Adairs Limited
1H FY22 Results Presentation

21 February 2022

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1H FY22 Summary

Strong progress made on strategic objectives …

Adairs store growth continues

- 2 new Homemakers opened, 4 stores upsized in the half
- Store floorspace (GLA) up +3.8% in 1H FY22 (+8.6% in last 12 months)
- Favourable environment for further store expansions to support growth

Adairs - Linen Lovers

- Approaching 1 million members (+10% in last 12 months)
- Continues to be a differentiated program for customers and a key strategic asset for Adairs

Online Sales 43% of total group sales

- Online sales continues to grow across all brands
- Total online sales for the half +185% on FY20

Acquisition of Focus on Furniture

- Adairs acquired Focus on Furniture, a vertically integrated omni-channel furniture designer and retailer operating in Australia
- December and January results in line with expectations

Adairs - National Distribution Centre transition

- Transition the new National Distribution Centre commenced in September
- Supply chain consolidation project will be complete by June 2022

.. however COVID disruptions impacted financial performance

Store closures impacted sales but omni strategy enabled LFL sales up on PCP

- Group sales (pre-Focus) –5.7% to $229.3m due to COVID-related store closures with 31% of Adairs trading days lost (versus 12% in PCP)
- Group LFL sales +2.7%[1] (excluding Focus)
- Group online sales +8.2% to $97.6m; (42.6% of Group Sales)

Gross margin softer in line with expectations

- Underlying[2] Group gross margin rate (pre-Focus) 62.1%
  - Adairs gross margin -380bps to 64.0% (+320bps v FY20)
  - Mocka gross margin -230bps to 51.1%

Underlying[2] Group EBIT of $30.0m (–50.1% v FY21 +32.8% v FY20)

- Underlying Group EBIT margin declined to 13.1% (24.8% in 1H FY21; 12.5% in 1H FY20)
- Management estimate that COVID related store closures reduced Group Sales by ~$35-40m and Group EBIT by ~$18-20m in the period.

Balance sheet, dividend and DRP activated

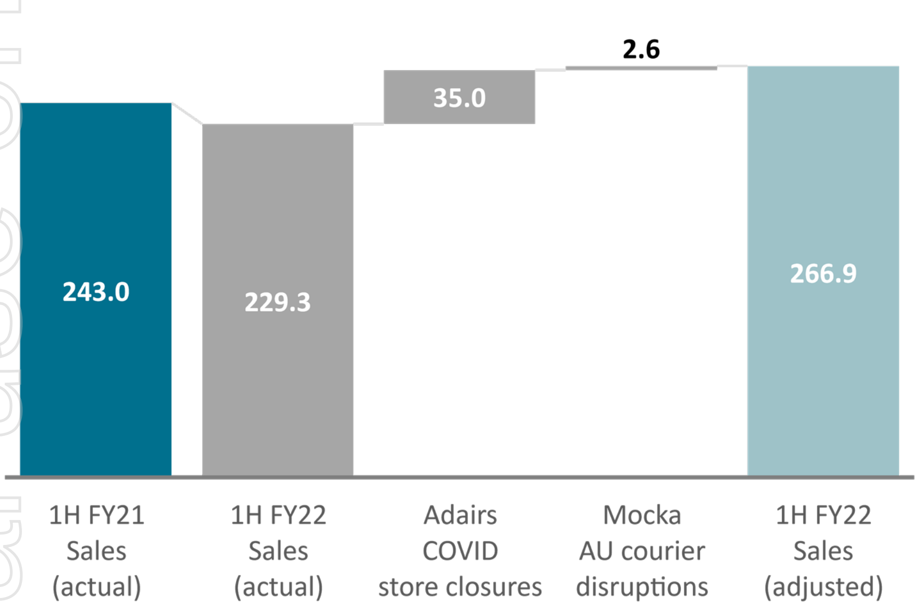
- In country stock levels are strong across all three businesses
- Post-Focus acquisition net debt at period end of $89.6m
- 8.0 cent per share fully franked interim dividend declared and DRP activated

Note 1: Like-for-like sales growth ("LFL") has been adjusted for any store closures and is calculated on a store-by-store daily basis (where only stores open on the same day in each corresponding period have been included).
Note 2: Refer to Appendix 5 for reconciliation of underlying results to statutory results.

