



Release to the Australian Securities Exchange

**Adairs Limited
2025 AGM
Chair's address and Group CEO report**

22 October 2025

ASX Market Announcement Office

Via electronic lodgement

Dear Sir / Madam

Please find attached a copy of the Chair's address and Group CEO report to be delivered at the 2025 Annual General Meeting, scheduled for 11:00am (Melbourne time) today. These should be read alongside the AGM Presentation and a trading update, which are being lodged separately.

Yours faithfully

A handwritten signature in black ink, appearing to read "Jamie Adamson".

Jamie Adamson

Company Secretary

This announcement has been approved by the Company Secretary of Adairs Limited.

ENDS

For further information, please contact:

Jamie Adamson

Head of Investor Relations and Company Secretary

M: +61 (0) 437 449 935 / E: investor.relations@adairs.com.au



Adairs Limited 2025 AGM

Trent Peterson, Non-Executive Chair

The last two years have seen significant changes in the composition of both our board and leadership team. These changes have been part of a deliberate and forward-looking renewal program. The addition of fresh perspectives and more retail expertise drives us to reassess our strategy, sharpen our focus, and better position the Group for long-term growth.

The first phase of these changes began prior to Elle's appointment in January this year; however, her arrival has materially accelerated the pace and depth of change across the Group.

We are increasingly clear on where we are heading strategically. We remain curious, humble and deeply focused on listening to our customers and studying the data.

As a Board, we are pleased with how the leadership teams across all three businesses are taking shape.

We run three distinct businesses with unique market positions and customer value propositions. Our operating model lets each business focus on what matters most to its customers, supported by centralised Group functions in select areas.

The operations of our businesses remain substantially independent from each other, and we remain committed to this approach.

Fundamentally, our ownership model for our businesses prioritises what I call "co-ordinated co-operation", rather than "operational integration".

We encourage collaboration between the businesses and their leaders through shared processes and leadership forums, rather than driving physical integration of operations between businesses – in most instances.

The scope and depth of our shared services is narrow and expected to stay this way.

Benefits of common ownership can arise from our group executives involvement in governance, strategy development, sustainability and compliance, property and leasing, people development and risk management.

On the topic of governance, both Mocka and Focus now have a non-executive director from our main board on their advisory committees, promoting more effective and transparent governance and faster operational decisions.

At Adairs we've commenced a program of technology investment, including a multi-year systems replacement project – principally around a new ERP system. This important project is progressing, and we are working closely with the board to monitor the associated risks.

While FY25 delivered solid top-line growth, we know that none of our businesses are operating at their full potential. Elle will speak to the results and strategies in her report.

Across all our businesses, there is much work to do—but there is also increased clarity and confidence that the actions already underway will be effective.

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Elle and her team are now firmly focused on the next few years, with the formulation of what we call Vision 2030 for each business. Elle will speak more about this in her update shortly.

The board's renewal has progressed well—both in terms of who we are and how we operate. We are a highly engaged and collaborative Board.

In addition to Elle, we have been joined by Rachel Kelly, who has quickly made a significant contribution, reflecting her strong retail experience and straightforward communication style.

Rachel has joined the Mocka advisory committee and has also recently taken on the role of Chair of the People & Remuneration Committee.

We remain optimistic about our future. We are confident in the strength of our portfolio and the capability of our leadership team.

That concludes my report. We will have time for questions shortly.

I will now pass to Elle who will present her Group CEO report.

Thank you.

Elle Roseby, Group CEO & Managing Director

Thank you Trent, and good morning everyone.

It's a pleasure to be here with you today at my first AGM as Group CEO and Managing Director.

FY25 Highlights

I will start with a quick recap of our FY25 performance.

At a Group level, we delivered total sales of \$618.1 million, up 6.5% on the prior year when adjusted for a comparable 52-week period. Underlying EBIT came in at \$55.2 million, a modest increase of 1.4%.

