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ASX / Media Release

Adairs Limited
FY25 results

Strong sales growth in a year of leadership renewal and strategic reset with momentum building into FY26

27 August 2025

Adairs Limited (ASX: ADH) today released its audited results for the 52 weeks ended 29 June 2025 ("FY25").

In a year of leadership renewal, FY25 delivered strong sales, disciplined cost management and the establishment of Vision 2030[1], a fresh strategic framework to deliver sustainable growth over the next five years. Business unit performance in FY25 varied. 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.

FY25 financial overview

FY25 was a 52-week period for statutory purposes, whilst FY24 was a 53-week period. Unless otherwise stated, all commentary in this document compares comparable 52-week periods in both FY25 and FY24.

- Group sales +6.5% to $618.1 million, driven by record sales at Adairs (+9.5%) and strong Mocka sales (+14.7%), offset by weaker sales at Focus on Furniture (-6.5%).
- Adairs and Mocka delivered strong year-on-year growth in Underlying EBIT, increasing by +$6.3 million (+21.2%) and +$1.3 million (+21.1%) respectively.
- However, this was offset by a -$6.8 million (-36.6%) decline from Focus on Furniture, resulting in Group Underlying EBIT of $55.2 million (+1.4%).
- Underlying EBIT excludes (i) AASB16 *Leases* accounting impact; (ii) non-recurring costs related to the office and distribution centre relocations for Adairs and Focus on Furniture ($2.1 million); (iii) leadership transition costs ($1.6 million); (iv) WMS transition costs ($0.8 million); and (v) SaaS cloud computing project costs that would have been classified as software development capital expenditure under previous accounting guidance ($4.4 million).
- Group statutory NPAT of $25.7m and EPS of 14.6cps (-18.5%).
- Final dividend declared of 4.0cps, fully franked, taking total FY25 dividends to 10.5cps (72% of Statutory NPAT). Dividend reinvestment plan ("DRP") remains active.
- Net debt of $67.6 million, +$3.4 million higher than at the same time last year.

[1] See the FY25 Investor Presentation for an overview of Vision 2030, located on our Investor Relations website at https://investors.adairs.com.au/Investors/.

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FY25 financial overview

($ million) Underlying[1]	GROUP FY25 52 weeks	FY24 53 weeks	Adjusted Change[2]	Change (v 53 weeks)
Total sales	618.1	594.4	+6.5%	+4.0%
Gross margin	58.9%	60.3%	-140bps	-140bps
Gross profit	289.3	282.2	+5.1%	+2.5%
Costs of doing business	221.3	213.4	+5.6%	+3.7%
Underlying[3] EBITDA	68.0	68.8	+3.5%	-1.3%
Underlying[3] EBIT	55.2	57.6	+1.4%	-4.2%
Statutory NPAT	25.7	31.1		-17.9%
Earnings per share (cents)	14.6	17.9		-18.5%
Dividends per share (cents)	10.5	12.0		-12.5%
Net debt	67.6	64.1		+5.4%

(1) Refer to Appendix 1 of the FY25 Investor Presentation for a reconciliation of underlying and statutory results.

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

(3) Underlying EBITDA and EBIT excludes (i) AASB16 *Leases* accounting impact; (ii) non-recurring costs related to the office and distribution centre relocations for Adairs and Focus on Furniture ($2.1 million); (iii) leadership transition costs ($1.6 million); (iv) WMS transition costs ($0.8 million); and (v) SaaS cloud Computing project costs that would have been classified as software development capital expenditure under previous accounting guidance ($4.4 million).

Commenting on the FY25 results, Managing Director and Group CEO Elle Roseby said:

"FY25 marked the beginning of a strategic reset for the Group. We've delivered solid top-line growth and strong EBIT results at Adairs and Mocka, while laying the groundwork for future performance improvement at Focus on Furniture. Across the Group, we're sharpening our customer focus, streamlining operations, and investing in brand, product and technology innovation. Excellence in how we develop, purchase, move and manage our inventory is an absolute focus across the Group. These early steps are part of a broader transformation program that will position us for sustainable, customer-led growth. I'm pleased with the progress we've made and optimistic about the opportunities ahead."