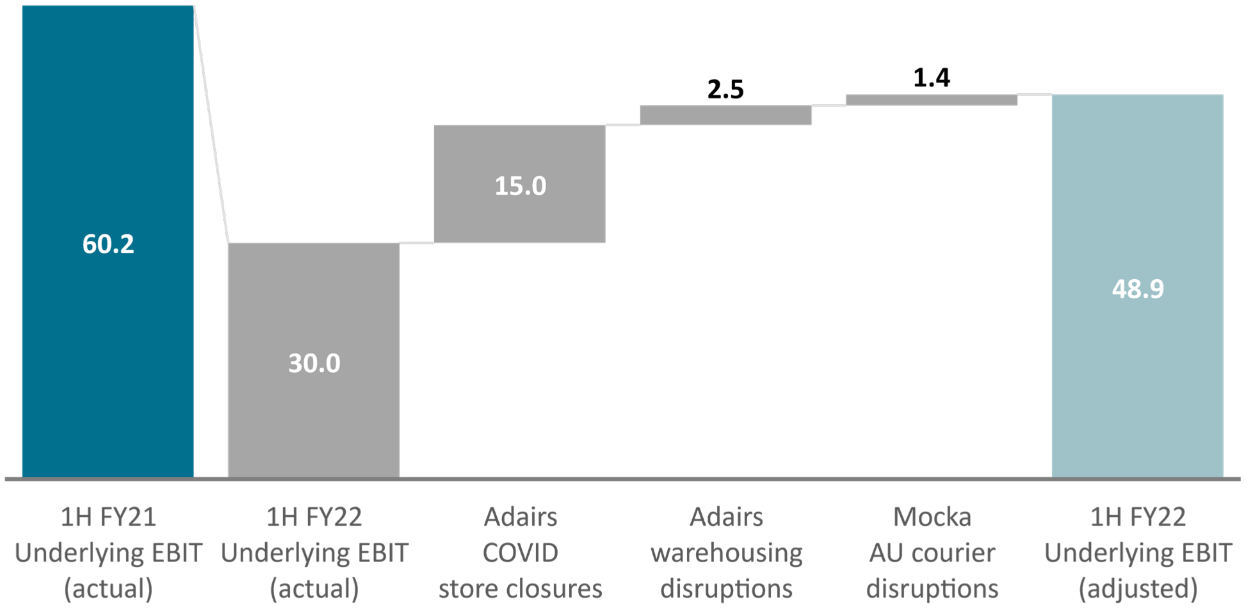
The impact of COVID disruptions

Managing the business[1] through COVID-19 was the main contributor to lower 1H FY22 Sales and EBIT and should not be recurring in the medium term

Sales bridge ($m)



Underlying EBIT bridge ($m)



Explanation:

- **Adairs COVID store closures:** Management estimate of sales and associated EBIT lost due to government mandated store closures. Note that on 20 October 2021, Adairs advised that the value of total sales and associated EBIT foregone as a result of mandated store closures over the first 16 weeks to be c.$28-32m and $12-15m respectively. These store closures continued in majority until Week 15 in NSW and Week 18 in Victoria, hence the estimated sales and EBIT impact of store closures is higher in the above bridges.
- **Mocka AU courier disruptions:** Management estimate of lost sales and additional costs incurred from COVID-related courier disruptions in Australia.
- **Adairs warehousing disruptions:** Management estimate of the costs associated with managing COVID disruptions across its warehouses and the decision to extend the Moorabbin warehouse lease.

Note 1. Excludes Focus (not owned in 1H FY21 and only contributed 26 days in 1H FY22).

Group result[1] – 1H FY22

Financial performance down on record FY21 but remains well ahead of FY20 (pre-COVID) levels

	v 1H FY21	v 1H FY20
Sales $229.3 million	-5.7% +2.7% (LFL)	+27.2% +30.5% (LFL)
Online Sales to Total Sales 42.6%	+550bps	+2,360bps
Gross Margin 62.1%	-400bps	+140bps
Underlying EBIT $33 million	-45%	+45%
Interim dividend 8.0 cps	-3.0 cps	+8.0 cps

