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ADAIRS LIMITED | ASX: ADH

24 August 2026

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Manager

Adairs Limited — FY26 Full Year Results Release

Please find attached for immediate release to the market the FY26 Full Year Results Release for Adairs Limited, covering the 52 weeks ended 28 June 2026.

The Results Release should be read together with the Appendix 4E and the 2026 Annual Report, each given to ASX today.

This announcement is authorised for release to the market by the Board of Adairs Limited.

Yours faithfully,

Matt Edmonds
Group Chief Financial Officer & Joint Company Secretary

FOR MORE INFORMATION

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ASX ANNOUNCEMENT

24 August 2026

Melbourne, Australia

Disciplined progress, strong performance at Adairs and Mocka, reset at Focus on Furniture in progress

Adairs Limited (ASX: ADH) today released its audited results for the 52 weeks ended 28 June 2026 (“FY26”).

Key Highlights

- Group sales of $641.7 million, up +3.8%, with growth at Adairs and Mocka partly offset by a decline at Focus on Furniture.
- Group gross margin of 59.0%, up +10bps, driven by pricing discipline and reduced promotional depth at Adairs and Mocka, partly offset by clearance activity at Focus on Furniture.
- Cost of doing business remained well managed, with productivity gains across the store portfolio and supply chain offsetting ongoing inflation, though overall operating leverage was affected by Focus on Furniture underperformance.
- Decisive portfolio and capital management with underperforming stores closed, the exit of the loss-making Adairs New Zealand business, and the impairment of the carrying value of Focus on Furniture announced on 8 July 2026 to reflect current trading reality.
- Underlying Group EBIT of $55.0 million, with Adairs and Mocka delivering double digit growth.
- Statutory net loss after tax of $39.4 million, reflecting the non-cash impairment at Focus on Furniture, SaaS project costs, Adairs New Zealand exit costs and the impact of AASB 16 Leases.
- Group net debt reduced by $20m year on year to $47.6 million, representing approximately 0.7x LTM Underlying EBITDA.
- The Board declared a fully franked final dividend of 6.0 cents per share (full year 11.5 cents, up +9.5% on FY25).

Commenting on the FY26 results, Group CEO and Managing Director Elle Roseby said:

> *“Our priority throughout FY26 was improving the health and quality of our businesses. Adairs and Mocka generated genuine momentum; stronger product, expanding margins and deeper customer engagement and the exit of Adairs New Zealand creates a simpler business. Focus on Furniture underperformed, and considerable work remains in its turnaround. A more sustainable leadership team is in place, important foundational work was undertaken in the second half, and the cadence of change is accelerating. The year reinforced my belief in the strength of our brands, the capability of our teams and the opportunities ahead.”*

Group Financial Overview

($ million)	FY26	FY25	% Change
Total sales	641.7	618.1	+3.8%
Gross margin	59.0%	58.9%	+10bps
Gross profit	302.2	289.3	+4.4%
Other costs of doing business	233.5	221.3	+5.5%
Underlying EBITDA [1]	68.7	68.0	+1.0%
Underlying EBIT [1]	55.0	55.2	-0.4%
Underlying NPAT [1]	34.6	34.0	+1.7%
Statutory NPAT / (loss)	(39.4)	25.7	n.m.
Underlying earnings per share (cents) [1]	19.5	19.3	+1.0%
Statutory earnings / (loss) per share (cents)	(22.2)	14.6	n.m.
Dividends per share (cents)	11.5	10.5	+9.5%
Net debt (closing)	47.6	67.6	-29.6%

(1) Underlying measures are non-IFRS and unaudited. Refer to Appendix 1 of the FY26 Investor Presentation for a reconciliation of underlying and statutory results.

Business Segment Performance

Adairs

- Adairs delivered sales of $459.2 million, up +3.9%, with like-for-like store sales up +1.4% and online sales up +9.4%. Growth was underpinned by modernised ranges in the bed linen, bedding, towels and cushion categories. Gross margins improved each quarter following the first-quarter clearance activity. GM% up +150bps in the second half of FY26.
- The store network was refreshed and simplified: five new stores opened, three were upsized or refurbished, and 13 smaller or unproductive stores were closed, including eight in New Zealand.
- Cost of doing business was well managed, with warehouse and material store productivity gains offsetting higher rents and delivery costs. Underlying EBIT grew +14.9% to $41.1 million, with EBIT margin improving to around 9.0% from 8.1%.
- The Store of the Future format was validated by strong performance at Bondi Junction. Selective roll-out from FY27, including into the Homemaker and large-format network (refurbishments and new stores).
- The replacement of Adairs' core ERP systems commenced cutover in July 2026, with the online channel now live on the new platform and next substantial phase of implementation planned for the first quarter of FY27. Phases thereafter are enhancements that enable new capability including RFID and Deliver from Store.

- During the year, Adairs completed the exit of its loss-making New Zealand business with all stores ceasing trading by year end. The market contributed less than 3% of Adairs business sales. Continuing to fund the losses in that market was not the best use of the Group's capital or management time.
- Adairs New Zealand exit costs of $2.5 million have been excluded from underlying earnings, and the exit will contribute to improved Adairs earnings in FY27 and beyond.

Mocka

- Mocka had another strong year, with sales up +22.9% to $71.2 million, driven by growth of +38.0% in Australia. New Zealand sales were up +0.4%, with management continuing to refine the offer and customer acquisition tactics to better suit local customer preferences in this market
- Gross margin improved through the year, reflecting stronger full-price sell-through and improved inventory health, with Underlying EBIT up +32.1% to $10.1 million, an EBIT margin of 14.1%.
- Mocka opened its first standalone store at Maroochydore in Queensland in June 2026, followed by the takeover of the Adairs Tower Junction site in Christchurch in July 2026. A third store at Mornington in Victoria, expected in the third quarter of FY27, will complete an initial network of three as a test of the model.
- New categories, including outdoor, sofas, lighting and youth ranges, continued to grow well, extending Mocka toward a broader lifestyle offering.

