

adairs

Adairs Limited

Appendix 4D

Half Year Report

For the 26 week period ended 28 December 2025

This information should be read in conjunction with the interim condensed financial report for the 26 weeks ended 28 December 2025 for Adairs Limited (the “Company”) and its subsidiaries (the “Group”).

1. Details of the reporting period and the prior corresponding period

Current period: 30 June 2025 to 28 December 2025 (26 weeks) (“HY26”)

Prior corresponding period: 1 July 2024 to 29 December 2024 (26 weeks) (“HY25”)

2. Results for announcement to the market

Statutory results

	Increase / decrease	26 weeks ended 28 Dec 2025	26 weeks ended 29 Dec 2024	Change %
Revenue from continuing operations	Increase	328,965	310,514	+5.9%
Profit after tax from continuing operations attributable to members	Decrease	12,838	19,384	-33.8%
Net profit after tax for the period attributable to members	Decrease	12,838	19,384	-33.8%

Underlying results

	Increase / decrease	26 weeks ended 28 Dec 2025	26 weeks ended 29 Dec 2024	Change %
Sales	Increase	328,965	310,514	+5.9%
Underlying EBIT	Decrease	29,960	32,976	-9.1%

- HY26 underlying results: excludes the impact of (i) AASB 16 *Leases*; and (ii) SaaS cloud computing project costs.
- HY25 underlying results: excludes the impact of (i) AASB 16 *Leases*; and (ii) Warehouse management system implementation and transition costs.

Refer to the Investor Presentation released to the ASX for a reconciliation between statutory and underlying results.

adairs

Dividends

Dividends/distributions	Amount per ordinary share	Franked amount per ordinary share
2026 interim dividend (resolved, not yet provided for at 28 December 2025)	5.5 cents	5.5 cents

Record date for determining entitlements to the 2026 interim dividend	11 March 2026
Payment date of 2026 interim dividend	7 April 2026

Commentary of results and operations

Refer to the accompanying interim condensed financial report and Investor Presentation released to the ASX.

3. Net tangible liabilities backing per ordinary security

	As at 28 Dec 2025	As at 29 Dec 2024
Net tangible liabilities backing per ordinary security	-\$0.21	-\$0.17

(1) The net tangible liabilities backing includes the right-of-use assets as per AASB 16.

4. Entities over which control has been gained or lost during the period

There are no entities over which control has been gained or lost during the period.

5. Dividend details

Refer to Note 6 of the attached interim condensed financial report for details of dividends paid in current period.

6. Dividend reinvestment plan

The Company's dividend reinvestment plan ("DRP") continues to be available to eligible shareholders. The last date for receipt of election notices for participation in the interim dividend under the DRP is 12 March 2026. The Company intends to issue new shares to satisfy its obligations under the DRP.

There is currently a 1.5% DRP discount applied to the dividend and no limit on the number of shares that can participate in the DRP. Shares will be allocated based on the average of the daily volume weighted average market price of ordinary shares of Adairs Limited traded over the period of 5 trading days commencing on 13 March 2026, less the 1.5% discount.

7. Details of associate and joint ventures

Not applicable.

8. Foreign entities

All foreign entities comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

9. Independent review by auditor

This report is based on an interim condensed financial report that has been subject to auditor review. The review opinion is unqualified.



adairs

ABN 50 147 375 451

**INTERIM CONDENSED
FINANCIAL REPORT
FOR THE 26 WEEKS ENDED
28 DECEMBER 2025**

TABLE OF CONTENTS

DIRECTORS' REPORT	1
AUDITOR'S INDEPENDENCE DECLARATION.....	4
INDEPENDENT AUDITOR'S REVIEW REPORT	5
DIRECTORS' DECLARATION	7
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS	8
INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME.....	9
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION	10
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	11
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS	12
NOTES TO THE FINANCIAL STATEMENTS	13
NOTE 1. CORPORATE INFORMATION	13
NOTE 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES	13
NOTE 3. SEGMENT REPORTING.....	14
NOTE 4. REVENUE	15
NOTE 5. EXPENSES	16
NOTE 6. DIVIDENDS	17
NOTE 7. IMPAIRMENT ASSESSMENT	17
NOTE 8. CASH AND CASH EQUIVALENTS.....	17
NOTE 9. INVENTORIES.....	18
NOTE 10. DEFERRED REVENUE	18
NOTE 11. BORROWINGS	19
NOTE 12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES.....	20
NOTE 13. SHARE-BASED PAYMENTS	21
NOTE 14. EARNINGS PER SHARE	22
NOTE 15. EVENTS AFTER THE BALANCE SHEET DATE	22
CORPORATE INFORMATION.....	23

DIRECTORS' REPORT

Your directors submit their report on the consolidated entity, being Adairs Limited (the "Company") and its subsidiaries (the "Group"), for the 26 weeks ended 28 December 2025.

