



adairs

**Adairs Limited
Annual General Meeting
25 October 2024**

ersonal use only



**TRENT PETERSON
INTERIM CHAIR**

Non-executive Directors



Trent Peterson, Interim Chair



Kiera Grant



David MacLean



Mark Ronan, MD & CEO

Executive Director

 Independent

Board renewal

A search is underway for 2-3 new independent non-executive directors (including new Chair)

Company Secretaries

Jamie Adamson
Ashley Gardner

ersonal use only

ersonal use only



CHAIR'S REPORT



**MANAGING DIRECTOR
& CEO'S REPORT**

ersonal use only

Personal use only

FY24 ^{1,2}	v FY23
Total Sales \$594.4 million .. Adairs .. Focus on Furniture .. Mocka	-4.3% -4.1% -8.7% +5.7%
Gross Margin 60.3%	+170bps
CODB \$213.4 million	+0.2%
Underlying EBIT \$57.6 million	-9.8%
Net debt \$64.1 million	-13.4%

Tough trading environment, however we planned for this and executed well on operational and financial areas within our control

Achievements

- ▶ Gross margin % up across all brands
- ▶ Costs well managed (offsetting inflationary pressures)
- ▶ Adairs NDC – transition completed
- ▶ Mocka turnaround / AU website re-platformed
- ▶ Net debt reduced / Dividends restored
- ▶ Reduction in scope 1+2 emissions (targeting net zero by 2030)

Challenges

- ▶ Cost of living / High interest rates
- ▶ Lower customer traffic
- ▶ New store site availability for Focus on Furniture rollout

Note 1. Refer to the FY24 Investor Presentation (Appendix 5) for a reconciliation of underlying and statutory results

Note 2: FY24 was a 53-week period for statutory purposes, compared to a 52-week period in FY23. Refer to the FY24 Investor Presentation for a like for like 52-week comparison.

adairs

FY24 achievements

- ▶ NDC transition completed
- ▶ 7 new stores opened, 6 upsized/refurbished, and 7 smaller stores closed (net +3.9% in GLA).

FY25 priorities

- ▶ Pursue growth opportunities across bedlinen, kids and fashion furniture categories.
- ▶ Evolve the Linen Lover program to enhance customer value – leveraging customer data and insights.
- ▶ Grow the store portfolio profitably – focusing on larger space and consolidating smaller stores.



ersonal use only



FY24 achievements

- ▶ 2 new, 2 refurbished stores. GLA +7.8%
- ▶ Queensland warehouse established

FY25 priorities

- ▶ National store rollout program supported by an enhanced in-store experience
 - ❑ 30+ new stores targeted over the next few years (creating a 50+ store national chain).
 - ❑ Proven incremental returns on refurbished stores.
- ▶ Expand the quality mid-market product range



ersonal use only

Mocka.



FY24 achievements

- ▶ Operational stability achieved and returned to profitability
- ▶ Australian website re-platformed



FY25 priorities

- ▶ New Zealand website re-platform
- ▶ Trial a physical presence / new channel opportunities:
 - ❑ shop-in-shop (Sylvia Park, NZ)
 - ❑ wholesale (Bunnings)
- ▶ Build out categories and innovate existing ranges to support further sales growth.

ersonal use only

The Group has traded positively year-to-date with Group sales up +4.8% on last year.

Real-time sales (unaudited)	FY25 v FY24		
	(weeks 1-8)	(weeks 9-16)	(weeks 1-16)
Group	-0.4%	+9.6%	+4.8%
Adairs	+0.2%	+16.1%	+8.6%
Focus on Furniture	-0.1%	-7.4%	-3.7%
Mocka	-5.2%	+6.3%	+0.4%

▶ **Adairs:** In the eight weeks since the successful deployment of the new Warehouse Management System, Adairs has traded strongly with sales up +16.1%, driven by strong product ranges that have resonated well with customers and improving in-store stock levels.

