Adairs Limited
FY24 Results
Presentation

28 August 2024

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Contents

Important Information

FY24 was a 53-week period for statutory purposes, compared to a 52-week period in FY23.

To aid comparison, an 'Adjusted change' column is included in the financial information which compares 52-week periods in both FY24 and FY23.

FY24 highlights

GROUP RESULTS

Sales $594.4m
-4.3% v FY23

Gross Margin 60.3%
+170bps v FY23

Underlying EBIT $57.6m
-9.8% v FY23

Costs well managed
Offsetting inflationary pressures

Sustainability
Emissions -6.3%
Target Net zero 2030

adairs

NDC transition completed

7 new, 6 upsized/refurbished stores. GLA +3.9%

focus on furniture & bedding

QLD warehouse established

2 new, 2 refurbished stores. GLA +7.8%

Mocka.

Operational stability achieved and returned to profitability

Australian website re-platformed

Group – FY24 financial performance

($ million) Underlying[1]	FY24 53 weeks	FY23 52 weeks	Change	Adjusted change[2]
Store sales	419.4	446.3	-(6.0%)	-(8.3%)
Online sales	175.0	175.0	-(0.0%)	-(2.3%)
Total sales	**594.4**	**621.3**	**-(4.3%)**	**-(6.6%)**
Gross margin	**358.3**	**363.9**	**-(1.5%)**	**-(3.9%)**
Gross margin %	***60.3%***	***58.6%***	***+170 bps***	***+170 bps***
Warehouse costs	(40.8)	(45.7)	-(10.8%)	-(12.3%)
Delivery costs	(35.3)	(32.7)	+7.9%	+5.3%
Gross profit	**282.2**	**285.5**	**-(1.2%)**	**-(3.6%)**
CODB	(213.4)	(213.0)	+0.2%	-(1.6%)
EBITDA	**68.8**	**72.5**	**-(5.0%)**	**-(9.4%)**
Depreciation	(11.2)	(8.6)	+30.4%	+30.4%
EBIT	**57.6**	**63.9**	**-(9.8%)**	**-(14.8%)**
EBIT margin %	***9.7%***	***10.3%***	***-(60 bps)***	***-(90 bps)***
Statutory EPS	**17.9 cps**	**22.0 cps**	**-(18.5%)**	
Dividends	**12.0 cps**	**8.0 cps**	**+50.0%**	
Net debt	**64.1**	**74.1**	**-(13.4%)**	
Inventories	**83.7**	**87.8**	**-(4.6%)**	

(1) Refer to Appendix 5 for a reconciliation of underlying and statutory results.
(2) 'Adjusted change' refers to the change for a comparable adjusted 52-week period for FY24.

Sales impacted by lower customer traffic. Gross margin higher across all brands and cost management was a key focus. Net debt reduced and dividends restored.

Sales

- Sales down in-line with overall customer traffic decline.
- Online channel better than stores.
- Sales improved in Q4 compared to Q1-Q3.

Gross margin %

- Higher across all brands:
  - Less clearance inventory
  - Disciplined pricing and promotions
  - Sales conversion focused
  - Hedging protected AUD decline

Costs of doing business

- Strong cost management offset significant inflationary pressures from higher wage rates, rents/utilities and freight/fuel.
- Adairs NDC cost savings in-line with plan.
- Investment balanced with maintaining profitability.

EBIT and EPS

- Group EBIT down given lower sales.
- Mocka turnaround achieved EBIT of $6.5m (FY23: $1.5m).
- Statutory EPS of 17.9 cps

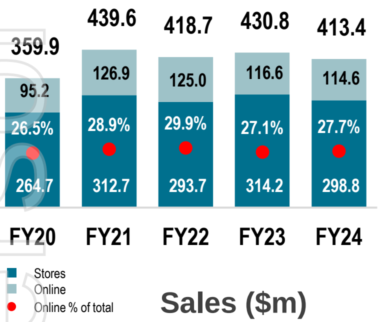
Balance sheet and dividend

- Group inventories reduced -4.6%. Investment in Adairs key line stock availability in Q4 will be maintained in FY25.
- Net debt reduced by $10.0m to $64.1m, c.0.9x Underlying EBITDA.
- Total FY24 dividends of 12.0 cps fully franked (interim: 5 cps; final: 7 cps). DRP remains active.

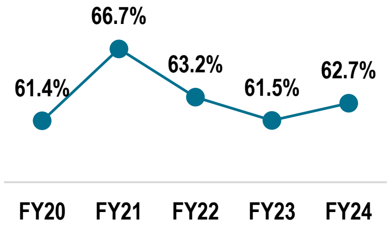
Adairs – FY24 performance

Tougher trading environment, however gross margins improved, costs are lower, and the NDC transition has been completed.

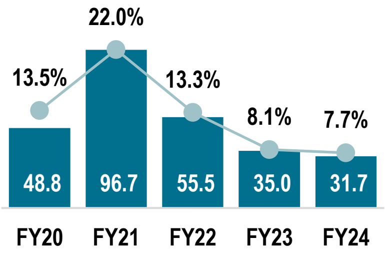
- Total sales of $413.4m, down -4.1%.
  - Store sales down -4.9% and Online sales down -1.7% (27.7% of total sales).
  - Sales down in-line with lower customer traffic, but conversion stronger across both channels.
  - Key line stock availability was inconsistent and bedlinen result was disappointing. These present an opportunity moving forward.
  - 1 million Linen Lover members contributed c.85% of sales.
- Gross margin improved +130bps in FY24 reflecting carefully managed promotional activity and lower import container rates.
- NDC costs reduced by $4.0m (net of incremental depreciation) with service improved.
- CODB declined by -0.7% (52 week adjusted: -2.5%), driven by a comprehensive cost-out program, ongoing cost efficiency initiatives and lower sales volumes despite underlying escalations in store wages, employment on-costs, rents, utilities and freight.
- Underlying EBIT of $31.7m, down -9.4%.
- 7 new stores opened, 6 upsized/refurbished, and 7 smaller stores closed (net +3.9% in GLA).