Performance across our business units was mixed. Adairs, our largest brand, had a stronger year—sales grew 9.5% to a record \$442.2 million. While gross margin softened slightly due to the extent of clearance activity and a weaker Australian dollar, EBIT rose 21.2% to \$35.8 million. That was driven by strong store performance, productivity gains at our National Distribution Centre, and tighter cost control, with CODB as a percentage of sales improving by 130 basis points.

Focus on Furniture had a second successive difficult year. Sales declined 6.5% to \$117.9 million, and despite active cost management, EBIT fell 36.6% to \$11.8 million. The business was impacted by gaps in our range and its appeal, and promotional activity that didn't deliver the customer response we'd hoped for.

Mocka, on the other hand, delivered strong growth. Sales rose 14.7% to \$57.9 million, with Australia up 31%—a record result—offsetting a 3% decline in New Zealand.

Statutory EPS was 14.6 cents, and we paid dividends of 10.5 cents per share, representing a payout ratio of 72%, which sits within our policy range of 65 to 80%.

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Beyond financial results, we continued to make good progress on our FY25 sustainability agenda, reinforcing our commitment to responsible growth. Our Scope 1 and 2 emissions rose 1.8% - primarily driven by expansion of our store network, but we've taken proactive steps to reduce emissions by installing solar panels at Frankston and Waurn Ponds, with more sites planned for FY26. In terms of packaging initiatives, we've replaced polystyrene and soft plastics with recyclable or reusable packaging across all categories.

Social impact remains core to our values. We contributed over \$135,000 to Orange Sky this year, bringing total support to \$1.1 million since 2019. Through our Red Cross partnership, we donated 5,500+ kg of product, supporting humanitarian efforts and reducing landfill.

We also strengthened our ethical sourcing efforts, enhanced our safety reporting, and proudly achieved our gender diversity targets at both Board and executive levels.

Vision 2030

Before I take you through our planned FY26 initiatives by business unit, I want to take a moment to explain how we're approaching development of a five-year strategy for each of our business units — we call this Vision 2030.

For each of our businesses, Vision 2030 is a strategic blueprint for sustainable growth, built around a clear ambition: to inspire customers through thoughtfully curated collections that reflect different lifestyles and life stages—delivered seamlessly across both physical and digital channels. It's our end vision for what we want the Group and each business to become: more customer-led, more digitally enabled, and more operationally efficient and resilient.

In his speech, Trent spoke about our decentralised model for our three businesses and the rationale for this. This approach applies equally to Vision 2030. Each of our businesses will take a different path to get there, based on their maturity, market position, the specific risks and opportunities they face and market dynamics.

Each has its own customer value proposition, culture and strategic priorities. We actively acknowledge, support and protect differentiation in these areas. However, we have common strategic planning cycles, governance standards, and business ethics. We are also working more proactively on the areas in which the businesses can cooperate and collaborate for mutual and collective benefit. But to be clear, this is about cohesion, not integration.

The initiatives we're rolling out are phased and pragmatic. Transformation doesn't happen overnight. We're building the capabilities, systems, and cultures within each business that will allow us to evolve more dynamically and innovate and differentiate in ways that matter most to our customers.

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We also operate across the Group with a common approach to how we make our decisions and guiding strategic principles. The most important of these principles are;

- A focus on understanding our customers and meeting their needs every day.
- A test and learn approach to new initiatives and risk management.
- A commitment to constantly driving business simplification and raising productivity.
- A focus on attracting and retaining outstanding talent; and
- A commitment to performance, transparency and accountability.

FY26 marks a strategic reset—a pivotal year of transformation, investment, and capability building.

Across the group, we've taken deliberate steps to strengthen our capability and build a team that reflects the next chapter of our business – one that is more connected to our customers than ever before. Many of them are here today, and I encourage those attending in person to connect with them after the meeting. This team will bring the clarity, energy and expertise to take us from good to great.

Across the Group, we're piloting new initiatives in customer experience, product development, and operational efficiency—with a clear focus on learning fast and scaling what works.

Of course, not everything will go to plan. That's part of any meaningful change. What matters is our ability to test, measure, and adapt. We're embedding that mindset across the Group's businesses.

