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Release to the Australian Securities Exchange

Adairs Limited

Issue of Performance Rights under FY26 LTI Plan

30 January 2026

Adairs Limited (the Company) advises that it has issued 891,135 Performance Rights under the Company's FY26 Long Term Incentive Plan (Plan) to select senior employees. Of these, 312,313 Performance Rights have been issued to the Managing Director and Group CEO, Elle Roseby, with shareholder approval for this issue having been obtained under ASX Listing Rule 10.14 at the 2025 Annual General Meeting.

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.

Other than the 312,313 Performance Rights already approved under ASX Listing Rule 10.14, the Performance Rights are being issued under the Company's ASX Listing Rule 7.1 capacity.

ENDS

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

For further information, please contact:

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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.

Adairs head office is in Melbourne, Australia. For further information visit our investor relations website www.investors.adairs.com.au

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KEY TERMS OF THE FY26 LTI GRANT OF PERFORMANCE RIGHTS

Adairs Limited has issued 891,135 Performance Rights under the Company's FY26 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 VWAP of Adairs' shares following release of the company's FY25 annual results, which has been calculated to be \$2.68.

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 30 June 2025 and ending on 25 June 2028.

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 25 June 2028.

2. Performance conditions

Each grant of Performance Rights is subject to an underlying earnings per share (EPS) performance condition. The performance hurdles are expressed as the basic underlying EPS for FY28.

Earnings per Share performance condition

The EPS performance condition will be measured by reference to the Company's basic underlying EPS for the year ended 25 June 2028. Underlying EPS measures the underlying 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 underlying EPS performance hurdles as determined by the Board which must be met in order for Performance Rights to vest:

FY28 Underlying EPS Performance	The proportion of Performance Rights that will vest
Less than 26.0 cents	Nil
From 26.0 to 34.0 cents	Pro-rata vesting on a straight-line basis between 30% and 100%
Equal to, or above, 34.0 cents	100%

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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.