Sales ($m)



Gross margin



EBIT and EBIT margin

($ million) Underlying[1]	FY24 53 weeks	FY23 52 weeks	Change	Adjusted change[2]
Store sales	298.8	314.2	-(4.9%)	-(7.1%)
Online sales	114.6	116.6	-(1.7%)	-(4.2%)
Total sales	**413.4**	**430.8**	**-(4.1%)**	**-(6.3%)**
Gross margin	**259.3**	**264.8**	**-(2.1%)**	**-(4.4%)**
Warehouse costs	(29.2)	(34.8)	-(15.9%)	-(17.2%)
Delivery costs	(20.9)	(18.8)	+11.2%	+8.8%
Gross profit	**209.2**	**211.3**	**-(1.0%)**	**-(3.4%)**
CODB	(167.5)	(168.7)	-(0.7%)	-(2.5%)
EBITDA	**41.7**	**42.6**	**-(2.1%)**	**-(7.1%)**
Depreciation	(10.0)	(7.6)	+31.4%	+31.4%
EBIT	**31.7**	**35.0**	**-(9.4%)**	**-(15.5%)**
Inventories	**58.4**	**59.9**	**-(2.5%)**	
Online sales %	27.7%	27.1%	+60 bps	+60 bps
Gross margin %	62.7%	61.5%	+130 bps	+130 bps
Gross profit %	50.6%	49.0%	+160 bps	+150 bps
CODB %	40.5%	39.2%	+130 bps	+160 bps
EBITDA %	10.1%	9.9%	+20 bps	-10 bps
EBIT %	7.7%	8.1%	-(50 bps)	-(80 bps)

(1) Refer to Appendix 5 for a reconciliation of underlying and statutory results.

(2) 'Adjusted change' refers to the change for a comparable adjusted 52-week period for FY24.

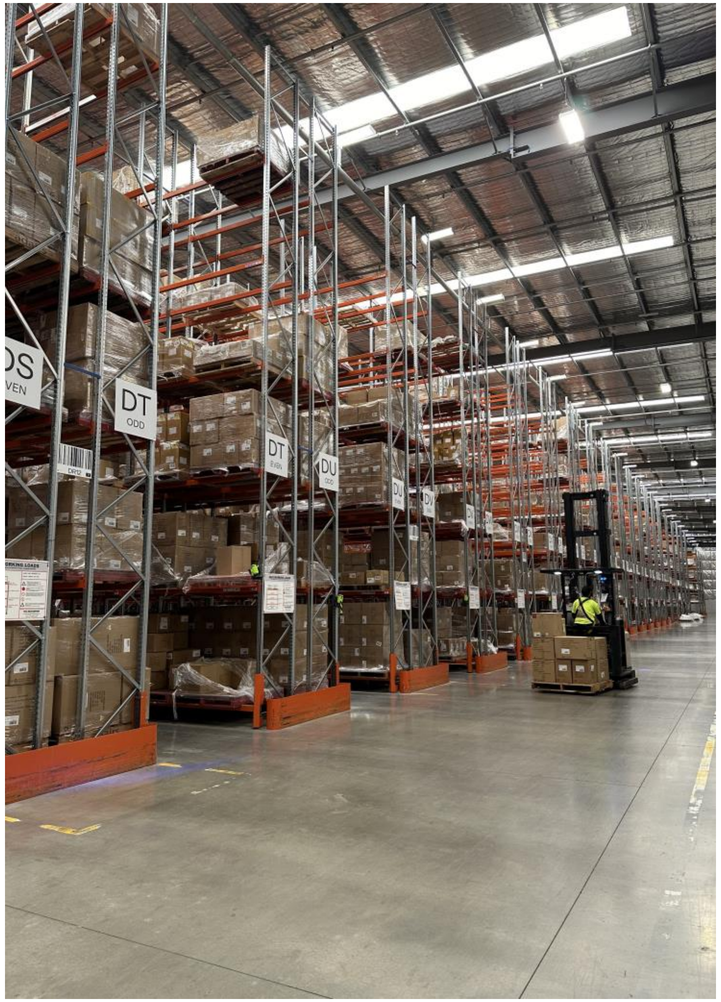
Adairs – NDC update

FY24 saw a reduction in NDC costs and improvement in service levels (customers and stores) in line with plan. The new WMS was implemented in July 2024 enabling further productivity improvements and cost savings from FY25 onwards.

Goal	Outcome (FY24 v FY23)
Improve online customer experience – better accuracy and faster despatch times	▶ c.20% increase in customer orders dispatched in under 48 hours ▶ c.33% fall in customer queries related to despatch / delivery ▶ c.$1.4m reduction in refunds due to fewer warehouse fulfilment issues
Improve in-store stock availability – fewer stock outs and lost sales; better in-store customer experience	▶ 15% increase in average weekly replenishment volumes dispatched to stores ▶ Most new SKUs move through the NDC and out to stores in under 48 hours (previously up to a week)
Reduce NDC operating costs over the 3PL model by at least $4m per year	▶ NDC cost savings of $4m (net of depreciation) achieved in FY24 ▶ Warehousing costs as a % of sales reduced -100bps to 7.1% in FY24 ▶ New WMS will facilitate further cost efficiencies

New WMS

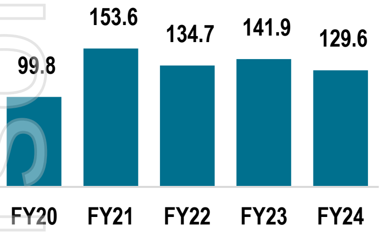
- Adairs transitioned to a new warehouse management system (WMS) in July 2024.
- Enables further productivity and service improvements as well as cost savings from FY25 onwards.



