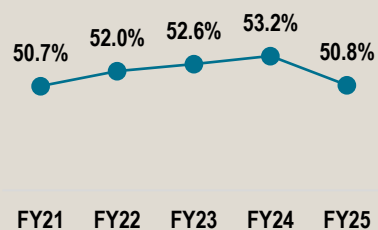
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Challenging year with increased promotional activity insufficient to drive sales growth and maintain market share.

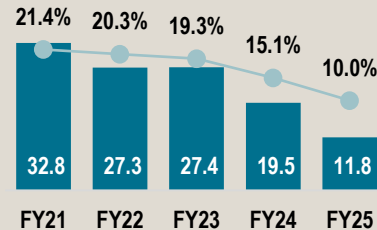
- ▶ Total sales of \$117.9m, down -6.5%, (-11.1% LFL) due to a combination of product underperformance and the additional promotional activity not stimulating enough incremental traffic or sales.
- ▶ Gross margin was adversely impacted by higher promotional activity to convert sales, the weaker AUD and higher inbound freight costs. Gross margin declined -240bps to 50.8%
- ▶ While costs were actively managed, the weaker sales outcome led to a -36.6% decline in Underlying EBIT to \$11.8m.
- ▶ New and refurbished stores are performing well, with refurbishments to be accelerated into FY26 as the new store pipeline continues to build. 1 new store is confirmed to open in H1 FY26, and a further 2-4 stores are expected to open in 2027, including the first stores in Western Australia in July 2026.
- ▶ Extensive customer research has recently been completed and will form the basis for a strategy reset and improved customer experience and execution into FY26 and beyond.



Sales (\$m)



Gross margin



EBIT and EBIT margin

(\$ million) Underlying ¹	FY25 52 weeks	FY24 53 weeks	Adjusted change ²	Change
Store sales	110.2	120.6	-(6.1%)	-(8.6%)
Online sales	7.7	9.0	-(12.3%)	-(14.3%)
Total sales	117.9	129.6	-(6.5%)	-(9.0%)
Gross margin	59.9	69.0	-(10.7%)	-(13.2%)
Warehouse costs	(6.7)	(7.6)	-(10.0%)	-(11.9%)
Delivery costs	(5.9)	(6.2)	-(0.6%)	-(4.4%)
Gross profit	47.3	55.2	-(12.0%)	-(14.3%)
CODB	(34.0)	(34.7)	-(0.2%)	-(2.3%)
EBITDA	13.3	20.5	-(32.3%)	-(35.2%)
Depreciation	(1.5)	(1.0)	+46.8%	+46.8%
EBIT	11.8	19.5	-(36.6%)	-(39.4%)
Inventories	16.2	15.7		+3.4%
Online sales %	6.6%	7.0%	-(40 bps)	-(40 bps)
Gross margin %	50.8%	53.2%	-(240 bps)	-(240 bps)
Gross profit %	40.1%	42.6%	-(250 bps)	-(250 bps)
CODB %	28.8%	26.8%	+180 bps	+200 bps
EBITDA %	11.3%	15.8%	-(430 bps)	-(450 bps)
EBIT %	10.0%	15.1%	-(480 bps)	-(490 bps)

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

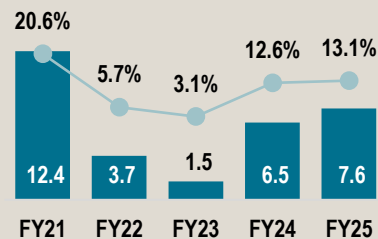
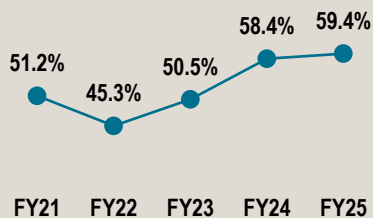
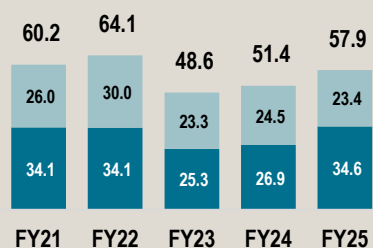
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Mocka – FY25 financial performance

7

The turnaround that commenced in FY24 under a new management team has accelerated in FY25 led by Australia, with New Zealand returning to growth in Q4.

- ▶ Total sales of \$57.9m, up +14.7%, its strongest performance since the FY21–22 COVID peak.
 - Australia sales very strong +31.0% to \$34.6m. Sales growth driven by targeted marketing attracting a new and larger audience and ongoing product newness
 - New Zealand trading conditions remained challenging. Sales down -3.0% to \$23.3m for the year, however sales growth was positive in Q4 FY25. New ranges for NZ customers introduced throughout the year resonating well with customers
- ▶ Gross margins increased by +100bps to 59.4%, driven by new product which achieved higher initial price points, increased average order values, and less promotional activity, especially in Australia. This improvement was achieved despite headwinds from elevated freight rates and a weaker AUD and NZD.
- ▶ Costs were carefully managed throughout the year, with targeted investment in marketing delivering strong returns. These investments focused on increasing brand awareness, helping to expand audience reach and drive sales growth in the Australian market and physical retail trials in New Zealand.
- ▶ Underlying EBIT increased by +21.1% to \$7.6m, with the Underlying EBIT margin improving to 13.1%, up from 12.6% in FY24.



