



Release to the Australian Securities Exchange

Adairs Limited Early settlement of deferred Mocka consideration

Melbourne, 22 June 2021

Adairs Limited (ASX: ADH)

Adairs today advises that it has entered into agreement with the vendors of Mocka to finalise and bring forward the settlement of the deferred consideration component of the Mocka acquisition. The original sale and purchase agreement entered in November 2019 provided for the deferral of 35% of the consideration to be paid on 30 September 2021 (15%) and September 2022 (20%) based on the relevant years actual EBIT. Under the revised agreement Adairs will pay NZ\$48m (c. A\$45m) in September 2021 to be funded from existing cash and term debt facilities. Following this Adairs will have paid total consideration of NZ\$100m (c. A\$95m) for Mocka, equivalent to approximately 7 times FY21 forecast EBIT.

Commenting on the early settlement Managing Director & CEO of Adairs, Mark Ronan, said:

"This is a positive development for Adairs. Mocka has performed ahead of the expectations we had of the business when we acquired it in December 2019. Since then, our understanding of and confidence in the potential for the business has continued to develop, especially the scope for substantial further growth in Australia. The early settlement of the deferred consideration enables the business to continue to invest in the short-term to realise the long-term potential that is beyond the time horizon of the founders. The total consideration paid for the business represents excellent value for Adairs shareholders. We are both ambitious for and confident in the long-term success of Mocka."

Adairs expects to announce the appointment of a new CEO for Mocka at or around the release of its FY21 results in August 2021. The founders of Mocka will remain with the business, continuing to support the transition until the transaction completes on 30 September 2021.

ENDS

This announcement has been approved by the Chief Executive Officer of Adairs Limited.

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About Adairs Limited

Adairs Limited is Australia's largest omni channel specialty retailer of home furnishings and home decoration products. We own and operate two businesses in the category, Adairs and Mocka. Both businesses are design led, customer focused, and sell quality in-house designed product direct to customers in Australia and New Zealand. Adairs head office is in Melbourne, Australia and its shares trade on the Australian Securities Exchange under the code "ADH".

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

About Adairs

Adairs is a leading specialty retailer of home furnishings in Australia and New Zealand with a national footprint of stores across a number of formats and a large and growing online channel. Our strategy is to present customers with a differentiated proposition, which combines on-trend fashion products, quality staples, strong value and superior customer service.

For further information visit www.adairs.com.au

About Mocka

Mocka, a wholly owned subsidiary of Adairs, is a vertically integrated pure-play online home and living products designer and retailer operating in Australia and New Zealand. Mocka sells its own exclusive, well designed, functional and stylish products in the Home Furniture & Décor, Kids and Baby categories. Delivering great product and compelling everyday value-for-money is core to the Mocka customer proposition.

For further information visit www.mocka.com.au