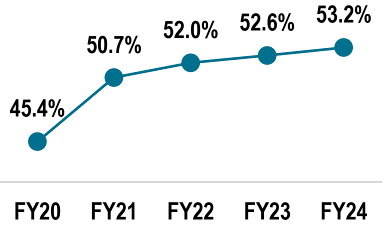
Focus on Furniture – FY24 performance

Solid performance given weaker trading environment and cycling a strong prior year. New store roll-out and refresh program gaining momentum.

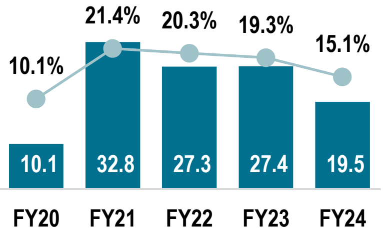
- Total sales of $129.6m, down -8.7%. Written orders were down -6.9%.
  - Inbound stock delays impacted customer deliveries in the final months of the year. Forward orderbook is elevated on last year at $13.9m as at end of Jun 2024 (Jun 23: $12.6m).
  - Quality mid-market product range continues to resonate with customers.
- Gross margin increased by +70bps through a disciplined pricing strategy.
- Underlying EBIT of $19.5m remains well ahead of acquisition business case expectations.
- 2 new stores opened at Helensvale (QLD) and Prospect (NSW). Both stores are already contributing positive EBIT after less than a year of trade. GLA +7.8% in FY24. Pipeline of store openings in FY25 and beyond is building. Targeting 3 new stores in FY25.
- 2 existing stores refurbished to a new refreshed layout. Relative uplift in sales performance validates the investment and provides an enduring repositioning in the market. A further 3 stores expected to be refurbished in FY25.
- Mocka's Brisbane warehouse has been reconfigured to support the growth of Focus on Furniture in QLD at no incremental cost to the Group.



Sales ($m)



Gross margin



EBIT and EBIT margin

($ million) Underlying[1]	FY24 53 weeks	FY23 52 weeks	Change	Adjusted change[2]
Store sales	120.6	132.1	-(8.7%)	-(11.2%)
Online sales	9.0	9.8	-(7.6%)	-(9.7%)
Total sales	**129.6**	**141.9**	**-(8.7%)**	**-(11.1%)**
Gross margin	**69.0**	**74.6**	**-(7.5%)**	**-(10.0%)**
Warehouse costs	(7.6)	(7.0)	+9.4%	+7.0%
Delivery costs	(6.2)	(6.1)	+1.0%	-(2.9%)
Gross profit	**55.2**	**61.5**	**-(10.3%)**	**-(12.6%)**
CODB	(34.7)	(33.4)	+3.8%	+2.0%
EBITDA	**20.5**	**28.1**	**-(27.0%)**	**-(30.0%)**
Depreciation	(1.0)	(0.7)	+45.2%	+45.2%
EBIT	**19.5**	**27.4**	**-(28.8%)**	**-(32.0%)**
Inventories	**15.7**	**15.6**	**+0.8%**	
Online sales %	7.0%	6.9%	+10 bps	+10 bps
Gross margin %	53.2%	52.6%	+70 bps	+60 bps
Gross profit %	42.6%	43.4%	-(80 bps)	-(80 bps)
CODB %	26.8%	23.5%	+320 bps	+350 bps
EBITDA %	15.8%	19.8%	-(400 bps)	-(420 bps)
EBIT %	15.1%	19.3%	-(430 bps)	-(450 bps)

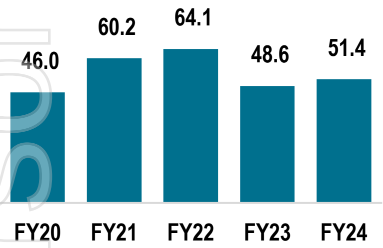
(1) Refer to Appendix 5 for a reconciliation of underlying and statutory results.

(2) 'Adjusted change' refers to the change for a comparable adjusted 52-week period for FY24.

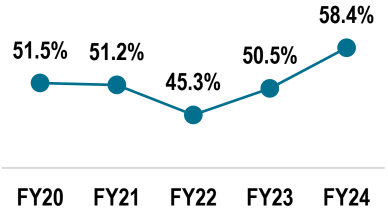
Mocka – FY24 performance

Turnaround delivered through sales growth, gross margin improvement and tighter cost management despite minimal growth in customer traffic.

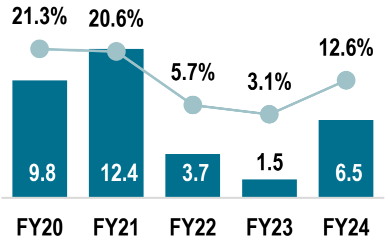
- Total sales of $51.4m, up +5.7% on FY23.
- Material improvement in GM% to 58.4% (up +790bps). Achieved through a narrowed product offering, improved ranges and quality, combined with less clearance activity and more promotional discipline which has led to higher average order values.
- Stock holdings materially lower across FY24, improving stock turns, warehouse efficiencies and delivered margins.
- Cost base well managed with warehouse costs lower and CODB down -60bps.
- Underlying EBIT of $6.5m, up +$5.0m on FY23. Underlying EBIT margin improved to 12.6%.
- Successful re-platform of the Australian website and upgrade of backend support systems in late FY24 will deliver an improved customer experience and drive ongoing improvements in conversion and site performance. New Zealand will launch its new website in 1H FY25.