■ Australia
■ New Zealand

Sales (\$m)

Gross margin

EBIT and EBIT margin

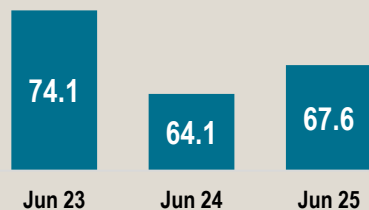
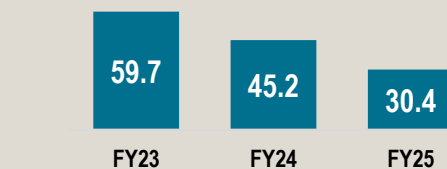
(\$ million) Underlying ¹	FY25 52 weeks	FY24 53 weeks	Adjusted change ²	Change
Store sales ³	0.7	-	+100.0%	+100.0%
Online sales	57.2	51.4	+13.3%	+11.2%
Total sales	57.9	51.4	+14.7%	+12.7%
Gross margin	34.4	30.0	+16.7%	+14.6%
Warehouse costs	(4.3)	(3.9)	+11.6%	+10.3%
Delivery costs	(9.3)	(8.2)	+15.1%	+13.0%
Gross profit	20.7	17.9	+18.6%	+16.2%
CODB	(13.0)	(11.2)	+17.8%	+15.9%
EBITDA	7.7	6.6	+19.9%	+16.7%
Depreciation	(0.1)	(0.2)	-(25.2%)	-(25.2%)
EBIT	7.6	6.5	+21.1%	+17.9%
Inventories	13.4	9.7		+37.9%
Online sales %	98.7%	100.0%	-(130 bps)	-(130 bps)
Gross margin %	59.4%	58.4%	+100 bps	+100 bps
Gross profit %	35.8%	34.7%	+120 bps	+110 bps
CODB %	22.5%	21.8%	+60 bps	+60 bps
EBITDA %	13.4%	12.9%	+60 bps	+50 bps
EBIT %	13.1%	12.6%	+70 bps	+60 bps

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

(2) 'Adjusted change' refers to the change for a comparable adjusted 52-week period for FY24

(3) Store sales includes shop in shop, concession and wholesale sales by Mocka.

(\$ million)	Jun 23	Jun 24	Jun 25
Inventories	87.8	83.7	96.0
Trade and other payables	(54.9)	(52.4)	(57.9)
Deferred revenue	(20.1)	(21.5)	(21.3)
Property, plant and equipment	22.9	38.3	39.1
Intangibles	282.3	282.6	281.7
Right-of-use assets	157.2	175.5	209.6
Lease liabilities	(180.4)	(198.9)	(236.4)
Deferred tax liabilities	(20.8)	(17.7)	(14.2)
Net other assets and liabilities	2.3	(2.2)	(3.8)
Total funds employed	276.3	287.3	292.8
Borrowings	(100.0)	(77.0)	(76.0)
Cash	25.9	12.9	8.4
Net debt	(74.1)	(64.1)	(67.6)
Equity	202.2	223.2	225.2


Net debt¹ (\$m)

Underlying operating cash flow¹ (\$m)

Inventories

- ▶ Inventories across the Group were elevated throughout FY25, driven by a decision to invest in core product ranges and improve stock availability that supported the increased sales result.
- ▶ Adairs' fashion bedlinen and furniture ranges underperformed in H2 FY25 with clearance activity accelerated through Q4 FY25.

Capital and project expenditure

- ▶ Group capital expenditure of \$13.5m included store development costs, head office relocations for Adairs and Focus on Furniture (net of landlord fit-out contributions), and continued investment in IT and digital initiatives across the Group.
- ▶ Development expenditure on cloud computing projects, including the start of the Adairs technology upgrade, of \$4.4m was also expensed during the year, however has been excluded from underlying earnings (refer pages 13-14 and Appendix 1).

Net debt

- ▶ Net debt increased by +\$3.4m to \$67.6m as at June 2025, primarily driven by elevated inventory levels and increased capital/project expenditure. This represents approximately 1.0x LTM Underlying EBITDA and covenant headroom remains significant.
- ▶ The Group completed the refinancing of its debt facilities, and holds total finance facilities of \$135m, secured until July 2028 (\$90m) and July 2029 (\$45m).

Dividend and DRP

- ▶ Fully franked final dividend declared of 4.0 cps (Record date: 11 Sep 2025; Payment date: 7 Oct 2025) taking total FY25 dividends of 10.5 cps (72% of Statutory NPAT).
- ▶ DRP remains active (election forms due 12 Sep 2025) with participants receiving shares at a 1.5% discount to the 5-day VWAP (15-19 Sep 2025).

(1) Refer Appendix 3 for group underlying cash flow reconciliation

A photograph of four women in a design studio. One woman is seated at a table, looking at a large piece of paper. Another woman stands behind her, pointing at the paper. A third woman stands to the left, holding a piece of fabric. A fourth woman stands in the background, looking on. The room has a warm, natural light from a window on the right. There are various design materials like fabric swatches, papers, and a lamp on the table.

Vision 2030 and FY26 Initiatives

What is it

- ▶ **Vision 2030** is the Group's strategic blueprint for sustainable growth over the next five years. It covers foundational work, phased transformation initiatives, and key focus areas across brands, operations, technology, and customer experience.
- ▶ At its heart, Vision 2030 is a commitment to inspiring customers through thoughtfully curated collections tailored to distinct lifestyles, delivered seamlessly across both physical and digital channels. By elevating design and harnessing data-driven insights, we seek to create a more connected, purposeful, and valued customer relationship.
- ▶ While execution will be brand-specific — across Adairs, Focus on Furniture and Mocka — Vision 2030 will drive deeper customer engagement, enhance brand distinction and sharpen operational excellence across the Group.