($ million)	Adairs	Mocka	Group			
	Underlying HY22	Underlying HY22	Underlying HY22	Underlying HY21	Change v HY21 (%)	Change v HY20 (%)
Store sales	131.7	-	131.7	152.8	(13.8%)	(9.8%)
Online sales	63.2	34.3	97.6	90.2	8.2%	184.6%
Total sales	**194.9**	**34.3**	**229.3**	**243.0**	**(5.7%)**	**27.2%**
Online % of total sales	*32.4%*	*100.0%*	*42.6%*	*37.1%*		
Gross margin	**124.8**	**17.6**	**142.4**	**160.7**	**(11.4%)**	**30.1%**
Online freight costs	(6.2)	(4.4)	(10.6)	(8.7)	21.5%	153.2%
Gross profit	**118.6**	**13.2**	**131.8**	**152.0**	**(13.3%)**	**25.2%**
Costs of doing business	(90.2)	(7.3)	(97.5)	(86.9)	12.2%	23.8%
EBITDA	**28.4**	**5.8**	**34.3**	**65.1**	**(47.4%)**	**29.4%**
Depreciation	(4.1)	(0.2)	(4.2)	(4.9)	(13.7%)	9.3%
EBIT (pro-forma, ex Focus)	**24.4**	**5.7**	**30.0**	**60.2**	**(50.1%)**	**32.8%**
Focus EBIT contribution	-	-	2.9	-		
EBIT (inc Focus)	**24.4**	**5.7**	**32.9**	**60.2**	**(45.3%)**	**45.4%**
Interest	(1.0)	-	(1.0)	(0.8)	28.3%	71.8%
Tax	(7.3)	(1.5)	(8.8)	(17.5)	(49.6%)	29.9%
NPAT	**16.1**	**4.2**	**23.1**	**41.9**	**(44.9%)**	**51.3%**
% Sales						
Gross margin %	64.0%	51.1%	62.1%	66.1%	*-400 bps*	*+140 bps*
Gross profit %	60.8%	38.3%	57.5%	62.5%	*-510 bps*	*-90 bps*
Costs of doing business %	46.3%	21.3%	42.5%	35.8%	*+680 bps*	*-110 bps*
EBITDA %	14.6%	17.0%	14.9%	26.8%	*-1,180 bps*	*+30 bps*
EBIT (pro-forma) %	12.5%	16.6%	13.1%	24.8%	*-1,170 bps*	*+60 bps*
EBIT %	12.5%	16.6%	13.6%	24.8%	*-1,120 bps*	*+110 bps*
NPAT %	8.2%	12.2%	9.5%	17.2%	*-770 bps*	*+990 bps*

Note 1: Referenced results are underlying and exclude the impact of (i) the acquisition of Focus on Furniture which was only owned in the last 26 days of 1HFY22, (ii) AASB 16 *Leases, (iii) Focus and* Mocka acquisition related transaction costs, (iv) the JobKeeper wage subsidy benefit and; (v) one-off costs associated with the transition to the NDC. Refer to Appendix 5 for reconciliation to statutory results.

Adairs – 1H FY22

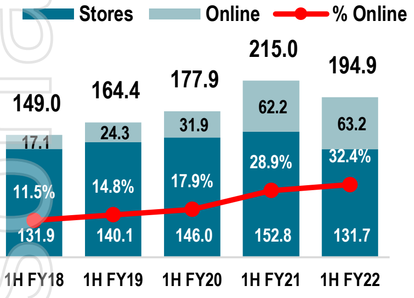
Financial performance in the half

- Adairs sales –9.4%% to $194.9m driven by COVID-related store closures which resulted in 48% of trading days lost in VIC and 50% lost in NSW (31% lost for Adairs overall).
  - Total sales remain well above 1H FY20 levels (+9.6%)
  - Adairs store sales –13.8% and –3.4% on a like-for-like basis (adjusting for store closures)
  - Adairs online sales +1.6% to $63.2m, representing 32.4% of total sales
- Adairs gross margin softened in 1H FY22, finishing –380bps to 64.0% as a result of global supply chain cost increases, higher delivery costs to online customers and additional promotional activity. Gross margin, however, remains significantly above 1H FY20 levels (+320bps).
- CODB was +9.6% reflecting:
  - Lower levels of rent rebates in 1H FY22 leading to higher occupancy costs
  - COVID-related warehouse inefficiencies
  - Higher salary and wages costs to support our store teams during periods of store closures which was not supported by JobKeeper wage subsidies in 1H FY22 as it was in 1H FY21[1].
  - Investments in support office team and digital initiatives to drive future growth
- Adairs underlying EBIT –54.2% to $24.4m. The estimated lost sales opportunity associated with COVID store closures was c.$35m, with an associated EBIT impact of c.$15m.