Sales ($m)



Gross margin



EBIT and EBIT margin

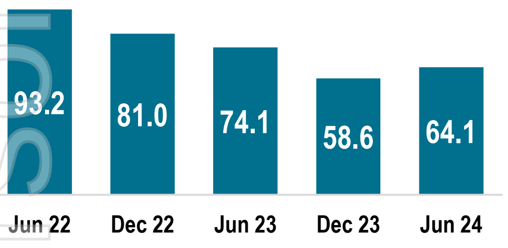
($ million) Underlying[1]	FY24 53 weeks	FY23 52 weeks	Change	Adjusted change[2]
Store sales	-	-	-	-
Online sales	51.4	48.6	+5.7%	+3.8%
Total sales	**51.4**	**48.6**	**+5.7%**	**+3.8%**
Gross margin	**30.0**	**24.5**	**+22.3%**	**+20.1%**
Warehouse costs	(3.9)	(4.0)	-(1.5%)	-(2.6%)
Delivery costs	(8.2)	(7.8)	+5.2%	+3.3%
Gross profit	**17.9**	**12.7**	**+40.3%**	**+37.5%**
CODB	(11.2)	(10.9)	+2.7%	+1.0%
EBITDA	**6.6**	**1.8**	**+269.0%**	**+259.5%**
Depreciation	(0.2)	(0.3)	-(35.8%)	-(35.8%)
EBIT	**6.5**	**1.5**	**+322.9%**	**+331.8%**
Inventories	**9.7**	**12.3**	**-(21.4%)**	
Online sales %	100.0%	100.0%	-	-
Gross margin %	58.4%	50.5%	+790 bps	+790 bps
Gross profit %	34.7%	26.2%	+860 bps	+850 bps
CODB %	21.8%	22.5%	-(60 bps)	-(60 bps)
EBITDA %	12.9%	3.7%	+920 bps	+910 bps
EBIT %	12.6%	3.2%	+940 bps	+930 bps

(1) Refer to Appendix 5 for a reconciliation of underlying and statutory results.

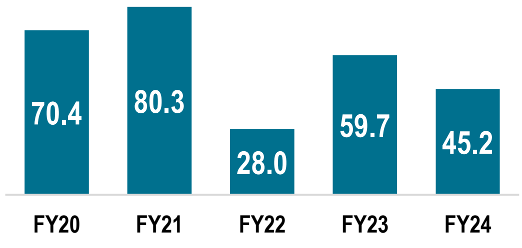
(2) 'Adjusted change' refers to the change for a comparable adjusted 52-week period for FY24.

Balance sheet and cash flow

($ million)	Jun 22	Dec 22	Jun 23	Dec 23	Jun 24
Inventories	99.1	106.4	87.8	83.5	83.7
Trade and other payables	(51.6)	(66.8)	(54.9)	(54.8)	(52.4)
Deferred revenue	(28.0)	(19.5)	(20.1)	(26.8)	(21.5)
Property, plant and equipment	23.6	24.3	22.9	37.0	37.0
Intangibles	278.8	280.3	282.3	285.1	283.8
Right-of-use assets	166.0	172.9	157.2	171.8	175.5
Lease liabilities	(188.0)	(196.3)	(180.4)	(195.2)	(198.9)
Deferred tax liabilities	(24.7)	(21.2)	(20.8)	(17.4)	(17.7)
Net other assets and liabilities	15.9	1.8	2.3	(8.7)	(2.2)
Total funds employed	**291.0**	**282.0**	**276.3**	**274.4**	**287.3**
Borrowings	(119.2)	(109.2)	(100.0)	(80.0)	(77.0)
Cash	26.1	28.2	25.9	21.4	12.9
Net debt	**(93.2)**	**(81.0)**	**(74.1)**	**(58.6)**	**(64.1)**
Equity	**197.9**	**201.0**	**202.2**	**215.8**	**223.2**



Net debt ($m)



Underlying operating cash flow ($m)

Inventories

- Total Group inventories reduced by -$4.1m across FY24 to $83.7m.
- Increased investment in core lines in the Adairs brand in Q4 will continue.
- Inconsistent stock flows impacted delivered sales for Focus on Furniture throughout the year.

Capital expenditure

- Group CAPEX in FY24 was $27.4m, including:
  - Adairs NDC step-in payment of $12.5m. Total project costs in line with budget of $20m (including new WMS and transition costs).
  - New stores, upsizes and refurbishments across the Group.
  - Continued investment in IT and digital initiatives across the Group.

Net debt

- Ongoing focus on debt reduction with net debt of $64.1m down -$10.0m since Jun 2023, equating to c.0.9x LTM Underlying EBITDA. Substantial covenant headroom exists.
- Existing facilities secured until Jan 2026 ($90m) and Jan 2027 ($45m).

Dividend and DRP

- Fully franked final dividend declared of 7.0 cps (Record date: 12 Sep 2024; Payment date: 8 Oct 2024) taking total FY24 dividends of 12.0 cps (67% of Statutory NPAT).
- DRP remains active (election forms due 13 Sep 2024) with participants receiving shares at a 1.5% discount to the 5-day VWAP (16-20 Sep 2024).

Environmental, Social and Governance update

Sustainability

- The Group achieved a 6.3% reduction in Scope 1 + 2 emissions in CY23 (v CY22).
  - Targeting net zero (Scope 1 and 2 emissions) by 2030 in line with the Australian Retail Association's Net-zero Roadmap.
  - Well placed to meet our obligations under the forthcoming climate disclosure requirements which will apply to the Group from July 2025 (FY26).
- 46% (787 tonnes) of waste diverted from landfill in FY24 (40% in FY23).
- Australian Packaging Covenant Organisation ("APCO") rating of ***Advanced***.