Timeline

- ▶ The implementation of the Vision 2030 framework and initial strategy development process has commenced at Adairs, with Focus on Furniture and Mocka to follow.
- ▶ Further details on the Vision 2030 strategy will be shared with investors at a strategy day in H2 FY26.






LINEN LOVERS
Buy 2 & Save 20%*
ON BATHROOM

*T&Cs apply. Excludes Clearance, Beach Towels & Accessories, Outlet & Kids.
Discount applied at checkout.

- ▶ **Reshape the go-to-market model** to enable sustainable sales and margin growth and reduce excess inventory. Reset the weekly deep discounting model to offers that build brand value.
- ▶ Curate a **reduction in item count by 10%** as well as a more refined approach to purchasing depth.
- ▶ Be customer relevant and maximise key event periods (the **big moments that matter**) and be the destination for those high foot traffic periods.
- ▶ Acquire and retain members in the Linen Lover program by **enhancing membership value** through initiatives like the partnership with Qantas Frequent Flyer, and exclusive Linen Lover member events.
- ▶ Focus on driving and delivering **productivity improvements** throughout the NDC / store network.
- ▶ **Major data and technology upgrade** for 'go live' in 1H FY27:
 - > Replacing legacy, heavily customised ERP system with a new, modern retail technology platform.
 - > Designed to deliver enhanced efficiency, better customer experience and deep data insights, whilst also making it easier to access and connect to emerging new technologies.
 - > Further investment of \$20 to \$25 million over the next three years, with \$13 to \$15 million expected to be incurred in FY26.



In July 2025, Adairs and Qantas Frequent Flyer announced a partnership that integrates Qantas Points earning into Adairs’ Linen Lover loyalty program.

What	Results	Show me
<p>From 30 July 2025 Linen Lover members can earn 1 Qantas Point for every \$1 spent on eligible purchases at Adairs, either in-store or online.</p> <p>Customers must be members of both the Linen Lover and Qantas Frequent Flyer programs.</p> <p>Linen Lover has c. 1 million paying members.</p> <p>Qantas Frequent Flyer has c. 17 million members.</p>	<p>The partnership with Qantas Frequent Flyer is expected to deliver increased market share and a strong return on the additional cost of points, through:</p> <ul style="list-style-type: none">▶ Higher average transaction values▶ Customer acquisition – existing Qantas Frequent Flyers joining the Linen Lovers program to earn points▶ Increased frequency – Qantas Frequent Flyers allocating more of their spend on home furnishings to Adairs <p>The early results from this partnership have been encouraging.</p>	<div><div><div><div>FREQUENT FLYER</div><div>adairs</div></div><div>Linen Lovers earn 1 Qantas Point for every dollar spent[^]</div><div>FIND OUT MORE</div><div><small>*T&Cs apply.</small></div></div></div> <div><div><div>FREQUENT FLYER</div><div>adairs</div></div><div>Linen Lovers earn 1 Qantas Point for every dollar spent[^]</div><div>RENEW NOW</div><div><small>*T&Cs apply.</small></div></div>



Adairs' investments in technology will deliver material improvements in process efficiency and customer experience. At the centre of the technology upgrade program is a new ERP system, which has commenced and will be delivered in waves between FY27 and FY28.

Background

- Adairs implemented Microsoft Dynamics AX (AX) in 2011 as its ERP and point of sale (POS) and has operated with various systems and integrations since, which have been heavily customised and are progressively becoming (or have become) unsupported, expensive to maintain, inefficient and legacy.
- A new Warehouse Management System (WMS) and Customer Engagement and Digital Marketing Platform were implemented in FY25. Both are performing well but not optimised due to the legacy AX system.
- Over the next 2 years Adairs will replace the legacy systems with a new, modern retail technology platform (Microsoft Dynamics 365), which will include POS, dynamic order management, loyalty management and a new data platform to create a single view of customer and product data.

Cost and phases of implementation

Total Cost:

Est. total project cost \$25-\$30m, across FY25-FY28.

The spend and benefits will roll out over 3 phases:

1 Replace legacy ERP with new, modern retail technology platform - Microsoft Dynamics 365

2 Leverage new functionality to increase sales and margin and improve process efficiency

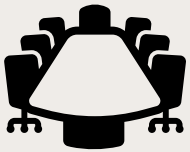
Examples: Ship from store, flexible delivery options, tokenised payments, dynamic order management, mobile POS

3 Extend applications to drive growth

Examples: Channel expansion (marketplaces, drop ship, international), smart inventory allocations, dynamic pricing and promotions



The data and technology upgrade will enable operational efficiency across the business whilst facilitating better decision-making and enhancing customer experience in stores and online. It will be easier to access and connect to emerging new technology and drive sales and margin growth through new functionality as outlined below:

**Management:**

Better data and insights to make faster and more informed decisions

**Inventory productivity / merch planning:**

Smart, AI enabled inventory allocations and replenishment. Merchandise planning and demand forecasting

**Marketing effectiveness:**

Better enable personalisation and segmentation. Loyalty management system.

Artificial Intelligence:

Simultaneous with these major projects, Adairs is implementing AI into everyday work practices and experimenting to unlock opportunities for greater productivity and better, faster decision-making.