DIRECTORS

The names of the Company's directors in office during the 26 weeks ended 28 December 2025 and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

- Trent Peterson
- David MacLean
- Kiera Grant
- Rachel Kelly
- Elle Roseby

PRINCIPAL ACTIVITIES

For the 26 weeks ended 28 December 2025, and in all referenced corresponding periods, the principal activities of the Group consisted of the retailing of homewares, furniture and home furnishings in Australia and New Zealand, through both retail stores and online channels.

DIVIDENDS

On 23 February 2026, the directors of Adairs Limited declared an interim dividend on ordinary shares in respect of the 26 weeks ended 28 December 2025. The total amount of the dividend is \$9.8 million which represents an interim fully franked dividend of 5.5 cents per share. The dividend has not been provided for in the 28 December 2025 interim condensed financial report.

OPERATING AND FINANCIAL REVIEW

The current reporting period is a 26 week period ended 28 December 2025. The prior corresponding period was a 26 week period ended 29 December 2024.

Group results and commentary

The Group results for the 26 week period ended 28 December 2025 are summarised below:

- Total sales of \$329.0 million, representing an increase of +5.9%. All brands grew sales across the period – particularly Adairs and Mocka – driven by strong execution of key trading moments.
- Gross profit of \$153.9 million increased by +3.6%, despite decreased gross profit margin % of -110bps. Margin declined due to Q1 clearance activity within Adairs which was partially offset by better margin management at Mocka and Focus on Furniture. All brands were impacted by a weaker AUD during the period.
- Costs of doing business ("CODB") were higher due to higher sales unit volumes, cost inflation and additional investments in team capability across the Group.
- Underlying EBIT of \$30.0 million was down -9.1%.
- Statutory EBIT of \$28.1m, including the impact of AASB16 *Leases* and non-recurring software as a service (SaaS) costs associated with the Adairs technology and data upgrade which is being expensed as incurred.
- Statutory net profit after tax was \$12.8m, a decrease of -33.8%
- Statutory basic earnings per share ("EPS") of 7.3 cents, a decrease of -34.5%.
- Net debt⁽¹⁾ of \$53.6 million, a reduction of -\$14.0 million since 29 June 2025.

(1) Net debt is Borrowings less Cash and cash equivalents.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Brand results and commentary

Adairs

Total sales of \$229.4 million, up +4.0% driven by 'big-moment' focus, strong 'famous for' category performance and good returns from in-store fixture investment. Gross margin was impacted by clearance activity in Q1, higher promotional activity in Q2 to drive sales in a competitive market and the effect of a weaker AUD. CODB increased despite improved store and warehouse operational efficiencies which were offset by higher freight costs, rents and key investments in people to support design and planning capability. Underlying EBIT of \$18.6 million was down -10.0%.

Focus on Furniture

Total sales of \$63.1 million, up +1.9% with refurbished stores continuing to outperform. Good progress has also been made to implement improved customer experience initiatives including made-to-order sofas and extended financing. Gross margin was maintained with lower negotiated product costs offsetting the impact of elevated promotional activity. Variable costs were well controlled, however CODB ratios were impacted by lower like-for-like sales growth and incremental costs for the new distribution centre and head office. Underlying EBIT of \$5.8 million was down -31.7%.

Mocka

Total sales of \$36.5 million, up +29.8% with outstanding performance in Australia (+44.5%) and further growth in New Zealand (+8.2%). Gross margins improved in both markets, with new product innovation enabling higher initial margins and a reduction in the depth and frequency of promotional activity. Results from the 'shop-in-shop' channel in New Zealand contributed positively to the first half, which provides confidence as Mocka plans to open its first standalone retail store in H2. Underlying EBIT of \$5.6 million was up +45.5%.

Statutory to underlying results reconciliation

Below is a reconciliation of statutory profit after tax to underlying earnings before interest and tax ("EBIT"), as well as a comparison of both reporting periods on a 26 week basis.