Corporate Social Responsibility

- Adairs donated $186k to Orange Sky in FY24 (>$1 million since 2019) to help it provide free laundry, showers, and genuine conversation to people experiencing homelessness across Australia and New Zealand.
- Adairs donated 4,098 kg of its products to Red Cross Shops in FY24 for them to sell, with proceeds used to help it fund its support for people overcoming hardship, crisis and disaster.

Diversity

- Board comprises 40% women in line in line with the Group's goals (up from 29% in FY23) with a further 1-2 NEDs to be appointed in FY25.
- 33%[1] of Executive Leadership Team ("ELT") are women (down from 40% in FY23 due almost entirely to a re-classification of ELT members). Goal remains 40% by 2030.

(1) As at 28 August 2024

FY25 – key priorities

adairs

- **New NDC WMS** went live in late July 2024. Critical next step to achieve further NDC efficiencies.
- **Evolve the Linen Lover program** to enhance customer value – leveraging customer data and insights.
- Exploit **product growth opportunities** across fashion bedlinen, kids and fashion furniture.
- Invest in **core line stock levels** to improve in-store availability.
- **Grow store portfolio profitably** – focusing on larger space and consolidating smaller stores.

focus on furniture & bedding

- Pipeline of store openings is growing. Targeting **3 new stores** in FY25.
- Proven incremental returns on **refurbished stores**. Continue to roll-out refreshed format to more stores (at least 3 in FY25).
- Expand the quality mid-market **product range** Maintain **agile supply chain** as store network grows.

Mocka.

- Consolidate turnaround plan and maintain **profitability margins**.
- **Optimise new website** and supporting systems to deliver better customer experience and improved conversion / ATV.
- **Build out categories** and **innovate existing ranges** to support further sales growth.
- Trial **new channel opportunities** in FY25 with wholesale and shop-in-shop to be tested in 1H FY25.

Management's focus is on near-term actionable priorities given uncertain trading outlook.

Trading update and outlook

Trading update

Real-time sales (unaudited)	FY25 YTD (last 8 weeks)
Group	**-(0.4%)**
Adairs	+0.2%
Focus on Furniture	-(0.1%)
Mocka	-(5.2%)

- Trading across the mid-year sales period through June and July was strong across all 3 businesses.
- The first 8 weeks of trade in FY25 have been mixed:
  - Adairs: To manage order volumes around the transition to the new Adairs WMS in July 2024, promotional activity for the Adairs business was reduced which impacted sales however gross margin % is up over +300bps.
  - Focus on Furniture: The close down on mid-year sale in July was strong, however sales since have been softer.
  - Mocka: Australian sales are up +4.6% on FY24 whilst New Zealand sales are down -15.7%.
- Customers remain discerning and value-oriented, however newness and well-designed quality products continue to resonate across the three businesses.

Outlook

- The Group is optimistic about what it can achieve in FY25, given its successes in FY24 in areas within its control such as gross margin management, sales conversion and CODB discipline.
- Work undertaken to manage costs tightly across FY24 will annualise and support CODB management in FY25. Managing CODB, together with disciplined inventory management and initiatives supporting operating efficiencies, will ensure that the Group continues to achieve solid returns from each of its business.
- Currency remains a headwind to be managed, with 75% of expected FY25 USD purchases hedged at US$0.67 (FY24: US$0.69).
- Targeting 6 new Adairs stores and 3 new Focus on Furniture stores in FY25.
- Capital expenditure in FY25 is expected to be c. $13m to $15m.
- The completion of a number of major projects in FY24, such as taking control of the NDC and re-platforming Mocka's website, enables management to focus more on new growth initiatives to drive like-for-like sales and future profitability.
- The key near-term initiatives across the Group (refer page 10) provide meaningful levers for growth in sales and earnings across FY25.

QUESTIONS?

APPENDICES

1. About the Group
2. Store footprint – Adairs brand
3. Store footprint – Focus on Furniture brand
4. Group income statement
5. Group income statement reconciliation
6. Group cash flow reconciliation
7. Glossary

Appendix 1: About the Adairs Group

Adairs Limited (ASX: ADH) is Australasia's largest omni-channel specialty retailer of home furnishings, furniture and home decoration products

Common to all three businesses

- Design-led (in-house)
- Exclusive and differentiated products
- Sell through their own (or controlled) channels
- Vertically integrated supply chain
- Strong value for money and superior margins

Omni-channel

- Strong in both channels, allows customers to shop us when, where and how they want
- Larger TAM than pure-play
- Efficient customer acquisition costs
- Better customer retention
- Data and loyalty focused
- $170m+ p.a. in online sales

High service, customer-focused

- Elevated service to help customers discover, coordinate, execute and manage their purchases
- Our team are passionate and experienced

adairs

- Leading specialty retailer of home furnishings with a large and growing online channel and a national footprint of 171 stores.
- Sells on-trend fashion products, quality staples, strong value and superior customer service. Experts in home textiles and decorative furnishing.