Focus on Furniture

- Focus on Furniture had a difficult year, with sales down -5.6% to $111.3 million and Underlying EBIT down -67.6% to $3.8 million.
- Trading was broadly stable for the first three quarters before a sharp fourth-quarter decline, in a business that had, over several years, lost pace with the market on product range, store presentation and marketing.
- Previous executive team departed the business in Q3
- The significant management transition completed earlier in the year, left the incoming team with limited handover and reduced visibility of inventory planning, operating processes and management information. Decisions taken in that period interrupted inventory ordering and tightened discounting and promotional settings. The effect was reduced product availability, longer delivery lead times and less effective promotional execution. Peak fourth-quarter trading window was materially impacted; written and delivered sales and earnings in Q4 were well below pcp.
- Gross margin was broadly maintained across the year, confirming the issues manifested in traffic and conversion.
- Operating disciplines have since been rebuilt, ordering has been re-established, with stock availability and delivery lead times recovering into Q2 of FY27; discounting discretion has been restored to store teams under a clearer governance framework; and sharp price points have been reinstated across key items in major trading events.

- A more sustainable leadership team has launched a turnaround built on three pillars - product renewal, the primary lever, with new collections starting to land from Q2 FY27; a repositioned brand and customer offer and stronger retail execution. Some green shoots are emerging, with the recently refurbished Frankston store materially outperforming the wider store network.
- As announced on 8 July 2026, the Group has recognised a non-cash impairment of $63.5 million against the goodwill and brand intangibles carried for Focus on Furniture. This has no effect on the Group's cash flow, debt facilities or banking covenants.
- The Group expects a difficult first half of FY27 as the reduced inventory availability and the softer fourth-quarter order book carries into the new year, with the benefits of the turnaround expected to emerge from the second half and building into FY28.

Cashflow and balance sheet

- Group net debt reduced to $47.6 million at 28 June 2026 (28 December 2025: $53.6 million; 29 June 2025: $67.6 million), representing approximately 0.7x LTM Underlying EBITDA.
- Underlying operating cash flow was strong at $65.0 million, cash realisation of approximately 120% (net operating cashflow before tax and interest to Underlying EBITDA), reflecting the quality of the underlying result notwithstanding the non-cash impairment and improved working capital management.
- Inventory closed at $91.2 million, down -5.0% on the prior year, reflecting improved inventory health across Adairs and Mocka.
- Group capital expenditure of $15.6 million was weighted to store development and the ERP program, with a further $18.6 million of cloud-based technology costs, including $2.8 million of legacy system write-offs, expensed during the year and excluded from Underlying EBIT.

Dividends

The Board has declared a final fully franked dividend of 6.0 cents per share, taking total FY26 dividends to 11.5 cents per share, an increase of +9.5% on FY25. The final dividend has a record date of 8 September 2026 and a payment date of 1 October 2026. The Dividend Reinvestment Plan remains active.

Group trading update and outlook

The Group enters the year with good momentum at Adairs and Mocka and a clear turnaround program underway at Focus on Furniture. FY27 is focused on earnings quality – moderate margin expansion, cost productivity and disciplined capital allocation.

In the first eight weeks of FY27, Group sales (excluding the exited Adairs New Zealand business in comparisons to pcp) were down -4.5% on the prior year.

- Adairs real time sales were steady at +0.4%, impacted by cycling clearance activity in Q1 last year and by the adjusted timing of a Linen Lover event to de-risk the ERP implementation; normalised Adairs growth is estimated at ~2%. Gross margin is also ahead of prior year given heavy clearance activity in pcp.

- Mocka real time sales were up +15.3% on continued Australian momentum, with Maroochydore and Tower Junction trading in line with expectations. Gross margin rate moderately above H2 FY26.
- Focus on Furniture written sales were down -27.6% as inventory availability issues persist from Q4 into Q1 of FY27, with recovery expected through Q2. Focus's order book closed the eight weeks at $11.8m, up +$0.6m on June but below last year's $13.4m. Gross margin in line with LY.

Conference call

A conference call for investors and analysts, hosted by Group CEO and Managing Director Elle Roseby and Group Chief Financial Officer Matt Edmonds will be held at 11:00 AM (Melbourne time) today, 24 August 2026. Registration is required to receive dial-in details. The call will be recorded and made available afterwards on the Adairs Investor Relations website.

https://investors.adairs.com.au/Investors/

ENDS

This announcement has been approved by the Board of Adairs Limited.

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

Forward-looking statements

This announcement contains forward-looking statements, including statements regarding the Group’s intent, belief, expectations, plans, strategies and objectives (including the Focus on Furniture turnaround, the Adairs technology upgrade and its implementation, store network plans and FY27 capital expenditure). Forward-looking statements are subject to known and unknown risks, uncertainties and other factors, many of which are beyond the control of Adairs, and actual results may differ materially. No representation or warranty is given as to the accuracy, completeness or likelihood of achievement of any forward-looking statement, and Adairs does not undertake to update any forward-looking statement except as required by law. Adairs is not providing FY27 earnings guidance.

This announcement should be read in conjunction with the FY26 Appendix 4E, the 2026 Annual Report and the FY26 Investor Presentation lodged with the ASX today. Underlying measures referred to in this announcement are non-IFRS financial measures, are unaudited, and should not be considered a substitute for, or given greater prominence than, the Group’s statutory results. A reconciliation of underlying to statutory results is set out in Appendix 1 of the FY26 Investor Presentation.