We'll share more on Vision 2030 and our progress at a proposed Investor Day in the second half of FY26. That will also be an opportunity to introduce our talented team and give them the stage to speak directly about their roles in delivering our vision.

But for now, let me bring the strategy to life by showing you what it means in practice—starting with the FY26 initiatives of each of our three business units.

Adairs

Adairs is our largest business, and our ambition is to make it Australia's ultimate home style destination. To get there, we're refreshing the brand, deepening our customer understanding, elevating our product and in store experience, and investing in omni-channel excellence.

Over the next year, customers will see a refreshed visual identity that tells a more aspirational story of design, quality, and value. We're also cautiously testing a gradual shift away from the extent 'always-on' deep discounting model which is so prevalent in our category, while protecting the value of our Linen Lovers program. Early trials of alternative promotions like 'Spend & Save', 'Multi-Buy', and product bundles have delivered valuable insights. We are also seeing the continued importance of a 'deal' to many of our customers – particularly in certain product categories. The power and effectiveness of our Linen Lovers loyalty program to activate and inspire our customers continues to be an important lever.

The evolution of our go to market offering at Adairs is an important long-term strategy to drive both sales and margin growth, but we have seen the need to be gradual and measured in our approach.

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Over the first half for FY26, we have seen instances where we have moved a little too fast in the evolution of our go-to-market offering – from which the insights are so valuable moving forward. The discipline we need to maintain is about staying data-centric, curious and focussed on the long term vision.

We're also focusing on the big retail moments—Easter, Mother's Day, Black Friday, Seasonal changes to summer and winter, and of course Christmas—with curated, insight-led ranges. If you've been in-store recently, you'll have seen our expanded Christmas offering. Christmas is the retail industry's biggest event of the year, and we're determined to win more share.

We've aligned our product development to core style profiles. We're also using mosaic segmentation and our Linen Lover data to inform decisions about new store locations, upsizes, and closures.

The in-store experience is a big focus too. We're enhancing visual merchandising and emphasising our team's styling expertise to create more rooms our customers love.

Our Linen Lover program remains a cornerstone of our operations and strategy. With over one million paying members and more than 80% of sales coming from members of the program, we're now looking to deepen engagement through new benefits—like our recent Qantas Frequent Flyer partnership—and more personalised experiences powered by data and the segmentation and personalisation of offers and engagement tactics that AI allows us to implement cost-effectively.

Operationally, we're investing in our store network and technology. We'll launch our next-generation "Store of the Future" concept in 2026, with both a Homemaker and large-format store planned.

We plan to open six new stores, upsize four, and close two smaller ones—ensuring we have the right footprint to showcase more of our range in the locations where customer demand is underserved.

We've also commenced our \$25–30 million technology transformation, centred on replacing our legacy ERP with Microsoft Dynamics 365. This will enable smarter decision-making, better fulfilment, and integration with emerging technologies. While the technology is powerful, it only matters if it helps our team work more effectively and productively, and our customers enjoy a better experience.

It's impossible to talk about technology today without recognising the transformative potential of AI. Across our Group, AI is already streamlining a wide range of previously manual tasks: from enabling our Customer Service Team to respond faster and more consistently, to editing digital assets and generating content for internal and external purposes.

As AI-enabled tools continue to evolve, so too do the opportunities to embed them more deeply into our business. Executed well, these capabilities will allow us to build true one-to-one relationships at scale—enhancing engagement, loyalty, and value.

Focus on Furniture

Turning now to Focus on Furniture, where our vision is to make it Australia's favourite destination for well-designed, quality furniture representing exceptional value.

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Focus on Furniture is working through a strategic reset. Following a period of underperformance and inadequate customer response to our promotions, we undertook extensive customer research. The insights are shaping a new direction for the business, which has confirmed that the value proposition of the business is sound, but it needs a refresh in certain areas - not a dramatic re-positioning.

We've strengthened the leadership team with two key appointments—both bringing deep furniture industry experience. Our new Head of Retail will focus on consistent execution, store performance, and customer experience. Our new Head of Marketing & Digital will lead brand strategy, campaign delivery, and eCommerce growth. Both hires commence with us in the next few months.