**In-store operations:**

Mobile POS for roaming checkout and peak trade periods. Improved pricing engine for dynamic implementation (“smart pricing”), RFID for stock control

**Customer Order Fulfilment:**

Ship from store for online orders – greater online stock availability; flexible delivery options; drop ship and marketplaces

**Digital channel:**

AI enabled search engine optimisation; AI enabled website search and merchandising, including dynamic product recommendations

**Risk:**

Cyber security, more data control & visibility and internal process controls



- ▶ **Customer research** has recently been completed, providing deep insights into how customers perceive Focus and what they expect from furniture retailers. This will form the basis for a strategy reset focused on:
 - > **Improved customer value proposition** beyond promotions – product quality, stock availability.
 - > **Expand choice:** made-to-order product, extended choice of fabrics/colours.
 - > **Be faster to market** with on-trend furniture collections – colour, design, fabrication.
 - > Improvements to in-store **visual merchandising** and customer communication.
 - > **Flexible payment options** – Latitude Finance to be introduced in H1 FY26.
 - > New store format is more aligned to customer expectations – **accelerate store upgrades** over the next 2 years.
- ▶ **Key new leadership roles:** Appoint new leaders in Store Operations and Marketing/Digital to strengthen execution and support growth.
- ▶ **Target a national store chain** with up to 55 stores (currently 26)
 - > Open 3-5 new stores over the next 18 months, including market entry into Western Australia, with 2 stores confirmed to open in H1 FY27.



Focus currently operates two stores in South Australia, both of which have undergone full refurbishments. Post-renovation results clearly highlight the potential of a broader network refresh.

What	Results	Show me																																		
<ul style="list-style-type: none">• In November 2024 the Focus store in Gepps Cross was refurbished, followed by the Mile End store, re-opening in March 2025.• These stores were both high performing stores already.• Focus on Furniture South Australia now provides customers a consistent and improved store experience.• The stores were refurbished in the same location – not upsized or relocated.• Stores are ~12km apart.	<ul style="list-style-type: none">• Since re-opening, both stores have performed strongly. Monthly sales in these stores are up ~15-20% vs. pcp (i.e. pre-refurbishment).• Both stores are consistently in the top 5 for monthly sales. These are considered ‘major refurbishments’, requiring store closure for ~6 weeks and gross capex (before any landlord contribution) of ~\$600-700k.• These early outcomes highlight the potential for strong medium and long-term returns and short payback (under 2 years) on capital invested.• Key elements of the refreshed store design includes flooring, lighting, merchandise flow/layout, zoning and overall look and feel (e.g. colour palette, partitions, materials used in-store).• Customer feedback from recent research has been very positive on the new store design compared to existing older stores and competitors.	<div><p>Cumulative incremental sales growth of both South Australian stores pre/post refurbishment</p><table><caption>Cumulative incremental sales growth data (approximate values from chart)</caption><tr><th>Wk</th><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th><th>6</th><th>7</th><th>8</th><th>9</th><th>10</th><th>11</th><th>12</th><th>13</th><th>14</th><th>15</th><th>16</th></tr><tr><th>Growth (%)</th><td>2</td><td>10</td><td>16</td><td>19</td><td>16</td><td>13</td><td>19</td><td>15</td><td>14</td><td>18</td><td>17</td><td>17</td><td>14</td><td>17</td><td>20</td><td>19</td></tr></table></div> <p>Measurement Period: 1 May to 17 Aug 2025 vs PCP</p>	Wk	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Growth (%)	2	10	16	19	16	13	19	15	14	18	17	17	14	17	20	19
Wk	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16																				
Growth (%)	2	10	16	19	16	13	19	15	14	18	17	17	14	17	20	19																				



- ▶ **Brand Investment:** Continued targeted investment in brand awareness through digital marketing, brand campaigns, PR, and participation in baby shows.
- ▶ **Range Expansion:** Ongoing growth in key categories — youth, lighting, outdoor, and sofas — driving full-price sales and margin improvement.
- ▶ **Product Strategy:** Focused development of ranges aligned with key life stages — nursery, kids, youth, first home, and first big bed.
- ▶ **Retail Store Strategy** in development, with first standalone store planned to open in Australia in FY26 (see next slide).
- ▶ **New Zealand market:**
 - > Expand and refine “store-in-store” trials:
 - Dedicated Mocka spaces in larger Adairs NZ stores covering 180-200sqm (allowing 200-250 SKUs) to be displayed (i.e. Tower Junction, Sylvia Park and Hamilton).
 - > Continued product innovation **tailored to New Zealand consumer preferences**, supported by localised marketing.



Mocka.

In FY25, Mocka trialled large and small 'store-in-store' concepts and wholesaled products through a major national retailer, gaining key insights into customer expectations, the store's role in the purchase journey, and the viability of a standalone Mocka store.

What

Mocka will launch its first standalone retail store in FY26, designed to offer customers a hands-on experience with the brand. The store will allow customers to:

- Interact with products — see, touch, confirm quality, seek advice
- Purchase on the spot (cash & carry) or place orders for delivery
- Explore curated displays featuring a subset of Mocka's range, fully assembled in coordinated lifestyle settings

The design concept is being developed and potential Australian locations are currently being assessed.

The store is expected to be 300–500 sqm with a target of generating annual sales of at least \$2+ million p.a.

Why

Over the past 24 months, research and trials have provided valuable insights that underpin a planned rollout of standalone Mocka retail stores from FY26.