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- Adairs delivered record sales of $442.2 million in FY25, up +9.5% year-on-year, with +7.8% like-for-like growth.
- Gross margin contracted -170bps to 61.0% due to the impact of higher clearance activity in Q4 and a weaker AUD.
- Disciplined cost management despite rising expenses in wages, rents, utilities and freight resulted in a -130bps reduction in CODB to 39.4% of sales.
- Underlying EBIT rose +21.2% to $35.8 million, with EBIT margin increasing to 8.1%, up from 7.3% in the prior year.

- Inventories closed the year high in certain categories despite the clearance activity in Q4 FY25. We have taken further action in Q1 FY26 to move through these holdings which has been effective.
- The Linen Lovers membership program finished FY25 with 1 million members, contributing over 80% of total sales, with a 10% increase in renewals and a 5% rise in new sign-ups. Further engagement is expected through new benefits, including the Qantas Frequent Flyer partnership launched in July 2025.
- Operational productivity improved significantly at the National Distribution Centre (NDC), where over $6.0 million in annualised costs have been removed since taking control in August 2023. A new warehouse management system implemented in July 2024 has boosted throughput and improved service levels for key events throughout the year.
- Retail expansion included four new store openings and several store upsizes, bringing the net store count to 168 and increasing gross lettable area (GLA) by +2.7%.
- In June 2025, Adairs relocated its customer support office to a purpose-built facility at Chadstone, enhancing team collaboration and a better space to support creativity and productivity.

Focus on Furniture

- Focus on Furniture faced a challenging FY25, with total delivered sales declining -6.5% to $117.9 million due to (i) product underperformance and (ii) additional promotional activity not stimulating enough incremental traffic or sales.
- This was most pronounced in Victoria, where 14 of the 26 stores are located, with sales down -11.5%.
- Gross margin fell -240bps to 50.8%, impacted by a weaker AUD, higher supplier freight costs and increased discounting.
- Despite active cost control, Underlying EBIT fell -36.6% to $11.8 million, with EBIT margin declining to 10.0%, from 14.8% in the prior year.
- New stores in Helensvale, Robina and Prospect performed in-line with expectations and contributed positively to EBIT.
- Recent refurbishments of two South Australian stores resulted in a 15–20% sales uplift, highlighting the potential for strong medium and long-term returns and short payback (< 2 years) on capital invested.
- In Q4 FY25, Focus on Furniture relocated its customer support office and national distribution centre to new, purpose-built facilities in South-East Melbourne, enhancing operational efficiency and supporting future growth.

Mocka

- Mocka delivered strong growth, with sales rising +14.7% year-on-year to $57.9 million.
- Australia sales grew by +31.0% to a record $34.6 million, driven by increased brand awareness and traffic supported by an improved product range and more inventory depth in key lines.
- New Zealand sales declined -3.0%, but improvements from a re-platformed website and refreshed product range led to a return to positive growth in the final quarter, continuing into early FY26.
- Gross margin improved +100bps to 59.4%, supported by product innovation, higher average selling prices, and reduced promotional activity in Australia, despite elevated container rates and the weaker currency.

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- Underlying EBIT rose +21.1% to $7.6 million, with EBIT margin increasing to 13.1%, up from 12.6% in the prior year.
- Mocka trialled its products in several physical retail formats, including wholesale arrangements with big-box retailers and shop-in-shop concepts with Adairs in New Zealand.
- These trials have provided valuable data and insights for the planned opening of a standalone retail store format for Mocka, beginning operation in H2 FY26.

Cashflow and balance sheet

- The Group remains in a solid financial position, with sustainable leverage at ~1.0x LTM Underlying EBITDA and significant covenant headroom.
- Net debt rose by +$3.4 million to $67.6 million as at June 2025, primarily due to elevated inventory levels, increased capital and software project expenditure and the non-recurring leadership transition and office/warehouse relocation costs.
- The Group completed the refinancing of its debt facilities, now holding $135 million in total finance facilities ($90 million until July 2028 and $45 million until July 2029) with significant undrawn capacity.
- FY25 capital expenditure totalled $13.5 million, covering store development, Head office relocations for Adairs and Focus on Furniture, and ongoing investment in IT and digital platforms. Additional development expenditure for individually significant SaaS cloud computing projects, including the start of the Adairs data and technology upgrade. In FY25, $4.4m was expensed during the year for these projects, however this has been excluded from underlying earnings.

