



ASX Release

Adairs Limited

Issue of Performance Rights under FY25 LTI Plan

3 December 2024

Adairs Limited (the Company) advises that it has issued 1,197,382 Performance Rights under the Company's FY25 Long Term Incentive Plan (Plan) to select senior employees. None of the Performance Rights will be issued to any director of the Company.

A summary of the material terms of the Performance Rights is attached and an Appendix 3G will be released to the ASX following this announcement.

The Performance Rights are being issued under the Company's ASX Listing Rule 7.1 capacity.

This notice has been authorised for release to ASX by the Company Secretary.

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About Adairs Limited

Adairs Limited (ASX code: ADH) is Australia's largest omnichannel specialty retail group, whose businesses offer product ranges spanning home furnishings, furniture, and home decoration. The Group comprises three brands: Adairs, Focus on Furniture, and Mocka. All businesses are design-led, source and procure their own product, retail through channels they own or control, and are customer-focused and service-oriented.

Adairs head office is in Melbourne, Australia.

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

Adairs Limited

www.adairs.com.au

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KEY TERMS OF THE FY25 LTI GRANT OF PERFORMANCE RIGHTS

Adairs Limited has issued 1,197,382 Performance Rights under the Company's FY25 Long Term Incentive Plan (Plan) to select senior employees of the Company (Eligible Participant). The number of Performance Rights granted has been calculated based on the 5-day volume weighted average price (VWAP) following release of the company's FY24 annual results, which has been calculated to be \$1.89.

The Performance Rights do not entitle an Eligible Participant to dividends or voting rights; however, shares allocated following the vesting and exercise of Performance Rights rank pari passu in all respects with other ordinary shares (including with respect to dividends and voting rights).

Performance Period

The performance period is 3 financial years commencing on 1 July 2024 and ending on 27 June 2027.

Vesting conditions

1. Service condition

Unless the Board determines otherwise, for any Performance Rights to vest and become exercisable, the Eligible Participant must remain employed on a full-time basis by the Group at the vesting date, subject to the cessation of employment provisions outlined below. The service condition will be tested on the Performance Rights vesting date, being 27 June 2027.

2. Performance conditions

Each grant of Performance Rights is subject to an earnings per share (EPS) performance condition. The performance hurdles are expressed as the absolute EPS for FY27.

Earnings per Share performance condition

The EPS performance condition will be measured by reference to the Company's EPS for the year ended 27 June 2027.

EPS measures the earnings generated by the Company attributable to the weighted average number of shares on issue during the period. Calculation of the EPS and achievement against the performance condition will be determined by the Board in its absolute discretion.

The following table outlines the EPS performance hurdles as determined by the Board, which must be met for Performance Rights to vest:

FY27 EPS Performance	The proportion of Performance Rights that vest
Less than 29.0 cents	Nil
Equal to 29.0 cents	30%
Between 29.0 and 36.0 cents	Pro-rata vesting on a straight-line basis between 30% and 100%
Equal to, or above, 36.0 cents	100%



Testing of the vesting conditions

Testing of the vesting conditions will occur at the end of the performance period. Any Performance Rights that do not vest will lapse immediately.

Cessation of employment

Where the employment of an Eligible Participant is terminated for cause or they resign, all unvested Performance Rights will lapse, unless otherwise determined by the Board.

Change of control

In the event of a likely change in control of the Company, the Board has the discretion to determine that some or all of the Eligible Participant's Performance Rights will vest.

If a change of control occurs before the Board exercises its discretion, a pro-rata portion of the Performance Rights (equal to the portion of the relevant performance period that has elapsed up to the change of control) will vest.

Restrictions on dealing

An Eligible Participant must not sell, transfer, encumber, hedge or otherwise deal with Performance Rights. An Eligible Participant will be free to deal with the shares allocated upon exercise of the Performance Rights, subject to the Company's Securities Dealing Policy requirements.