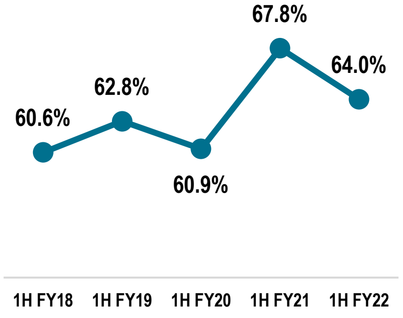
($ million)	Adairs Underlying HY22	Underlying HY21	Change v HY21 (%)	Change v HY20 (%)
Store sales	131.7	152.8	(13.8%)	(9.8%)
Online sales	63.2	62.2	1.6%	98.3%
Total sales	**194.9**	**215.0**	**(9.4%)**	**9.6%**
Online % of total sales	*32.4%*	*28.9%*		
Gross margin	**124.8**	**145.8**	**(14.4%)**	**15.3%**
Online freight costs	(6.2)	(5.7)	10.2%	60.1%
Gross profit	**118.6**	**140.2**	**(15.4%)**	**13.6%**
Costs of doing business	(90.2)	(82.3)	9.6%	15.4%
EBITDA	**28.4**	**57.9**	**(50.9%)**	**8.4%**
Depreciation	(4.1)	(4.7)	(13.8%)	5.2%
EBIT	**24.4**	**53.2**	**(54.2%)**	**9.0%**
Interest	(1.0)	(0.8)	28.3%	83.3%
Tax	(7.3)	(15.5)	(52.8%)	7.7%
NPAT	**16.1**	**36.9**	**(56.5%)**	**6.9%**

% Sales				
Gross margin %	64.0%	67.8%	*-380 bps*	*+320 bps*
Gross profit %	60.8%	65.2%	*-430 bps*	*+220 bps*
Costs of doing business %	46.3%	38.3%	*+800 bps*	*+230 bps*
EBITDA %	14.6%	26.9%	*-1,230 bps*	*-20 bps*
EBIT (pro-forma) %	12.5%	24.7%	*-1,220 bps*	*-10 bps*
EBIT %	12.5%	24.7%	*-1,220 bps*	*-10 bps*
NPAT %	8.2%	17.2%	*-890 bps*	*+850 bps*

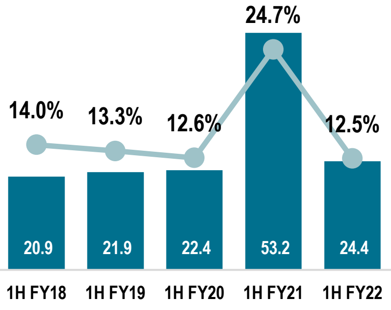
Historic performance



Sales



Gross margin



EBIT and EBIT margin

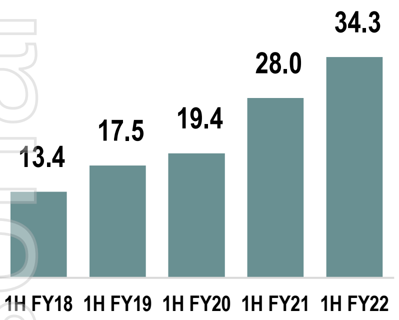
Note 1: JobKeeper wage subsidy benefit received in 1H FY21 was repaid to the Government in 2H FY21.