Unreviewed	26 weeks ended 28 December 2025	26 weeks ended 29 December 2024	Change
Group	\$'000	\$'000	
Sales	328,965	310,514	+5.9%
Gross profit	153,934	148,651	+3.6%
Gross profit margin %	46.8%	47.9%	-110bps
Underlying EBIT (non-IFRS)	29,960	32,976	-9.1%
<i>Significant items:</i>			
Impact of AASB 16 Leases	4,719	4,136	
SaaS cloud computing project costs	(6,562)	-	
Warehouse management system implementation	-	(597)	
Statutory EBIT (IFRS)	28,117	36,515	-23.0%
Finance expenses	(9,821)	(9,053)	
Finance income	65	159	
Profit before income tax	18,361	27,621	-33.5%
Income tax expenses	(5,523)	(8,237)	
Profit after income tax	12,838	19,384	-33.8%

DIRECTORS' REPORT (continued)

AUDITORS INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 370C of the Corporations Act 2001 is set out on page 4.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no material changes in the state of affairs of the Group during the 26 weeks ended 28 December 2025.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

On 23 February 2026, the directors of Adairs Limited declared an interim dividend on ordinary shares in respect of the 2026 financial year. The total amount of the dividend is \$9.8 million which represents an interim fully franked dividend of 5.5 cents per share. The dividend has not been provided for in the 28 December 2025 interim condensed financial report.

Other than the above, no matters or circumstances have arisen since reporting date which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Group.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial period.

ROUNDING

The amounts contained in the Directors' report and in the interim condensed financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which the legislative instrument applies.

Signed in accordance with a resolution of the directors.

On behalf of the Board



Trent Peterson

Chairman
Non-Executive Director

Melbourne
23 February 2026



**Shape the future
with confidence**

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor's independence declaration to the directors of Adairs Limited

As lead auditor for the review of the interim condensed financial report of Adairs Limited for the 26 weeks ended 28 December 2025, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Adairs Limited and the entities it controlled during the financial period.

Ernst & Young

Tony Morse
Partner
23 February 2026



**Shape the future
with confidence**

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Independent auditor's review report to the members of Adairs Limited

Conclusion

We have reviewed the accompanying interim condensed financial report of Adairs Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 28 December 2025, the condensed statement of profit or loss, condensed statement of other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the 26 weeks ended on that date, explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim condensed financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 28 December 2025 and of its consolidated financial performance for the 26 weeks ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to reviews of the interim condensed financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the interim condensed financial report

The directors of the Company are responsible for the preparation of the interim condensed financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim condensed financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim condensed financial report

Our responsibility is to express a conclusion on the interim condensed financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 28 December 2025 and its performance for the 26 weeks ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



**Shape the future
with confidence**

A review of an interim condensed financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A stylized, handwritten signature of 'Ernst & Young' in black ink.

Ernst & Young

A handwritten signature of 'Tony Morse' in black ink.

Tony Morse
Partner

Melbourne
23 February 2026

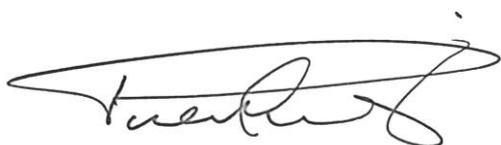
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Adairs Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of Adairs Limited for the 26 weeks ended 28 December 2025 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 28 December 2025 and of its performance for the 26 weeks ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Trent Peterson', with a large, sweeping flourish extending to the left.

Trent Peterson
Chairman
Non-Executive Director

Melbourne
23 February 2026

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE 26 WEEKS ENDED 28 DECEMBER 2025

		26 weeks ended 28 December 2025	26 weeks ended 29 December 2024
	Note	\$'000	\$'000
Revenue from contracts with customers	4	328,965	310,514
Cost of sales		(175,031)	(161,863)
Gross profit		153,934	148,651
Other income		250	61
Depreciation and amortisation expenses	5(b)	(31,100)	(29,751)
Salaries and employee benefits expenses	5(c)	(61,045)	(56,915)
Occupancy expenses		(6,946)	(5,613)
Advertising expenses		(10,766)	(9,125)
Other expenses	5(d)	(16,210)	(10,793)
Earnings before interest and tax		28,117	36,515
Finance expenses	5(a)	(9,821)	(9,053)
Finance income		65	159
Profit before income tax		18,361	27,621
Income tax expenses		(5,523)	(8,237)
Profit after income tax		12,838	19,384
Earnings per share attributable to ordinary equity holders of the Parent			
Basic earnings per share	14	7.3 cents	11.1 cents
Diluted earnings per share	14	7.2 cents	11.1 cents

This interim consolidated statement of profit or loss should be read in conjunction with the notes to the financial statements.