Dividends

- The Board has declared a final dividend of 4.0 cents per share, fully franked, taking the total dividend payout for FY25 to 10.5 cents per share, or 72% of statutory NPAT.
- The DRP will continue to operate with new shares issued at a 1.5% discount in accordance with the DRP Plan rules. Further details on the DRP Plan are available on the Adairs Investor Relations website.

The relevant dividend / DRP dates are as follows:

Dividend record date	11 September 2025
DRP election forms due (for any shareholder not already registered as a DRP participant)	12 September 2025
DRP pricing period	15-19 September 2025
Dividend payment date / Allotment of DRP shares	7 October 2025

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Group Trading Update and Outlook

The first eight weeks of FY26 have delivered strong top-line growth across all three business units, driven by targeted strategic actions and a positive response from our customers.

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

Sales and gross margin commentary by business unit for the first eight weeks and H1 is as follows:

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- Elevated sales growth was achieved through continued aggressive promotional and clearance activity. The period also included a new Linen Lovers event (not in the pcp) 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

- 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

- 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.

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General Outlook

The outlook for discretionary retail in Australia and New Zealand is slowly improving. Against this backdrop, FY26 will be a transition year for the Company as the foundations of the Vision 2030 strategy are laid.

Group-wide, the focus is on strong execution and improving productivity so that each business is well-positioned to convert future sales growth into stronger earnings.

Property

In relation to the Group's store network:

- 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 a strategic 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 planning to open its first standalone retail store in H2 FY26, marking a significant milestone in its omni-channel expansion.

Capex and FX

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 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).

Adairs Data & Technology Upgrade

Adairs is undertaking a major technology transformation centered on replacing its legacy ERP system with Microsoft Dynamics 365, aiming to improve efficiency, customer experience, and scalability. The $25–30 million investment, rolling out through FY25–FY28, includes enhancements like mobile POS, dynamic order management, and AI-driven inventory and marketing tools. These upgrades will enable smarter decision-making, better fulfilment options, and integration with emerging technologies to support future growth.

For further details see pages 13-14 of the FY25 Investor Presentation.

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Conference Call

A conference call covering the results for investors and analysts, hosted by Elle Roseby (Managing Director and Group Chief Executive Officer) and Ashley Gardner (Group Chief Financial Officer), will be held at 11:30 AM (Melbourne time) today, 27 August 2025.

Anyone wishing to listen to the call is required to register in advance. If not already registered, this can be done by clicking on the link below.

Pre-register for call (click here)

This call will be recorded and made subsequently available on the Adairs Investor Relations website (http://investors.adairs.com.au/investors/).

ENDS

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

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ABOUT ADAIRS LIMITED

Adairs Limited (ASX: ADH) is a leading omnichannel specialty retailer operating across Australia and New Zealand. The Group offers a diverse range of home furnishings, furniture, and home décor through three distinct brands: Adairs, Focus on Furniture, and Mocka. Each brand is design-led, sources and procures its own products, and retails through owned or controlled channels. All businesses are customer-focused and service-oriented, operating as wholly owned subsidiaries of the Company and functioning independently in all material respects.

About Adairs

Adairs is a leading specialty omnichannel retailer of home furnishings in Australia and New Zealand. It has a national footprint of stores across several formats and a large and growing online channel. Adairs' strategy is to present customers with a differentiated proposition that combines on-trend fashion products, quality staples, strong value, and superior customer service. The company's head office is in Melbourne, Australia.

For further information visit **www.adairs.com.au**

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About Focus on Furniture

Focus on Furniture is a vertically integrated omnichannel furniture and bedding retailer offering well-designed, functional, and on-trend products at great value for money through its network of stores in Australia and its online channel. Focus on Furniture is characterised by its attention to customer service, support, product quality, and range. Focus on Furniture's head office is in Melbourne, Australia.

For further information visit ***www.focusonfurniture.com.au***

About Mocka

Mocka 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 products and compelling everyday value for money is core to the Mocka customer proposition. Mocka's head office is in Brisbane, Australia.

For further information visit **www.mocka.com.au**