



adairs

**Adairs Limited
Annual General Meeting
25 October 2024**



**TRENT PETERSON
INTERIM CHAIR**

Non-executive Directors



Trent Peterson, Interim Chair



Kiera Grant



David MacLean



Mark Ronan, MD & CEO

Executive Director

 Independent

Board renewal

A search is underway for 2-3 new independent non-executive directors (including new Chair)

Company Secretaries

Jamie Adamson
Ashley Gardner



CHAIR'S REPORT



MANAGING DIRECTOR & CEO'S REPORT

FY24 ^{1,2}	v FY23
Total Sales \$594.4 million .. Adairs .. Focus on Furniture .. Mocka	-4.3% -4.1% -8.7% +5.7%
Gross Margin 60.3%	+170bps
CODB \$213.4 million	+0.2%
Underlying EBIT \$57.6 million	-9.8%
Net debt \$64.1 million	-13.4%

Tough trading environment, however we planned for this and executed well on operational and financial areas within our control

Achievements

- ▶ Gross margin % up across all brands
- ▶ Costs well managed (offsetting inflationary pressures)
- ▶ Adairs NDC – transition completed
- ▶ Mocka turnaround / AU website re-platformed
- ▶ Net debt reduced / Dividends restored
- ▶ Reduction in scope 1+2 emissions (targeting net zero by 2030)

Challenges

- ▶ Cost of living / High interest rates
- ▶ Lower customer traffic
- ▶ New store site availability for Focus on Furniture rollout

Note 1. Refer to the FY24 Investor Presentation (Appendix 5) for a reconciliation of underlying and statutory results

Note 2: FY24 was a 53-week period for statutory purposes, compared to a 52-week period in FY23. Refer to the FY24 Investor Presentation for a like for like 52-week comparison.



FY24 achievements

- ▶ NDC transition completed
- ▶ 7 new stores opened, 6 upsized/refurbished, and 7 smaller stores closed (net +3.9% in GLA).



FY25 priorities

- ▶ Pursue growth opportunities across bedlinen, kids and fashion furniture categories.
- ▶ Evolve the Linen Lover program to enhance customer value – leveraging customer data and insights.
- ▶ Grow the store portfolio profitably – focusing on larger space and consolidating smaller stores.



FY24 achievements

- ▶ 2 new, 2 refurbished stores. GLA +7.8%
- ▶ Queensland warehouse established



FY25 priorities

- ▶ National store rollout program supported by an enhanced in-store experience
 - ❑ 30+ new stores targeted over the next few years (creating a 50+ store national chain).
 - ❑ Proven incremental returns on refurbished stores.
- ▶ Expand the quality mid-market product range



Mocka.



FY24 achievements

- ▶ Operational stability achieved and returned to profitability
- ▶ Australian website re-platformed



FY25 priorities

- ▶ New Zealand website re-platform
- ▶ Trial a physical presence / new channel opportunities:
 - ❑ shop-in-shop (Sylvia Park, NZ)
 - ❑ wholesale (Bunnings)
- ▶ Build out categories and innovate existing ranges to support further sales growth.

The Group has traded positively year-to-date with Group sales up +4.8% on last year.

Real-time sales (unaudited)	FY25 v FY24		
	(weeks 1-8)	(weeks 9-16)	(weeks 1-16)
Group	-0.4%	+9.6%	+4.8%
Adairs	+0.2%	+16.1%	+8.6%
Focus on Furniture	-0.1%	-7.4%	-3.7%
Mocka	-5.2%	+6.3%	+0.4%

- ▶ **Adairs:** In the eight weeks since the successful deployment of the new Warehouse Management System, Adairs has traded strongly with sales up +16.1%, driven by strong product ranges that have resonated well with customers and improving in-store stock levels.
- ▶ **Focus on Furniture:** Following a successful mid-year sale period across June and July 2024, store traffic levels have been well down on prior years resulting in a decline in total sales. This has been further impacted by the planned temporary closure of two stores for refurbishment.
- ▶ **Mocka:** Mocka’s Australian sales continue to build well with sales over the last 8 weeks up +19.7%. Pleasingly, since the website re-platform in New Zealand, sales have improved with the last 8 weeks down -7.5% compared to -15.6% in the first 8 weeks. The Australian website was re-platformed in April 2024.
- ▶ **Group Gross margin:** Gross margin for the Group is up c.50bps on last year, even after including the adverse impact of currency shifts and recent higher import container rates.

- ▶ The Group remains optimistic about what it can achieve in FY25, given trade to date and ongoing work across areas such as gross margin management, sales conversion and CODB discipline.
- ▶ The significant progress made on a number of major projects in FY24, including taking control of the Adairs NDC, the implementation of the new WMS at the NDC and the re-platforming of Mocka's website, enables management to focus on extracting further operational efficiencies in the NDC and pursuing additional growth initiatives to drive like-for-like sales and future profitability.
- ▶ The current quarter (Oct-Dec) is a key retail period which will include important sales events such as the Adairs Linen Lover Event, Black Friday and Christmas.
- ▶ The Group re-affirms its target to open six new Adairs stores; however, the number of new Focus on Furniture stores expected to open in FY25 has been revised down to two (previously three) due to development delays.
- ▶ Capital expenditure in FY25 is expected to be c. \$13m to \$15m.





MEETING RESOLUTIONS

1. Annual Financial Report

“To receive and consider the Financial Report of the Company and its controlled entities and the Reports of the Directors and Auditor for the year ended 30 June 2024.”



2. Re-election of Director

“That Kiera Grant, being eligible, be re-elected as a Director of the Company.”



Usable Votes and Proxies Received

	Votes / Proxies	% of Eligible Votes Cast (excluding abstentions)
For:	44,618,549	87.6%
Open/Undirected (Chairman)	321,745	0.6%
Open/Undirected (Other)	516,855	1.0%
Against:	5,484,504	10.8%
Abstained:	3,480,296	N/A

3. Remuneration Report

“That the Remuneration Report for the year ended 30 June 2024 be adopted.”

Usable Votes and Proxies Received

	Votes / Proxies	% of Eligible Votes Cast (excluding abstentions)
For:	42,971,356	89.9%
Open/Undirected (Chairman)	321,882	0.6%
Open/Undirected (Other)	518,669	1.1%
Against:	4,000,881	8.4%
Abstained:	3,592,020	N/A



**MEETING
CLOSED**



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