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE 26 WEEKS ENDED 28 DECEMBER 2025

	Note	26 weeks ended 28 December 2025 \$'000	26 weeks ended 29 December 2024 \$'000
Profit after income tax		12,838	19,384
<i>Other comprehensive income</i>			
<i>Items that may be reclassified subsequently to profit and loss (net of tax):</i>			
Net movement on cash flow hedges		(546)	6,417
Income tax relating to components of other comprehensive income		164	(1,925)
Exchange differences on translation of foreign operations		(328)	(198)
Other comprehensive (loss) / income for the period, net of tax		(710)	4,294
Total comprehensive income for the period		12,128	23,678

This interim consolidated statement of other comprehensive income should be read in conjunction with the notes to the financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 28 DECEMBER 2025

	Note	As at 28 December 2025 \$'000	As at 29 June 2025 \$'000
ASSETS			
<i>CURRENT ASSETS</i>			
Cash and cash equivalents	8	12,443	8,434
Trade and other receivables		7,525	8,877
Inventories	9	93,274	96,026
Other assets		9,191	9,048
TOTAL CURRENT ASSETS		122,433	122,385
<i>NON-CURRENT ASSETS</i>			
Property, plant and equipment		38,998	39,105
Intangibles		281,255	281,693
Right-of-use assets		196,214	209,621
Deferred tax assets		1,498	1,680
Other assets		1,288	1,463
TOTAL NON-CURRENT ASSETS		519,253	533,562
TOTAL ASSETS		641,686	655,947
LIABILITIES			
<i>CURRENT LIABILITIES</i>			
Trade and other payables		59,621	57,948
Deferred revenue	10	21,856	20,011
Current tax liabilities		1,690	1,524
Provisions		10,771	11,978
Lease liabilities		51,608	52,169
Derivative financial instruments		4,168	3,589
TOTAL CURRENT LIABILITIES		149,714	147,219
<i>NON-CURRENT LIABILITIES</i>			
Deferred revenue	10	1,407	1,332
Provisions		6,113	6,074
Deferred tax liabilities		13,479	15,839
Borrowings	11	66,000	76,000
Lease liabilities		173,061	184,272
Derivative Financial Instruments		17	39
TOTAL NON-CURRENT LIABILITIES		260,077	283,556
TOTAL LIABILITIES		409,791	430,775
NET ASSETS		231,895	225,172
EQUITY			
Contributed equity		93,065	91,493
Share-based payment reserve		2,028	1,935
Cash flow hedge reserve		(2,929)	(2,547)
Foreign currency translation reserve		(762)	(434)
Retained earnings		140,493	134,725
TOTAL EQUITY		231,895	225,172

This interim consolidated statement of financial position should be read in conjunction with the notes to the financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 26 WEEKS ENDED 28 DECEMBER 2025

	Note	Ordinary shares \$'000	Share- based payment reserve \$'000	Cash flow hedge reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total \$'000
At 29 June 2025		91,493	1,935	(2,547)	(434)	134,725	225,172
Profit for the period		-	-	-	-	12,838	12,838
Other comprehensive loss		-	-	(382)	(328)	-	(710)
Total comprehensive income / (loss) for the period		-	-	(382)	(328)	12,838	12,128
Transactions with owners in their capacity as owners:							
Dividends paid	6	-	-	-	-	(7,070)	(7,070)
Dividend reinvestment plan		1,572	-	-	-	-	1,572
Share-based payments	13	-	105	-	-	-	105
Tax effect of share-based payments		-	(12)	-	-	-	(12)
At 28 December 2025		93,065	2,028	(2,929)	(762)	140,493	231,895

	Note	Ordinary shares \$'000	Share- based payment reserve \$'000	Cash flow hedge reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total \$'000
At 30 June 2024		87,351	2,211	1,306	(407)	132,703	223,164
Profit for the period		-	-	-	-	19,384	19,384
Other comprehensive income / (loss)		-	-	4,492	(198)	-	4,294
Total comprehensive income / (loss) for the period		-	-	4,492	(198)	19,384	23,678
Transactions with owners in their capacity as owners:							
Dividends paid	6	-	-	-	-	(12,228)	(12,228)
Dividend reinvestment plan		2,070	-	-	-	-	2,070
Share-based payments	13	232	(384)	-	-	-	(152)
Tax effect of share-based payments		-	(39)	-	-	-	(39)
At 29 December 2024		89,653	1,788	5,798	(605)	139,859	236,493

This interim consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 26 WEEKS ENDED 28 DECEMBER 2025