focus on furniture & bedding

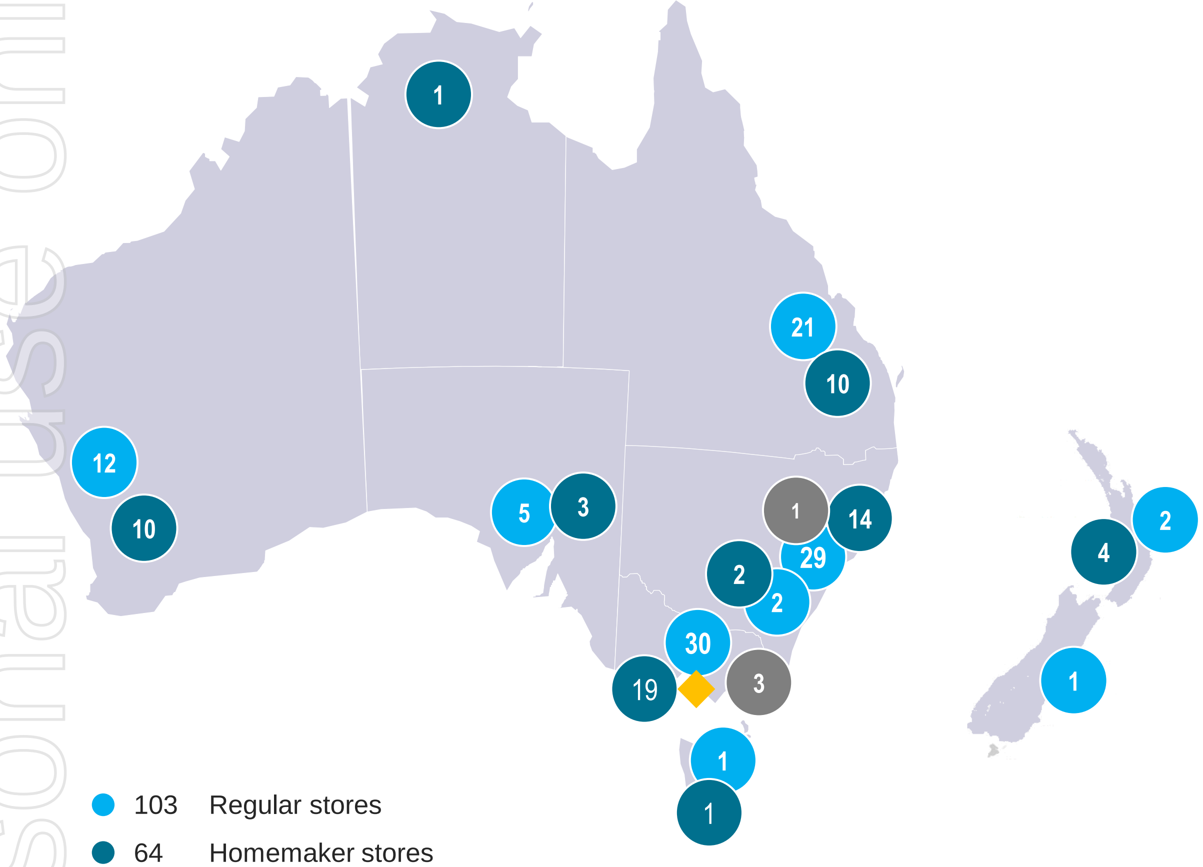
- Vertically integrated omni-channel furniture and bedding retailer operating in Australia.
- Sells well designed, functional and on-trend products at great value for money through a 25-store network and online.
- Low lead times facilitating faster delivery to customers.

Mocka.

- Pure-play online home and living products designer and retailer with growing websites in both Australia and New Zealand.
- Sells design-led, functional and stylish products in the Home Furniture, Kids and Nursery categories.
- All products designed in-house and exclusive to Mocka.

Appendix 2: Store footprint – Adairs brand

adairs



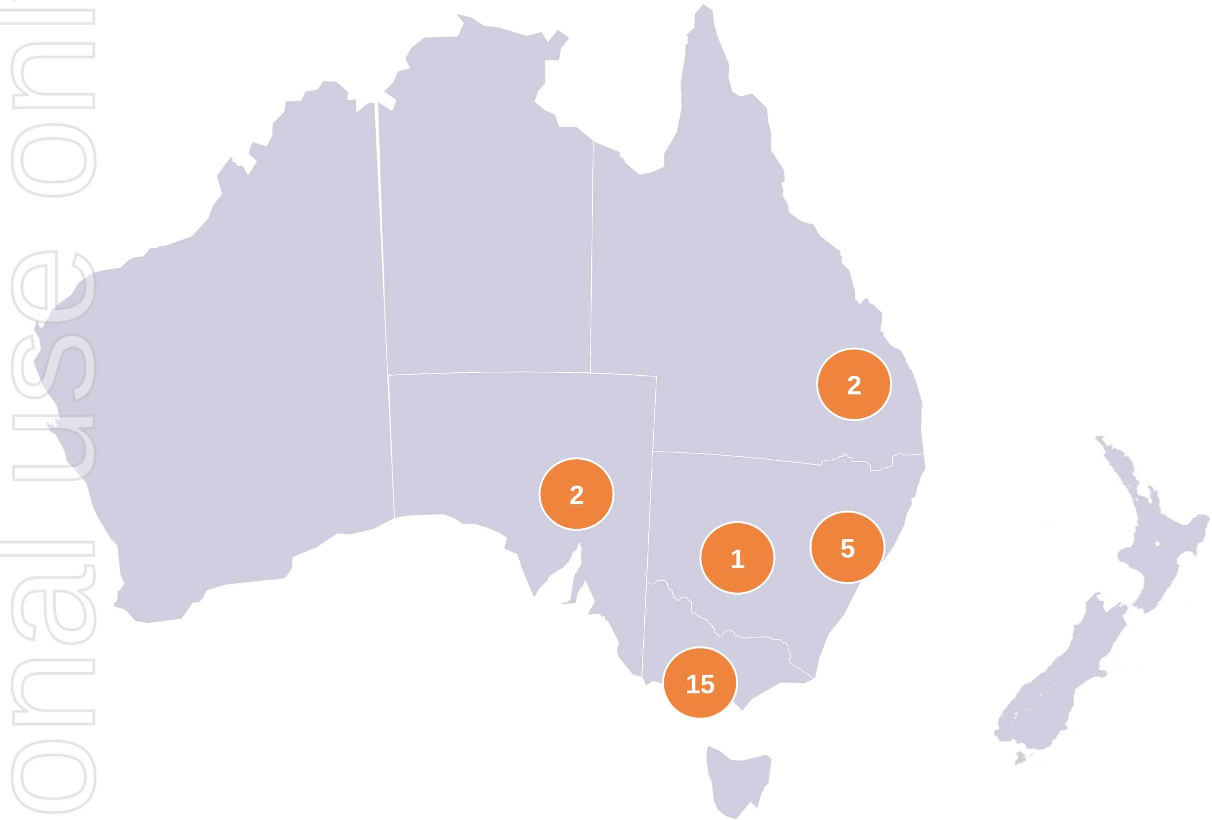
- 103 Regular stores
- 64 Homemaker stores
- 4 Kids stores
- Head Office and NDC