Key learnings include:

- **Customer engagement:** Many customers want to see and feel products in person to assess quality and visualise the look—especially for considered purchases like nursery furniture.
- **Brand trust and awareness:** A physical presence builds confidence and increases brand visibility.
- **Omni-channel shopping:** Customers are prepared to purchase items that aren't on display in the store from the expanded online product range
- **Proof of concept:** The Tower Junction store in NZ (co-located with Adairs) has exceeded expectations.
- **Inspiration and support:** Customers value curated settings that help them visualise and coordinate a complete room look.
- **Brand expression:** A dedicated store allows Mocka to fully showcase the brand and experience.
- **Market expansion:** Physical retail enables access to a broader Total Addressable Market (TAM) in the furniture category, unlocking new growth opportunities and customer segments.

Show me





Trading update and Outlook

The first eight weeks of FY26 have delivered strong top-line growth across all three business units, driven by targeted promotions and a positive response from customers. Margin has been lower but will improve over the course of the year.

Real-time sales (unaudited)	FY26 YTD (first 8 weeks)
Group	+22.6%
Adairs	+26.6%
Focus on Furniture	+6.7%
Mocka	+39.4%

Trading commentary for first eight weeks and H1

Adairs	<ul style="list-style-type: none">▶ Elevated sales growth was achieved through continued aggressive promotional and clearance activity. The period also included a new Linen Lovers event (not in the pcg) which performed very strongly.▶ These promotional and clearance activities have driven the strong sales result and a substantial inventory reduction, but gross margin is expected to be approximately 300bps lower than last year for Q1. The inventory clearance activity will, however, place Adairs in a strong position to trade well in the critical Q2 peak trading period.▶ Sales growth is expected to normalise from these elevated levels to be up +4-7% in H1 compared to H1 last year▶ Gross margin is expected to steadily improve in Q2 to be 50-150bps lower for H1 compared to H1 last year.
Focus on Furniture	<ul style="list-style-type: none">▶ Early sales in FY26 have been encouraging. With continued macroeconomic support and disciplined execution of customer-informed initiatives, sales growth in H1 is expected to be up +3-6% compared to H1 last year. The order book is 7% higher than at the same time last year.▶ Supplier cost reductions and retail price changes will enable gross margin in H1 to be maintained in line with H1 last year, despite the weaker AUD and the requirement to continue to promote to drive customer conversion.
Mocka	<ul style="list-style-type: none">▶ Mocka continues to attract a growing audience in Australia, which is driving sales growth (Australia sales up +52%). Mocka New Zealand has seen pleasing signs of improvement with sales up +22%.▶ Sales growth is expected to moderate across the balance of the half to be up +20-30% compared to H1 last year▶ Gross margin is expected to be 50-150bps lower than H1 last year, due to the weaker AUD and NZD, as well as increased promotional activity in New Zealand.



General Outlook	<ul style="list-style-type: none">▶ The outlook for discretionary retail in Australia is improving, supported by stabilising macroeconomic conditions and a lift in consumer sentiment. Against this backdrop, FY26 will be a transition year for the Company under its new leadership as the foundations of the Vision 2030 strategy are laid.▶ Group-wide, management’s focus is on strong execution and improving productivity so that each business is well-positioned to convert future sales growth into stronger earnings.
Property	<ul style="list-style-type: none">▶ Adairs expects to open 3–5 new stores (net of closures) and complete 3–4 store upsizes in FY26, contributing approximately 3-5% net growth in gross lettable area (GLA).▶ Focus on Furniture is targeting 3–5 new store openings over the next 18 months, with a geographic focus on New South Wales and Queensland, and an entry into Western Australia in FY26/27. Additionally, 3–5 existing Focus on Furniture stores will be refurbished to the new format during this period.▶ Mocka is set to launch its first standalone retail store in FY26, marking a significant milestone in its omni-channel expansion.
Capex	<ul style="list-style-type: none">▶ Capital expenditure in FY26 is expected to be in the range of \$12 to \$15 million, with a further \$13 to 15 million expenditure on the Adairs data and technology upgrade (\$25 to \$30 million in total in FY26).▶ Development expenditure on significant cloud computing projects, including the Adairs data and technology upgrade, will be expensed as incurred as a non-recurring item. Annual operating costs post-implementation will be expensed as normal in underlying operating costs.
Currency	<ul style="list-style-type: none">▶ Currency hedging is in line with policy, with c.75% of expected FY26 USD purchases hedged across the Group at US\$0.64 (FY25: US\$0.67).

QUESTIONS?



APPENDICES

1. Group income statement reconciliation
2. Group income statement
3. Group cash flow reconciliation
4. About the Adairs Group
5. Store footprint – Adairs
6. Store footprint – Focus on Furniture
7. Environmental, Social and Governance update
8. Glossary