Mocka – 1H FY22

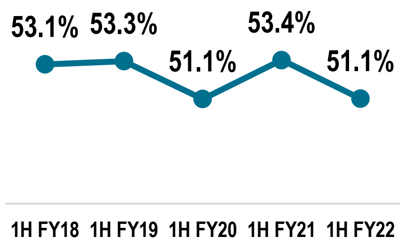
Financial performance in the half

- New leadership and strong sales achieved despite COVID-driven supply chain and distribution disruptions
- Mocka sales +22.8% to $34.3m, with strong growth in both Australia and New Zealand.
- Growth in website traffic and search activity
- Australia impacted by COVID-related customer delivery challenges which necessitated a new courier partner. These issues are now resolved.
- Pressure from higher import costs, courier delays and more promotional activity, resulted in a delivered gross profit margin of 38.3% (42.3% in 1H FY21).
- Increased CODB (seen from 2H FY21) due to investments in marketing and team to drive strategic growth, as well as increased warehousing requirements to support inventory holdings.
- Mocka underlying EBIT of $5.7m

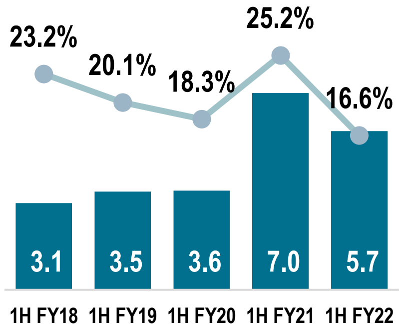
Historic performance



Sales



Gross margin



EBIT and EBIT margin

	Mocka		
($ million)	Underlying HY22	Underlying HY21	Change v HY21 (%)
Store sales	-	-	-
Online sales	34.3	28.0	22.8%
Total sales	**34.3**	**28.0**	**22.8%**
Online % of total sales	*100.0%*	*100.0%*	
Gross margin	**17.6**	**14.9**	**17.6%**
Online freight costs	(4.4)	(3.1)	42.2%
Gross profit	**13.2**	**11.8**	**11.2%**
Costs of doing business	(7.3)	(4.6)	58.4%
EBITDA	**5.8**	**7.2**	**(19.0%)**
Depreciation	(0.2)	(0.2)	(10.4%)
EBIT	**5.7**	**7.0**	**(19.3%)**
Interest	-	-	-
Tax	(1.5)	(2.0)	(25.3%)
NPAT	**4.2**	**5.0**	**(16.8%)**
% Sales			
Gross margin %	51.1%	53.4%	*-230 bps*
Gross profit %	38.3%	42.3%	*-400 bps*
Costs of doing business %	21.3%	16.5%	*+480 bps*
EBITDA %	17.0%	25.8%	*-880 bps*
EBIT (pro-forma) %	16.6%	25.2%	*-860 bps*
EBIT %	16.6%	25.2%	*-860 bps*
NPAT %	12.2%	18.0%	*-580 bps*

Focus on Furniture acquisition

In November 2021 Adairs announced its acquisition of Focus on Furniture, a vertically integrated omni-channel furniture designer and retailer operating in Australia. The price paid represents an EV of $80m on a debt-free basis (2.4x FY21 EBIT).

Strategic rationale

Strategic fit for Adairs within the Home category, with attractive growth potential:

- Strongly profitable with clear growth opportunities across store roll out, online growth and category/range expansion
- Complementary customer/product overlap; opportunities to leverage skills and assets
- Increases the Group’s exposure to the bulky furniture category (an $8.3b+ market) and further develops Adairs as a leading homewares and home furnishings omni-channel retail group operating across Australia and New Zealand

Sales and EBIT

- Focus has a solid sales and profit track record
- FY21 saw a 52% increase in sales and 325% increase in EBIT over FY20 driven by Focus capitalizing on the impact of COVID-19
- Adairs estimate that a sustainable baseline for FY21 after normalizing for the impact of COVID-19 to be sales of ~$125 million and EBIT of approximately $12-14 million (pre-AASB 16)

Acquisition metrics and funding

- The acquisition is effective from 1 December 2021 and is expected to:
  - be immediately EPS accretive
  - deliver pro-forma double-digit EPS accretion[1] in FY23 (first full year of ownership) and beyond
- Consideration of $80m funded through $74m of debt and a $6m equity placement to the continuing CEO,
- Adairs expects to remain comfortably within existing covenants; leverage ratio to remain below 1.2x

1H FY22 contribution to the Group

- 26-day Group contribution post-acquisition completion on 1 Dec 21:
  - Delivered sales of $12.5m, including 9.3% from the Online channel
  - Underlying EBIT of $2.9m
  - Strong results continued in January
- Closing order book of $23m at 26 December 2021
- Strong inventory position moving into 2H FY22

Focus has an attractive growth profile supported by a clear set of strategies. We see potential sales of $250m+ within 5 years.