We're also rolling out several key initiatives this year. We're expanding product choice with made-to-order options and broader fabric and colour ranges. We've introduced Latitude Finance to offer more flexible payment options. We're accelerating speed to market with more trend-led collections and options and continuing to focus on quality, availability, and relative value for money.

We're accelerating store upgrades, with 3–5 refurbishments planned over the next 18 months. Recent refurbishments in South Australia delivered a 15–20% sales uplift and a payback period of under two years—highlighting the strong return potential.

We're also planning 3–5 new store openings over the next 18 months, with a focus on New South Wales and Queensland, and entry into Western Australia in FY26/27. We continue to see a compelling case for a national store footprint of around 50 to 55 stores.

Mocka

And finally, to Mocka—our smallest business by sales and EBIT, but an exciting growth opportunity for the Group.

Our vision is to make Mocka the most loved furniture brand for young families and young adults in Australia and New Zealand. These customers' needs are typically triggered by changes in life stage, such as the arrival of children, moving out of home and into an apartment, or decorating a new home or space - including for a child. Mocka wants to be there at these “firsts” and times of change for our customers as an important entry point for the Mocka brand. We have consistently seen customers respond well to ranges developed with these purposes in mind when coupled with unique and clever Mocka design, and value for money.

Our offering is currently online led, however our customer research is clear that our customer wants to be able to also shop Mocka in a physical retail environment. The co-located store offering we have trialled in Tower Junction in New Zealand provides us valuable lessons and clear signs of what that the customer wants from Mocka in a physical store. Expansion to physical retail for Mocka is the opportunity that excites us most with long-term value creation in mind.

We're plan to open our first standalone Mocka store in Australia in the second half of FY26. It will be 300–500 square metres, with a sales target of over \$2 million annually. If successful, we'll expand the trial further with a view to eventually scaling to 20–30 stores nationally – but first we must establish and refine our retail model for Mocka.

This year, we're also expanding our range in categories like youth, lighting, outdoor, and sofas.

We are pleased with the progress being made at Mocka are excited about the future for Mocka as we commence the expansion to standalone physical retail stores.

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Trading Update and Outlook

We have released a trading update this morning, which builds on the update provided when we released our FY25 results in late August.

Year-to-date trading across the first half of FY26 has been largely in line with what was foreshadowed in the commentary provided with the FY25 results in August 2025.

Adairs' sales growth has moderated as the company pulled back on the frequency and intensity of its promotional activity.

After an encouraging start, sales at Focus on Furniture have slowed despite ongoing promotional activity leading to lower than planned gross profit margin.

Mocka's strong sales momentum has been maintained with customers continuing to respond well to new product.

Looking ahead, the next 10 weeks is the most important trading period for the half, delivering approximately 55% of sales for the half with key events like our next Linen Lover Sale Event (which commences this evening), Black Friday, Christmas, and Boxing Day sales to come. The H1 result is heavily dependent on performance during these peak periods.

The Group and individual business unit guidance for the first half can be seen in the table we have provided, but in summary, we expect the Group to deliver sales of \$319.5m to \$331.5m, approximately \$10-20m above the first half of FY25, with a gross margin that is approximately 40-90bps lower.

We remain cautiously optimistic about the trading outlook for the rest of the half. All three businesses are well stocked, and our team are well prepared, for the peak trading period ahead.

Closing Remarks

In closing, I want to reaffirm our confidence in the path we've set. We're building a business that's resilient, customer-led, and future-ready.

To our shareholders—thank you for your ongoing partnership and support. The journey ahead is full of promise, and we're excited about what's to come.

To our customers—your custom is a privilege we don't take lightly, and we remain committed to delighting you every day.

To our suppliers and partners—thank you for your collaboration and support.

And finally to our team—thank you for your passion, creativity, and commitment. We are so fortunate, across all three of our businesses, to have such a talented and dedicated group. You are, without doubt, our greatest asset.

That concludes my report. If you have any questions, please hold them for now, as there will be an opportunity to ask questions in a moment.

I will now hand back to Trent for the formal part of the meeting.