Appendix 1: Group income statement reconciliation

	FY25 RECONCILIATION							FY24 RECONCILIATION				
(\$ million)	Underlying FY25 52 weeks	AASB 16 impact	WMS transition costs	SaaS cloud computing projects	Leadership transition costs	Office / DC transition costs	Statutory FY25 52 weeks	Underlying FY24 53 weeks	AASB 16 impact	NDC transition costs	SaaS cloud computing projects	Statutory FY24 53 weeks
Total sales	618.1	-	-	-	-	-	618.1	594.4	-	-	-	594.4
Gross profit	289.3	-	-	-	-	-	289.3	282.2	-	-	-	282.2
CODB	(221.3)	55.5	(0.8)	(4.4)	(1.6)	(2.1)	(174.8)	(213.4)	52.0	(1.9)	(3.1)	(166.3)
EBITDA	68.0	55.5	(0.8)	(4.4)	(1.6)	(2.1)	114.5	68.8	52.0	(1.9)	(3.1)	115.9
Depreciation	(12.8)	(47.1)	-	-	-	-	(60.0)	(11.2)	(44.5)	-	-	(55.7)
EBIT	55.2	8.4	(0.8)	(4.4)	(1.6)	(2.1)	54.5	57.6	7.5	(1.9)	(3.1)	60.2
Interest	(6.9)	(11.4)	-	-	-	-	(18.1)	(6.9)	(8.9)	-	-	(15.8)
Tax	(14.3)	0.9	0.2	1.3	0.5	0.6	(10.8)	(15.2)	0.4	0.6	0.9	(13.3)
NPAT	34.0	(2.1)	(0.6)	(3.1)	(1.1)	(1.5)	25.7	35.5	(1.0)	(1.3)	(2.1)	31.1
EPS (cents)	19.3						14.6	20.5				17.9
Gross profit %	46.8%						46.8%	47.5%				47.5%
CODB %	35.8%						28.3%	35.9%				28.0%
EBITDA %	11.0%						18.5%	11.6%				19.5%
EBIT %	8.9%						8.8%	9.7%				10.1%

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").

(3) **SaaS cloud computing project costs:** Non-recurring development costs associated with software-as-a-service (SaaS) projects that are not eligible for capitalisation as the Group does not control the SaaS.

(4) **Leadership transition costs:** Costs associated with the Adairs leadership transition, including notice period of former CEO and executive team redundancies.

(5) **Office / DC transition costs:** Costs associated with the transition of the Adairs head office and Focus on Furniture head office and distribution centre, including asset write-offs of former leasehold.

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

Appendix 2: Group income statement

	Adairs	Focus	Mocka	Group			
(\$ million) Underlying ¹	FY25 52 weeks	FY25 52 weeks	FY25 52 weeks	FY25 52 weeks	FY24 53 weeks	Adjusted change ²	Change
Store sales	321.3	110.2	0.7	432.5	419.4	+5.6%	+3.1%
Online sales	121.0	7.7	57.2	185.9	175.0	+8.7%	+6.2%
Total sales	442.2	117.9	57.9	618.1	594.4	+6.5%	+4.0%
Gross margin	269.9	59.9	34.4	364.1	358.3	+4.1%	+1.6%
Warehouse costs	(26.3)	(6.7)	(4.3)	(37.3)	(40.8)	-(6.9%)	-(8.4%)
Delivery costs	(22.3)	(5.9)	(9.3)	(37.5)	(35.3)	+8.8%	+6.1%
Gross profit	221.3	47.3	20.7	289.3	282.2	+5.1%	+2.5%
CODB	(174.3)	(34.0)	(13.0)	(221.3)	(213.4)	+5.6%	+3.7%
EBITDA	46.9	13.3	7.7	68.0	68.8	+3.5%	-(1.3%)
Depreciation	(11.1)	(1.5)	(0.1)	(12.8)	(11.2)	+13.9%	+13.9%
EBIT	35.8	11.8	7.6	55.2	57.6	+1.4%	-(4.2%)
Interest				(6.9)	(6.9)	+0.3%	+0.3%
Tax				(14.3)	(15.2)	+0.4%	-(5.9%)
NPAT				34.0	35.5	+2.0%	-(4.3%)
Statutory EPS (cents)				14.6	17.9		-(18.5%)
Dividends per share (cents)				10.5	12.0		+12.5%
Inventories	66.1	16.2	13.4	96.0	83.7		+14.7%
Online sales %	27.4%	6.6%	98.7%	30.1%	29.4%	+60 bps	+70 bps
Gross margin %	61.0%	50.8%	59.4%	58.9%	60.3%	-(140 bps)	-(140 bps)
Gross profit %	50.0%	40.1%	35.8%	46.8%	47.5%	-(60 bps)	-(70 bps)
CODB %	39.4%	28.8%	22.5%	35.8%	35.9%	-(30 bps)	-(10 bps)
EBITDA %	10.6%	11.3%	13.4%	11.0%	11.6%	-(30 bps)	-(60 bps)
EBIT %	8.1%	10.0%	13.1%	8.9%	9.7%	-(50 bps)	-(80 bps)



(1) Refer to Appendix 5 for a reconciliation of underlying and statutory results.
(2) 'Adjusted change' refers to the change for a comparable adjusted 52-week period for FY24.

Appendix 3: Group cash flow reconciliation

26

	FY25 RECONCILIATION			
(\$ million)	Underlying FY25	AASB 16 impact	Statutory FY25	Underlying FY24
Opening cash	12.9	-	12.9	25.9
Operating cash flow	30.4	48.3	78.7	45.2
Investing cash flow	(13.5)	-	(13.5)	(27.4)
Financing cash flow	(21.3)	(48.3)	(69.7)	(30.8)
Net cash flow	(4.4)	-	(4.4)	(13.0)
Foreign exchange differences	(0.0)	-	(0.0)	(0.1)
Closing cash	8.4	-	8.4	12.9