Store count	Jun 23	FY24 ACTIVITY				Jun 24
		New	Closed	Upsize	Refurb	
VIC	54	1	(3)	2	2	52
NSW	44	1	(1)	1	-	44
QLD	30	3	(2)	-	-	31
WA	23	-	(1)	1	-	22
SA	7	1	-	-	-	8
ACT	3	1	-	-	-	4
TAS	2	-	-	-	-	2
NT	1	-	-	-	-	1
NZ	7	-	-	-	-	7
Total	**171**	**7**	**(7)**	**4**	**2**	**171**

GLA (m²)	**72,879**	**75,702**
Change (m²)		**+2,823**
Change (%)		**+3.9%**

Appendix 3: Store footprint – Focus on Furniture brand

focuson furniture & bedding



		FY24 ACTIVITY				
Store count	Jun 23	New	Closed	Upsize	Refurb	Jun 24
VIC (Metro)	11	-	-	-	2	11
VIC (Regional)	4	-	-	-	-	4
NSW (Metro)	1	1	-	-	-	2
NSW (Regional)	3	-	-	-	-	3
ACT	1	-	-	-	-	1
SA	2	-	-	-	-	2
QLD	1	1	-	-	-	2
Total	**23**	2	-	-	2	**25**

GLA (m^2)	**41,108**	**44,308**
Change (m^2)		**+3,200**
Change (%)		**+7.8%**

Appendix 4: Group income statement

	Adairs	Focus	Mocka	Group			
($ million) Underlying[1]	FY24 53 weeks	FY24 53 weeks	FY24 53 weeks	FY24 53 weeks	FY23 52 weeks	Change	Adjusted change[2]
Store sales	298.8	120.6	-	419.4	446.3	-(6.0%)	-(8.3%)
Online sales	114.6	9.0	51.4	175.0	175.0	-(0.0%)	-(2.3%)
Total sales	**413.4**	**129.6**	**51.4**	**594.4**	**621.3**	**-(4.3%)**	**-(6.6%)**
Gross margin	**259.3**	**69.0**	**30.0**	**358.3**	**363.9**	**-(1.5%)**	**-(3.9%)**
Warehouse costs	(29.2)	(7.6)	(3.9)	(40.8)	(45.7)	-(10.8%)	-(12.3%)
Delivery costs	(20.9)	(6.2)	(8.2)	(35.3)	(32.7)	+7.9%	+5.3%
Gross profit	**209.2**	**55.2**	**17.9**	**282.2**	**285.5**	**-(1.2%)**	**-(3.6%)**
CODB	(167.5)	(34.7)	(11.2)	(213.4)	(213.0)	+0.2%	-(1.6%)
EBITDA	**41.7**	**20.5**	**6.6**	**68.8**	**72.5**	**-(5.0%)**	**-(9.4%)**
Depreciation	(10.0)	(1.0)	(0.2)	(11.2)	(8.6)	+30.4%	+30.4%
EBIT	**31.7**	**19.5**	**6.5**	**57.6**	**63.9**	**-(9.8%)**	**-(14.8%)**
Interest				(6.9)	(6.4)	+8.0%	+8.0%
Tax				(15.2)	(17.4)	-(12.3%)	-(17.8%)
NPAT				**35.5**	**40.2**	**-(11.5%)**	**-(17.1%)**
Statutory EPS (cents)				**17.9**	**22.0**	**-(18.5%)**	**-(18.5%)**
Dividends per share (cents)				**12.0**	**8.0**	**+50.0%**	**+50.0%**
Inventories	**58.4**	**15.7**	**9.7**	**83.7**	**87.8**	**-(4.6%)**	**-(4.6%)**
Online sales %	27.7%	7.0%	100.0%	29.4%	28.2%	+120 bps	+130 bps
Gross margin %	62.7%	53.2%	58.4%	60.3%	58.6%	+170 bps	+170 bps
Gross profit %	50.6%	42.6%	34.7%	47.5%	45.9%	+150 bps	+150 bps
CODB %	40.5%	26.8%	21.8%	35.9%	34.3%	+160 bps	+180 bps
EBITDA %	10.1%	15.8%	12.9%	11.6%	11.7%	-(10 bps)	-(40 bps)
EBIT %	7.7%	15.1%	12.6%	9.7%	10.3%	-(60 bps)	-(90 bps)

(1) Refer to Appendix 5 for a reconciliation of underlying and statutory results.

(2) 'Adjusted change' refers to the change for a comparable adjusted 52-week period for FY24.