	Note	26 weeks ended 28 December 2025 \$'000	26 weeks ended 29 December 2024 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		363,782	344,124
Payments to suppliers and employees (inclusive of GST)		(295,240)	(278,541)
Interest received		65	159
Income tax paid		(7,380)	(7,363)
Interest paid		(10,336)	(9,352)
Net cash flows from operating activities		50,891	49,027
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangibles		(6,362)	(8,185)
Net cash flows used in investing activities		(6,362)	(8,185)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawings from borrowings		44,000	28,000
Repayment of borrowings		(54,000)	(35,000)
Payment of borrowing costs		(73)	-
Dividends paid		(5,498)	(10,158)
Payment of principal portion of lease liabilities		(24,882)	(24,369)
Net cash flows used in financing activities		(40,453)	(41,527)
Net Increase / (decrease) in cash and cash equivalents		4,076	(685)
Net foreign exchange difference		(67)	(13)
Cash and cash equivalents at beginning of the period		8,434	12,872
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	12,443	12,174

This interim consolidated statement of cash flows should be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 26 WEEKS ENDED 28 DECEMBER 2025

NOTE 1. CORPORATE INFORMATION

The interim condensed financial report of Adairs Limited (the "Company" or "Parent") and its subsidiaries (the "Group") for the 26 weeks ended 28 December 2025 was authorised for issue in accordance with a resolution of the directors on 23 February 2026.

The Company is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The Group is an omni-channel specialty retailer of home furnishings, home furniture and home decoration products within Australia and New Zealand. The Group's principal place of business is Level 9, 1 Middle Road, Chadstone, Victoria, 3148.

The Group operates on a retail accounting calendar which monitors performance on a weekly basis. The current interim reporting period adopted is a 26 week reporting period which ended 28 December 2025. The prior corresponding interim reporting period was 26 weeks ended 29 December 2024.

NOTE 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Basis of Preparation

The interim condensed financial report for the 26 weeks ended 28 December 2025 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim condensed financial report does not include all notes typically included within the annual financial report and therefore cannot be expected to provide a full understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the interim condensed financial report be read in conjunction with the annual financial report for the 52 weeks ended 29 June 2025.

The interim condensed financial report has also been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value.

Certain classifications have been made in the interim condensed financial report to ensure that prior year comparative information conforms to the current year presentations.

The interim condensed financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

The interim condensed financial report has been prepared on the basis of accounting practices applicable to a going concern. This basis presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities will occur in the ordinary course of business. As at 28 December 2025, the Group has a net current asset deficiency of \$27,282,000, after the recognition of \$51,608,000 in current lease liabilities (29 June 2025: net current asset deficiency of \$24,834,000 after the recognition of \$52,169,000 in current lease liabilities). The Group expects to be able to meet its obligations as and when they fall due over the next 12 months and beyond through the generation of operating cash flows and available finance facilities. Unused revolving loan facilities as at 28 December 2025 was \$69,000,000 (29 June 2025: \$59,000,000).

(b) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed financial report are consistent with those followed in the preparation of the Group's annual consolidated financial report for the 52 weeks ended 29 June 2025. The Group adopted all relevant new and amended accounting standards and interpretations issued by the Australian Accounting Standards Board that are effective for the annual reporting periods beginning on or after 29 June 2025. None of these new standards or amendments have a material impact on the interim condensed financial report of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE 26 WEEKS ENDED 28 DECEMBER 2025

NOTE 3. SEGMENT REPORTING

For management purposes, the Group is organised into business units which form three reportable segments, being Adairs, Focus on Furniture and Mocka.

Operating segments are identified on the basis of internal reports to senior management about components of the Group that are regularly reviewed by senior management who have been identified as the chief operating decision maker, in order to allocate resources to the segment and to assess its performance and for which discrete financial information is available.

Information reported to senior management for the purposes of resource allocation and assessment of performance is specifically focused on core products and services, which forms three reportable operating segments.

Underlying earnings before interest and tax ("EBIT") is the key measure by which the performance of the segments is monitored. Underlying EBIT excludes the impact of significant items deemed by management and the Board to be items not reflective of normal operating activities.

	Adairs \$'000	Focus \$'000	Mocka \$'000	Consolidated \$'000
26 weeks ended 28 December 2025				
Revenue from contracts with external customers	229,372	63,123	36,470	328,965
Gross profit	114,967	25,104	13,863	153,934
Underlying EBITDA	24,451	6,823	5,627	36,901
Underlying EBIT	18,583	5,808	5,569	29,960
<i>Items not included in the segment result:</i>				
Non-underlying items ⁽¹⁾				(1,843)
Finance expenses				(9,821)
Finance income				65
Profit before income tax				18,361
Income tax expense				(5,523)
Profit after income tax				12,838
As at 28 December 2025				
Total assets	347,020	188,265	106,401	641,686
Total liabilities	293,474	101,228	15,089	409,791