▶ **Focus on Furniture:** Following a successful mid-year sale period across June and July 2024, store traffic levels have been well down on prior years resulting in a decline in total sales. This has been further impacted by the planned temporary closure of two stores for refurbishment.

▶ **Mocka:** Mocka’s Australian sales continue to build well with sales over the last 8 weeks up +19.7%. Pleasingly, since the website re-platform in New Zealand, sales have improved with the last 8 weeks down -7.5% compared to -15.6% in the first 8 weeks. The Australian website was re-platformed in April 2024.

▶ **Group Gross margin:** Gross margin for the Group is up c.50bps on last year, even after including the adverse impact of currency shifts and recent higher import container rates.

- ▶ The Group remains optimistic about what it can achieve in FY25, given trade to date and ongoing work across areas such as gross margin management, sales conversion and CODB discipline.
- ▶ The significant progress made on a number of major projects in FY24, including taking control of the Adairs NDC, the implementation of the new WMS at the NDC and the re-platforming of Mocka's website, enables management to focus on extracting further operational efficiencies in the NDC and pursuing additional growth initiatives to drive like-for-like sales and future profitability.
- ▶ The current quarter (Oct-Dec) is a key retail period which will include important sales events such as the Adairs Linen Lover Event, Black Friday and Christmas.
- ▶ The Group re-affirms its target to open six new Adairs stores; however, the number of new Focus on Furniture stores expected to open in FY25 has been revised down to two (previously three) due to development delays.
- ▶ Capital expenditure in FY25 is expected to be c. \$13m to \$15m.



Personal use only



MEETING RESOLUTIONS

1. Annual Financial Report

“To receive and consider the Financial Report of the Company and its controlled entities and the Reports of the Directors and Auditor for the year ended 30 June 2024.”



2. Re-election of Director

“That Kiera Grant, being eligible, be re-elected as a Director of the Company.”



Usable Votes and Proxies Received

	Votes / Proxies	% of Eligible Votes Cast (excluding abstentions)
For:	44,618,549	87.6%
Open/Undirected (Chairman)	321,745	0.6%
Open/Undirected (Other)	516,855	1.0%
Against:	5,484,504	10.8%
Abstained:	3,480,296	N/A

3. Remuneration Report

“That the Remuneration Report for the year ended 30 June 2024 be adopted.”

Usable Votes and Proxies Received

	Votes / Proxies	% of Eligible Votes Cast (excluding abstentions)
For:	42,971,356	89.9%
Open/Undirected (Chairman)	321,882	0.6%
Open/Undirected (Other)	518,669	1.1%
Against:	4,000,881	8.4%
Abstained:	3,592,020	N/A



**MEETING
CLOSED**

ersonal use only



Important Notice and Disclaimer

The material in this presentation is general background information about Adairs Limited (ABN 50 147 375 451) (Adairs) and its activities current as at the date of the presentation. It is information given in summary form and does not purport to be complete. It should be read in conjunction with Adairs other periodic and continuous disclosure announcements filed with the Australian Securities Exchange, which are available at www.asx.com.au. Information in this presentation is not intended to be relied upon as advice to investors or potential investors and does not consider the investment objectives, financial situation or needs of any particular investor.

Investors should consider these factors, and consult with their own legal, tax, business and/or financial advisor in connection with any investment decision.

This presentation contains statements that are, or may be deemed to be, forward looking statements. Readers are cautioned not to place undue reliance on such forward-looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Adairs, which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. The operating and financial performance of Adairs is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest and exchange rates, access to debt and capital markets, government fiscal, monetary and regulatory policies.

No representation or warranty, expressed or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, Adairs and its related bodies corporate, respective directors, employees or agents, and any other person does not accept liability for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it, including, without limitation, any liability from fault or negligence.

This presentation has not been audited in accordance with Australian Auditing Standards. Numbers are subject to rounding and stated in Australian dollars unless otherwise noted.