Appendix 5: Group income statement reconciliation

($ million)	FY24 RECONCILIATION					FY23 RECONCILIATION			
	Underlying FY24 53 weeks	AASB 16 impact	NDC transition costs	SaaS project costs	Statutory FY24 53 weeks	Underlying FY23 52 weeks	AASB 16 impact	NDC transition costs	Statutory FY23 52 weeks
Total sales	**594.4**	**-**	**-**	**-**	**594.4**	**621.3**	**-**	**-**	**621.3**
Gross profit	**282.2**	**-**	**-**	**-**	**282.2**	**285.5**	**-**	**-**	**285.5**
CODB	(213.4)	52.0	(1.9)	(3.1)	(166.3)	(213.0)	49.1	(0.4)	(164.3)
EBITDA	**68.8**	**52.0**	**(1.9)**	**(3.1)**	**115.9**	**72.5**	**49.1**	**(0.4)**	**121.2**
Depreciation	(11.2)	(44.5)	-	-	(55.7)	(8.6)	(45.1)	-	(53.7)
EBIT	**57.6**	**7.5**	**(1.9)**	**(3.1)**	**60.2**	**63.9**	**4.0**	**(0.4)**	**67.5**
Interest	(6.9)	(8.9)	-	-	(15.8)	(6.4)	(6.9)	-	(13.3)
Tax	(15.2)	0.4	0.6	0.9	(13.3)	(17.4)	0.9	0.1	(16.4)
NPAT	**35.5**	**(1.0)**	**(1.3)**	**(2.1)**	**31.1**	**40.2**	**(2.1)**	**(0.3)**	**37.8**
EPS (cents)	**20.5**				**17.9**	**23.3**			**22.0**
Gross profit %	47.5%				47.5%	45.9%			45.9%
CODB %	35.9%				28.0%	34.3%			26.4%
EBITDA %	11.6%				19.5%	11.7%			19.5%
EBIT %	9.7%				10.1%	10.3%			10.9%

Notes:

(1) **AASB 16 impact**: Under *AASB 16,* lease expenses are removed from occupancy expenses (CODB) and replaced with depreciation of lease assets and interest on lease liabilities over the relevant lease term.

(2) **NDC transition costs**: Costs associated with the transition and step-in to the National Distribution Centre.

(3) **SaaS project costs**: Non-recurring development costs associated with software-as-a-service (SaaS) projects that are not eligible for capitalisation as the Group does not control the SaaS.

Appendix 6: Group cash flow reconciliation

($ million)	FY24 RECONCILIATION Underlying FY24	AASB 16 impact	Statutory FY24	Underlying FY23
Opening cash	**25.9**	**-**	**25.9**	**26.1**
Operating cash flow	45.2	48.4	93.7	59.7
Investing cash flow	(27.4)	-	(27.4)	(12.3)
Financing cash flow	(30.8)	(48.4)	(79.2)	(47.8)
Net cash flow	**(13.0)**	**-**	**(13.0)**	**(0.4)**
Foreign exchange differences	(0.1)	-	(0.1)	0.2
Closing cash	**12.9**	**-**	**12.9**	**25.9**

($ million)	Underlying FY24	Underlying FY23
Underlying EBITDA	**68.8**	**72.5**
Significant items (cash impact)	(4.9)	(0.4)
Share-based payments	0.0	0.4
Changes in working capital		
- Inventories	4.0	11.3
- Trade and other receivables	0.6	1.6
- Trade and other payables	(2.5)	3.3
- Other liabilities (deferred revenue)	1.4	(7.9)
- Other	(5.0)	1.8
Net changes in working capital	**(1.5)**	**10.1**
Income tax paid	(10.5)	(16.6)
Net bank interest paid	(6.6)	(6.2)
Net operating cash flows	**45.2**	**59.7**
Capital expenditure – NDC asset purchase	(12.5)	-
Capital expenditure – other	(14.9)	(12.3)
Net investing cash flows	**(27.4)**	**(12.3)**
Net repayment of borrowings	(23.0)	(20.0)
Dividends paid	(7.6)	(27.4)
Other transactions	(0.2)	(0.4)
Net financing cash flows	**(30.8)**	**(47.8)**
Net cash flows for the period	**(13.0)**	**(0.4)**
Foreign exchange differences	(0.1)	0.2
Cash and cash equivalents (opening)	25.9	26.1
Cash and cash equivalents (closing)	**12.9**	**25.9**

Appendix 6: Glossary

Term	Meaning
ASP	Average selling price
ATV	Average transaction value
CAC	Customer acquisition cost
CODB	Cost of doing business (refers to all expenses incurred by the company other than those already captured in Gross Profit)
COGS	Cost of goods sold
CPS	Cents per share
CPUD	Cost per unit delivered
DC	Distribution centre
DPS	Dividend per share
DRP	Dividend Reinvestment Plan
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest and tax, depreciation and amortisation
EPS	Earnings per share
ESG	Environmental, Social and Governance
GLA	Gross lettable area (floor space in square metres) - excludes any offsite storage a store may have
Gross Margin	Sales less COGS (excl. warehousing and delivery costs)
Gross Profit	Sales less COGS (incl. warehousing and delivery costs)

Term	Meaning
IPS	Items per sale
LFL	Like for like
LTM	Last twelve months
NPAT	Net profit after tax
NDC	National Distribution Centre (services Adairs brand only)
Online contribution	Online gross profit (including all online distribution costs) less customer support office wages/rent and marketing (other than in-store marketing)
PCP	Previous corresponding period
PPP	People, Product and Planet Committee (Sustainability Committee)
ROIC	Return on invested capital
SIT	Stock in transit
Stores contribution	Stores gross profit less store labour costs, store rents and in-store marketing
TAM	Total addressable market
Unallocated overheads	Executive team and other head office labour costs, product design & development
VWAP	Volume weighted average price
WMS	Warehouse management system
YTD	Year to date
YoY	Year on year

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