(\$ million)	Underlying FY25	Underlying FY24
Underlying EBITDA	68.1	68.8
Significant items (cash impact)	(9.0)	(4.9)
Share-based payments	0.0	0.0
Changes in working capital		
- Inventories	(12.3)	4.0
- Trade and other receivables	(5.3)	0.6
- Trade and other payables	5.5	(2.5)
- Deferred revenue	(0.2)	1.4
- Other	3.5	(5.0)
Net changes in working capital	(8.7)	(1.5)
Income tax paid	(13.5)	(10.5)
Net bank interest paid	(6.5)	(6.6)
Net operating cash flows	30.4	45.2
Capital expenditure – NDC asset purchase	-	(12.5)
Capital expenditure – other	(13.5)	(14.9)
Net investing cash flows	(13.5)	(27.4)
Net repayment of borrowings	(1.0)	(23.0)
Dividends paid	(19.7)	(7.6)
Other transactions	(0.6)	(0.2)
Net financing cash flows	(21.3)	(30.8)
Net cash flows for the period	(4.4)	(13.0)
Foreign exchange differences	(0.0)	(0.1)
Cash and cash equivalents (opening)	12.9	25.9
Cash and cash equivalents (closing)	8.4	12.9

Adairs Limited (ASX: ADH) is a leading omni-channel specialty retailer of home furnishings, furniture and home decoration products operating across Australia and New Zealand

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
- ▶ \$180m+ p.a. in online sales

High service, customer-focused

- ▶ Elevated service to help customers discover, coordinate, execute and manage their purchases
- ▶ Passionate and experienced team

adairs

- ▶ Leading specialty retailer of home furnishings with a large and growing online channel and a national footprint of 168 stores.
- ▶ Sells on-trend fashion products, quality staples, strong value and superior customer service. Experts in home textiles and decorative furnishing.



- ▶ 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.

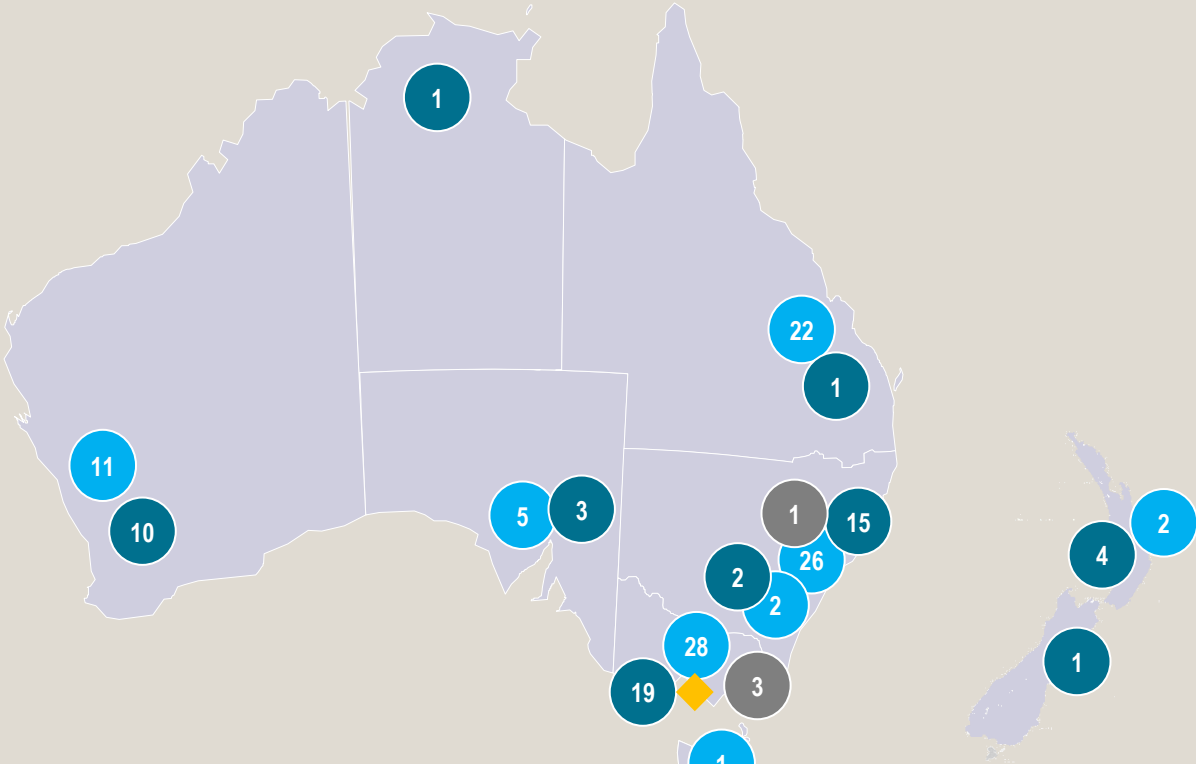


Mocka.

- ▶ 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.