(1) Non-underlying items comprise of (i) management's assessment of the EBIT impact of AASB16 Leases; and (ii) SaaS cloud computing project costs.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE 26 WEEKS ENDED 28 DECEMBER 2025

NOTE 3. SEGMENT REPORTING (CONTINUED)

	Adairs \$'000	Focus \$'000	Mocka \$'000	Consolidated \$'000
26 weeks ended 29 December 2024				
Revenue from contracts with external customers	220,464	61,946	28,104	310,514
Gross profit	112,727	25,815	10,109	148,651
Underlying EBITDA	26,086	9,139	3,888	39,113
Underlying EBIT	20,641	8,508	3,827	32,976
<i>Items not included in the segment result:</i>				
Non-underlying items ⁽²⁾				3,539
Finance expenses				(9,053)
Finance income				159
Profit before income tax				27,621
Income tax expense				(8,237)
Profit after income tax				19,384
As at 29 December 2024				
Total assets	356,454	168,206	108,049	632,709
Total liabilities	302,015	78,997	15,204	396,216

(2) Non-underlying items comprise of (i) management's assessment of the EBIT impact of AASB16 Leases; and (ii) Warehouse management system ("WMS") implementation and SaaS project costs.

NOTE 4. REVENUE

	26 weeks ended 28 December 2025 \$'000	26 weeks ended 29 December 2024 \$'000
Set out below is the disaggregation of the Group's revenue from contracts with customers:		
<i>Types of goods and services</i>		
Sale of goods and services – stores	222,988	219,915
Sale of goods and services – online	105,977	90,599
Total revenue from contracts with customers	328,965	310,514

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE 26 WEEKS ENDED 28 DECEMBER 2025

NOTE 5. EXPENSES

	26 weeks ended 28 December 2025 \$'000	26 weeks ended 29 December 2024 \$'000
(a) Finance expenses		
Interest on borrowings and other finance costs	3,000	3,627
Interest on lease liabilities	7,336	5,725
Amortisation of borrowing costs	141	194
Total finance expenses	10,477	9,546
<i>Included on the consolidated statement of profit or loss within:</i>		
Cost of sales	656	493
Finance expenses	9,821	9,053
(b) Depreciation and amortisation expenses		
Depreciation of property, plant and equipment	5,254	4,553
Depreciation of right-of-use assets	26,421	25,716
Amortisation of computer software	1,653	1,521
Total depreciation and amortisation expenses	33,328	31,790
<i>Included on the consolidated statement of profit or loss within:</i>		
Cost of sales	2,228	2,039
Depreciation and amortisation expenses	31,100	29,751
(c) Salaries and employee benefits expenses		
Wages and salaries	65,982	63,333
Defined contribution superannuation expense	6,003	5,568
Share-based payment expense / (reversal)	105	(152)
Total salaries and employee benefits expenses ⁽¹⁾	72,090	68,749
<i>Included on the consolidated statement of profit or loss within:</i>		
Cost of sales	11,045	11,834
Salaries and employee benefits expenses	61,045	56,915
(d) Other expenses		
Merchant fees	3,255	2,961
Professional fees	1,084	804
Third party warehousing related charges	1,707	2,225
Packaging and consumables	921	876
Technology costs (including SaaS cloud computing project costs) ⁽¹⁾	7,216	2,693
Asset, property and maintenance expenses	1,761	1,436
Other	3,957	3,711
Total other expenses	19,901	14,706
<i>Included on the consolidated statement of profit or loss within:</i>		
Cost of sales	3,691	3,913
Other expenses	16,210	10,793

(1) During the 26 weeks ended 28 December 2025, total SaaS cloud computing project costs of \$6,562,000 were incurred which are allocated within Salaries and employee benefits expenses (\$1,965,000) and Technology costs (within Other expenses) (\$4,597,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE 26 WEEKS ENDED 28 DECEMBER 2025

NOTE 6. DIVIDENDS

	26 weeks ended 28 December 2025	26 weeks ended 29 December 2024
Dividends on ordinary shares declared and paid:		
Final dividend for FY2025: 4.0 cents per share (FY2024: 7.0 cents per share)	7,070	12,228
Proposed dividends on ordinary shares:		
Interim dividend for FY2026 ⁽¹⁾ : 5.5 cents per share (FY2025: 6.5 cents per share)	9,756	11,432

(1) Interim dividend is resolved, but not yet provided for as at 28 December 2025.

NOTE 7. IMPAIRMENT ASSESSMENT

Intangible assets – goodwill and brand names

Goodwill acquired through business combinations and brand names with indefinite lives have been allocated to the cash generating units (“CGUs”) or group of CGUs for the purpose of impairment testing.

