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Release to the Australian Securities Exchange

Adairs Limited 1H FY26 results

Record sales achieved whilst re-setting the businesses. Momentum is building into 2H FY26.

23 February 2026

Adairs Limited (ASX: ADH) today released its audited results for the 26 weeks ended 28 December 2025 ("1H FY26").

The Group achieved sales of \$329 million for 1H FY26, up +5.9%. Adairs sales and margin gained momentum through Q2 after a challenging Q1 where heavy clearance activity was undertaken. Mocka achieved another outstanding result and is poised to accelerate further with the opening of retail stores. The management changes at Focus on Furniture provides the opportunity to reset operations and strategy to unlock the potential of this business.

1H FY26 Group Financial Overview

(\$ million)	1H FY26 26 weeks	1H FY25 26 weeks	% Change
Total sales	329.0	310.5	+5.9%
Gross margin	58.7%	59.9%	-120bps
Gross profit	153.9	148.7	+3.6%
Other costs of doing business	117.0	109.5	+6.8%
Underlying EBITDA ¹	36.9	39.1	-5.7%
Underlying EBIT ¹	30.0	33.0	-9.1%
Statutory NPAT	12.8	19.4	-33.8%
Underlying earnings per share (cents) ¹	10.8	11.8	-8.5%
Statutory earnings per share (cents)	7.3	11.1	-34.5%
Dividends per share (cents)	5.5	6.5	-15.4%
Net debt (closing)	53.6	57.8	-7.3%

(1) Refer to Appendix 1 of the 1H FY26 Investor Presentation for a reconciliation of underlying and statutory results.

Commenting on the 1H FY26 results, Managing Director and Group CEO Elle Roseby said:

"Whilst the results across the brands were mixed, I'm pleased with the material progress we have made and the significant decisions we have actioned to reposition and reset our businesses. This work positions us well for sales growth, margin expansion and earnings improvement into 2H. Specifically, I'm pleased with the extent to which we were able to clear excess inventory in Q1 at Adairs, leading to improved performance in Q2. At Focus on Furniture we have made the important changes to the leadership team which allows us to reset our operational approach and strategy. Finally, I'm delighted with the continued growth at Mocka and the opportunity that gives us to open our first standalone retail store for Mocka in 2H".

Adairs Limited

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- Adairs delivered first half sales of \$229.4 million, up +4.0%, supported by strong execution of key 'Big Moment' events including the Linen Lover events, Black Friday, Christmas and Boxing Day.
- Gross margin declined -170bps to 60.7% primarily due to elevated Q1 clearance activity, with margins improving through Q2 whilst sales momentum was maintained.
- Inventory quality and productivity improved across the half, closing -9.5% below the prior year.
- CODB% reduced by 50bps as warehouse and store productivity improvements offset higher delivery costs, rents and targeted investments in new capabilities to drive future earnings growth.
- Underlying EBIT was \$18.6 million, down -10.0%, primarily attributable to Q1 clearance actions; Q2 Underlying EBIT improved by +\$1 million on the prior corresponding period.
- Two new stores were opened, two upsized and refurbished and one closed.
- The data and technology upgrade progressed well and remains on track for go-live in 1H FY27, with \$6.6 million of project expenditure expensed during the half – this expense is excluded from Underlying EBIT.
- Continued priority to simplify the business to lower CODB% and increase EBIT margins.
- Adairs is well positioned to improve gross margin and deliver earnings growth in 2H FY26.

Focus on Furniture

- Focus on Furniture delivered sales of \$63.1 million, up +1.9%, while like-for-like sales declined -3.3%. Trading improved during key promotional periods but was softer through non-sale weeks.
- New customer conversion initiatives, including extended finance options and made-to-order ranges introduced in Q2, will support further improvements in conversion through the second half.
- Gross margin was broadly stable at 51.0%, with new product ranges and supplier cost reductions offsetting higher promotional activity and the impact of a weaker AUD.
- CODB as a percentage of sales increased +370bps due to negative LFL sales and higher operating costs associated with the new warehouse, customer support office and new stores. Underlying EBIT declined -31.7% to \$5.8 million.
- Refurbished stores continue to out-perform the rest of the store portfolio. Five additional refurbishments are planned over the next 12 months, and one new store will open in Q3 FY26.
- A leadership transition commenced in November 2025 with the appointment of Candice Deale as CEO, supported by new experienced leaders appointed across Retail Operations, Product and Marketing & Digital.