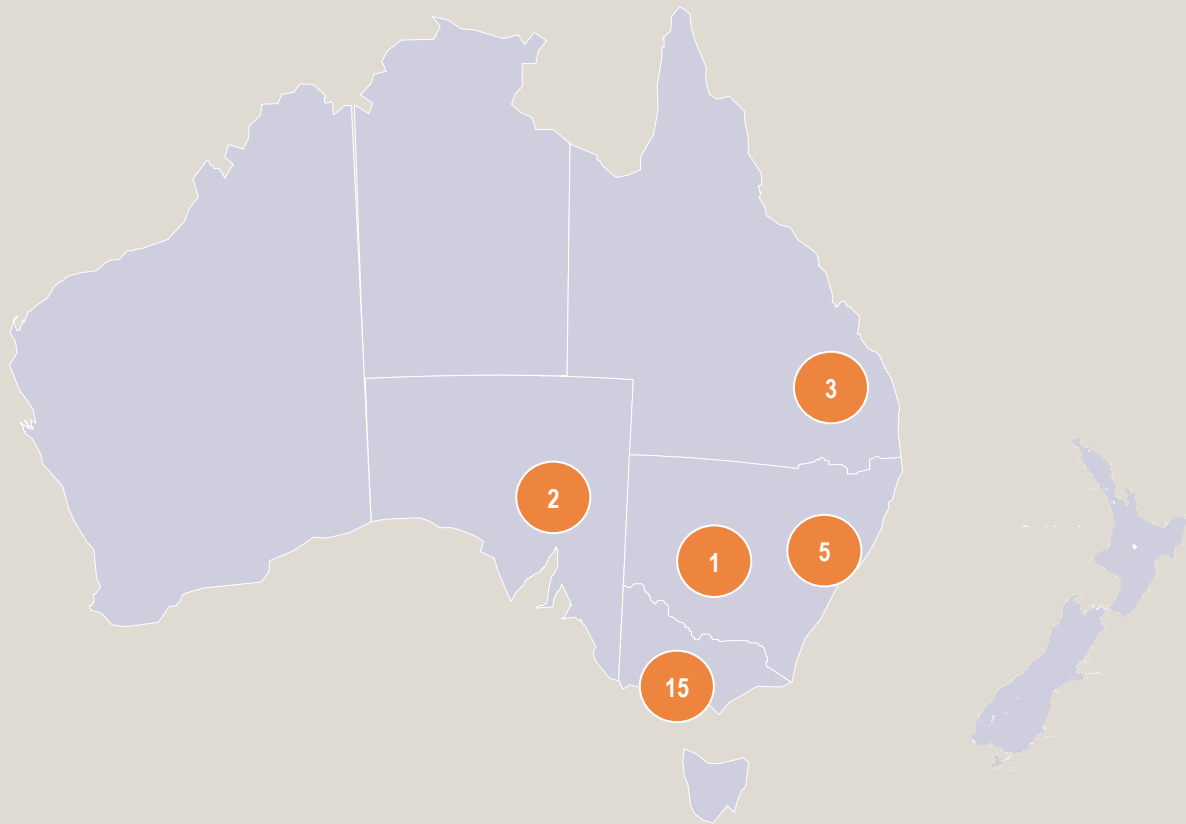
adairs



- 97 Regular stores (incl. 19 large format stores)
- 67 Homemaker stores
- 4 Kids stores
- Head Office and NDC

Store count	Jun 24	FY25 ACTIVITY				Jun 25
		New	Closed	Upsize	Refurb	
VIC	52	-	(2)	1	-	50
NSW	44	1	(3)	-	-	42
QLD	31	2	-	3	-	33
WA	22	-	(1)	-	-	21
SA	8	-	-	-	-	8
ACT	4	-	-	-	-	4
TAS	2	-	-	-	-	2
NT	1	-	-	-	-	1
NZ	7	1	(1)	-	-	7
Total	171	4	(7)	4	-	168
GLA (m²)	75,702					77,738
Change (m²)					+2,036	
Change (%)					+2.7%	





		FY25 ACTIVITY				
Store count	Jun 24	New	Closed	Upsize	Refurb	Jun 25
VIC (Metro)	11	-	-	-	-	11
VIC (Regional)	4	-	-	-	-	4
NSW (Metro)	2	-	-	-	-	2
NSW (Regional)	3	-	-	-	-	3
ACT	1	-	-	-	-	1
SA	2	-	-	-	2	2
QLD	2	1	-	-	-	3
Total	25	1	-	-	2	26
GLA (m²)	44,308					46,140
Change (m²)						+1,832
Change (%)						+4.1%



Environmental

- > The Group's Scope 1+2 emissions rose 1.8% in absolute terms in CY24, driven by a larger store footprint and notably warmer weather (v CY23).
- > Landfill waste in FY25 was elevated by the move of both Adairs and Focus on Furniture to new head offices, which involved the disposal of 10+ years of materials in both cases. 39.2% (844 tonnes) of waste was diverted from landfill in FY25 (46.4% in FY24).
- > Australian Packaging Covenant Organisation ("APCO") rating of 'Advanced'.

Social

- > Adairs donated \$135k to Orange Sky in FY25 (>\$1.1 million since 2019) to help it provide free laundry, showers, and genuine conversation to people experiencing homelessness across Australia and New Zealand.
- > Adairs donated 5,500 kg of its products to Red Cross Shops in FY25 for them to sell, with proceeds used to help it fund its support for people overcoming hardship, crisis and disaster.

Governance

- > Significant board renewal in FY25. Board comprises 5 directors with scope to add a further independent NED.
 - 3 of directors (60%) are women / majority are independent
- > 40% of Executive Leadership Team ("ELT") are women, in line with the Group's commitment to the 40:40 Vision.



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)
IPS	Items per sale

Term	Meaning
LFL	Like for like
LTM	Last twelve months
Mosaic segmentation	In a retail context this is a consumer classification method that groups customers by lifestyle, demographics, and location
NPAT	Net profit after tax
NDC	National Distribution Centre (services Adairs business only)
Online contribution	Online gross profit (including all online distribution costs) <u>less</u> customer support office wages/rent and marketing (other than in-store marketing)
PCP	Previous corresponding period
POS	Point of sale
PPP	People, Product and Planet Committee (Sustainability Committee)
ROAS	Return on Advertising Spend
ROIC	Return on invested capital
SIT	Stock in transit
Stores contribution	Stores gross profit <u>less</u> 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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