Carrying amounts of goodwill and brand names allocated to the CGUs as at 28 December 2025 and 29 June 2025 are as follows:

	Adairs \$'000	Focus \$'000	Mocka \$'000
Goodwill	69,927	40,959	48,409
Brand names	42,711	36,984	33,115

Goodwill and brand names are not amortised but are subject to impairment testing on an annual basis or whenever there is an indication of impairment. Goodwill and brand names were previously subject to a full annual impairment test as at 29 June 2025.

A review of indicators of impairment relating to all CGUs to which goodwill and brand names are allocated was performed at 28 December 2025. As a result of this review, no indicators of impairment were identified that would require a full impairment test to be performed as at 28 December 2025.

The annual financial report for the 52 weeks ended 29 June 2025 details the most recent annual impairment tests undertaken for the brand names and goodwill.

Property, plant and equipment

A review of indicators of impairment relating to property, plant and equipment was performed as at 28 December 2025. As a result of this review, no indicators of impairment were identified that would require a full impairment test to be performed as at 28 December 2025.

NOTE 8. CASH AND CASH EQUIVALENTS

	As at 28 December 2025 \$'000	As at 29 June 2025 \$'000
Cash at bank	12,334	8,333
Cash on hand	109	101
Total cash and cash equivalents	12,443	8,434

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE 26 WEEKS ENDED 28 DECEMBER 2025

NOTE 9. INVENTORIES

	As at 28 December 2025	As at 29 June 2025
	\$'000	\$'000
Stock on hand	78,631	79,878
Stock in transit	14,643	16,148
Total inventories (at lower of cost and net realisable value)	93,274	96,026

NOTE 10. DEFERRED REVENUE

	As at 28 December 2025	As at 29 June 2025
	\$'000	\$'000
<i>Current other liabilities</i>		
Undelivered customer orders and deposits	12,724	11,880
Other deferred revenue	9,132	8,131
Total current deferred revenue	21,856	20,011
<i>Non-current other liabilities</i>		
Other deferred revenue	1,407	1,332
Total non-current deferred revenue	1,407	1,332
Current	21,856	20,011
Non-current	1,407	1,332
Total deferred revenue	23,263	21,343

Undelivered customer orders and deposits represent amounts received from customers for orders not yet completed. Deposits received from customers are recognised as revenue at the point of delivery of the goods to the customer.

Other deferred revenue includes revenue with respect to the Linen Lover membership program, unredeemed gift cards, as well as other revenue from contracts with customers received in advance of recognition.

The remaining performance obligations expected to be recognised in more than one year (non-current deferred revenue) relate primarily to the Linen Lover membership program which will be satisfied over a two-year membership period from joining date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE 26 WEEKS ENDED 28 DECEMBER 2025

NOTE 11. BORROWINGS

	Interest rate	Maturity	As at 28 December 2025 \$'000	As at 29 June 2025 \$'000
	%			
<i>Non-current</i>				
Revolving loan – Facility A	BBSW + 2.15	14 July 2028	66,000	76,000
Revolving loan – Facility D	BBSW + 2.30	14 July 2029	-	-
Principal outstanding borrowings			66,000	76,000
<i>Current</i>				
Current			-	-
Non-current			66,000	76,000
Total borrowings			66,000	76,000

(a) Financing facilities available

At reporting date, the following financing facilities with external financial institutions were available:

Revolving loan facilities available at the reporting date:	135,000	135,000
Revolving loan facilities used at the reporting date:	(66,000)	(76,000)
Other multi option facilities available at the reporting date:	12,000	12,000
Other multi option facilities used at the reporting date ⁽¹⁾ :	(5,863)	(6,435)
Facilities unused at the reporting date:	75,137	64,565

(1) The amount of used multi option facilities of \$5,863,000 (29 June 2025: \$6,435,000) represents bank guarantees, letters of credit and corporate card facilities.

The amount of borrowing costs capitalised as at 28 December 2025 was \$648,000 (29 June 2025: \$696,000) and is included within Other assets. The interest rate applicable to the debt facilities is variable and the Group does not hedge the interest rate. The costs associated with the debt facilities are recorded in Finance expenses in the interim consolidated statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE 26 WEEKS ENDED 28 DECEMBER 2025

NOTE 12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Forward exchange contracts – cash flow hedges

The Group buys inventories that are purchased in US Dollars (“USD”). In order to protect against exchange rate movements and to manage the inventory purchases process, the Group has entered into forward exchange contracts to purchase USD. These contracts are hedging highly probable forecasted inventory purchases and the contract notional value is forecast to total less than the expected level of total purchases of inventory in USD within 18 months.