Mocka

- Mocka delivered record sales of \$36.5 million, up +29.8%, driven by product innovation and effective customer acquisition strategies, particularly in Australia.
- Australian sales increased +44.5%, with customers responding to on-trend, great-value new ranges. New Zealand returned to growth, with sales up +8.2%, supported by new product and continued positive results from the shop-in-shop trial, which contributed \$1.2 million in sales.
- Gross margin increased +50bps to 60.1%, reflecting higher-margin new products and disciplined promotional management.
- Operating costs were well managed, with investment directed to brand and marketing activity and capability to support Mocka's emerging retail store strategy.
- Underlying EBIT rose +45.5% to \$5.6 million, delivering an Underlying EBIT margin of 15.3%.
- Mocka's first standalone retail store will open in Queensland in May 2026, followed by a second store committed to open in Victoria in Q2 FY27. Annual sales above \$2 million p.a. are expected for both stores.

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Cashflow and balance sheet

- Group capital expenditure for 1H FY26 was \$6.4 million, reflecting ongoing investment in store development and spend on digital initiatives.
- \$6.6 million of project expenditure relating to the Adairs data and technology upgrade was expensed during the period and is excluded from underlying earnings.
- Group net debt reduced by \$14.0 million during the half to \$53.6 million, representing approximately 0.8x LTM Underlying EBITDA.

Dividends

The Board has declared an interim fully franked dividend of 5.5 cents per share for 1H FY26 (1H FY25: 6.5 cents per share). The Dividend Reinvestment Plan for this dividend remains active. The record date for the dividend is 11 March 2026, with payment of the dividend on 7 April 2026.

Trading update

Trading in the first seven weeks of 2H FY26 has been encouraging, with Group sales up +6.4% (cycling +9.2% in PCP).

Real-time sales (unaudited)	2H FY26 (first 7 weeks)	2H FY25 (first 7 weeks)
Group	+6.4%	+9.2%
Adairs	+4.8%	+15.2%
Focus on Furniture	+0.8%	-5.4%
Mocka	+31.3%	+2.1%

Outlook

The Group is well positioned to build on the sales and margin momentum from Q2 and expects sales, margin and Underlying EBIT growth in 2H FY26.

Stores Outlook:

- **Adairs:** 3–4 new stores and 6–7 closures planned for 2H FY26, plus 1–2 upsizes. A new Concept Store will open at Bondi Junction in Q4 FY26.
- **Focus on Furniture:** One new store in 2H FY26; 3–5 additional stores planned by end FY27; WA entry under review for 2027. 3-5 stores are planned to be refurbished over the next 12 months.
- **Mocka:** First standalone store to open in May 2026, with a second store committed in Q2 FY27.

Capital and Project Expenditure:

- Gross FY26 capital and project expenditure guidance remains unchanged: \$25–\$30 million.
 - Capital expenditure is expected to be \$12–\$15 million; plus
 - Project expenditure for the Adairs data and technology upgrade of \$13–\$15 million will be treated as non-recurring and expensed as incurred.

Currency

- The Group has hedged 97% of remaining FY26 USD commitments at US\$0.66 and 44% of FY27 commitments at US\$0.67.

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Conference Call

A results conference call hosted by Adairs Management will be held at 11:00 AM (Melbourne time) on Monday, 23 February 2026. Registration is required to receive dial-in details and a calendar invite.

Pre-register for call (click here)

This call will be recorded and made subsequently available on the Adairs Investor Relations website (<http://investors.adairs.com.au/investors/>).

ENDS

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

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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