Forward exchange contracts are timed to mature when payments are scheduled to be made. These derivatives have met the requirements to qualify for hedge accounting with movements recorded in other comprehensive income accordingly.

Fair value of financial assets and liabilities

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value of forward exchange contracts is measured at fair value using the Level 2 method. Forward exchange contracts are measured based on observable spot exchange rates, the yield curves of the USD as well as the currency basis spread between the currencies.

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group’s financial instruments:

	As at 28 December 2025		As at 29 June 2025	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
<i>Financial liabilities</i>				
Forward exchange contracts	(4,185)	(4,185)	(3,628)	(3,628)
Borrowings	(66,000)	(66,000)	(76,000)	(76,000)
	(70,185)	(70,185)	(79,628)	(79,628)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE 26 WEEKS ENDED 28 DECEMBER 2025

NOTE 13. SHARE-BASED PAYMENTS

In addition to those disclosed in the annual financial report for the 52 weeks ended 29 June 2025, the following performance rights were granted to senior executives (“the participants”) under the Equity Incentive Plan (“EIP”) during the 26 weeks ended 28 December 2025.

2026 Tranche

During the 26 weeks ended 28 December 2025, 891,135 performance rights were granted to participants under the EIP for nil consideration. The performance rights vest if the service and performance conditions are met. The service condition requires the participants to be employed on a full-time basis by an entity of the Group from the grant date to 27 June 2027. The performance rights are subject to performance conditions related to earnings per share (“EPS”) and earnings before interest and income tax (“EBIT”). The EPS performance hurdle is expressed as the absolute EPS for the financial year 2028. The proportion of performance rights that vest will be pro-rated from 0-100% based on achievement within a range for each performance condition.

The expected life of each performance right granted is 2.6 – 2.7 years which reflects the performance period. No dividends or voting rights are attached to performance rights prior to vesting, however shares allocated following the vesting of performance rights will rank equal in all respect with other ordinary shares.

The fair value per performance right granted was estimated at the grant date by considering the terms and conditions upon which the performance rights were granted and applying the following assumptions:

	2026 Tranche Performance rights
Pricing model	Black-Scholes Model
Dividend yield	6.00%
Risk-free interest rate	3.34% - 3.88%
Expected life	2.6 - 2.7 years
Exercise share price	nil
Fair value of performance rights at grant date (per performance right)	\$1.62 - \$2.01

For the 26 weeks ended 28 December 2025, the Group has recognised a share-based payment expense of \$105,000 in the interim consolidated statement (26 weeks ended 29 December 2024: \$152,000 credit).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE 26 WEEKS ENDED 28 DECEMBER 2025

NOTE 14. EARNINGS PER SHARE

Basic earnings per share ("EPS") amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the Parent by weighted average number of ordinary shares outstanding during the period, adjusted for dilutive potential ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	26 weeks ended 28 December 2025 \$'000	26 weeks ended 29 December 2024 \$'000
Profit for the year attributable to ordinary equity holders of the Parent	12,833	19,384
Profit attributable to ordinary equity holders of the Parent for basic earnings	12,833	19,384
Profit attributable to ordinary equity holders of the Parent adjusted for the effect of dilution	12,833	19,384

	As at 28 December 2025 '000	As at 29 December 2024 '000
Weighted average number of ordinary shares for basic EPS	177,010	174,960
Weighted average number of performance rights / share options	309	191
Weighted average number of ordinary shares adjusted for the effect of dilution	177,319	175,151

NOTE 15. EVENTS AFTER THE BALANCE SHEET DATE

On 23 February 2026, the directors of Adairs Limited declared an interim dividend on ordinary shares in respect of the 2026 financial year. The total amount of the dividend is \$9.8 million which represents an interim fully franked dividend of 5.5 cents per share. The dividend has not been provided for in the 28 December 2025 interim condensed financial report.

Other than the above, no matters or circumstances have arisen since reporting date which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the Company.

CORPORATE INFORMATION

ABN: 50 147 375 451

Directors

Trent Peterson
David MacLean
Kiera Grant
Rachel Kelly
Elle Roseby

Company secretary

Ashley Gardner
Jamie Adamson

Registered office

Level 9, 1 Middle Road
Chadstone
Victoria, 3148
Australia

Principal place of business

Level 9, 1 Middle Road
Chadstone
Victoria, 3148
Australia
Phone: 1800 990 475

Share register

MUFG Pension & Market Services
(formerly known as Link Market Services)
Locked Bag A14
Sydney South NSW 1235
Phone: 1300 554 474

Auditors

Ernst & Young

Solicitors

Herbert Smith Freehills

adairs