Notes:
1. Based on Adairs assessment of Focus’ FY23 contribution and current Adairs Group FY23 business plan (pre-AASB 16 adjustments).

Capital management and dividend

Healthy balance sheet

- Strong in-country inventory position across all businesses will ensure high availability of product across in 2H FY22 and reduce the risk associated with ongoing upstream supply chain volatility.
- Stock flow from China / SE Asia remains inconsistent due to supply chain disruptions across the region. Stock in transit ahead of Chinese New Year represents 19.5% of total stock on hand (LY 14.5%)
  - Adairs inventory up +$9.3m to $59.1m (+19%)
  - Mocka inventory up +$4.9m to $23.2m (+27%)
  - Focus inventory is $17.9m
- Group net debt of $89.6m
  - Total finance facilities of $135m available until Mar 23 ($90m) and Jan 25 ($45m).

Cash flow

- Group operating cash flows of $13.3m (including lease payments) in 1H FY22 after rebuilding inventory across the group.
- Net cash outflow from the Focus acquisition of $62.8m (inc. $1.3m working capital adjustment in Feb 22).
- Final Mocka earn-out payment of $45.7m completed in Sep 21.

Capex

- $5.3m capex for 1H FY22
  - 2 new Homemaker stores and 5 store refurbishments / upsizes / merges
  - Investment in IT and digital initiatives
- Continued investment in digital initiatives and supply chain strategy for remainder of FY22.

Dividend

- A fully franked interim dividend of 8.0 cents per share has been declared
  - Record date: 22 March 2022
  - Payment date: 14 April 2022

Dividend Reinvestment Plan

- Activated for the FY22 interim dividend and thereafter
  - DRP Election Forms are due 23 March 2022
  - Participants for the interim FY22 dividend will receive shares at a 1.5% discount to a 5-day volume weighted average share price (VWAP)

The strength of our business model

Our business model

- Vertically integrated
- Exclusive products and channels that we own
- Omni channel
- Loyalty Program
- Engaged Team with product knowledge
- Outstanding service
- Independent brands
- Shared IP / Co-operation

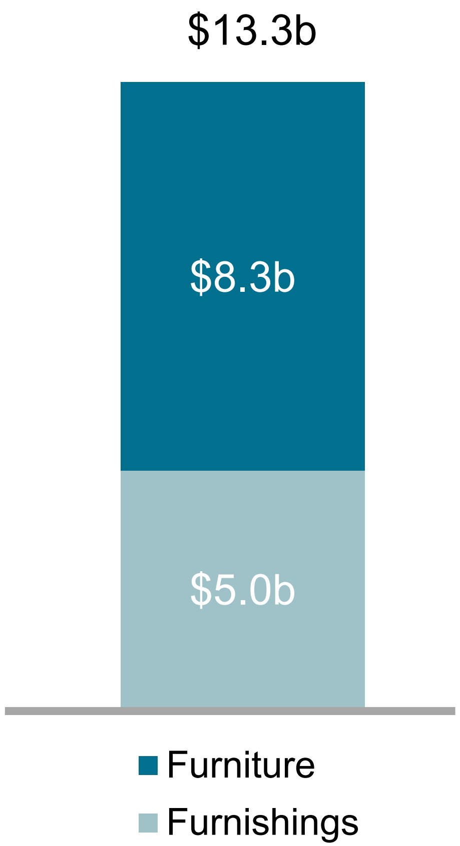
Our brands

adairs
mocka
focuson furniture & bedding

Our brands target large subsets of demographics with high spending capacity.

Our TAM

Size of Australian furniture and furnishings market



Our business outcomes

- Superior customer experience
- High customer loyalty
- Lower customer acquisition costs
- Strong in both channels
- High EBIT margins
- High ROIC
- Control over entire product lifecycle
- Highly motivated Team

Growth by brand

adairs

Historic growth

	CAGR		
	1 year	3 years	5 years
Sales	(9.4%)	5.8%	9.4%
Sales LFL	(0.4%)	12.8%	13.7%
EBIT	(54.2%)	3.6%	15.2%

Future growth drivers

- New and upsized stores (GLA growth)
- Linen Lover membership growth
- Omni channel conversion
- Range expansion
- Personalisation / Customer data

mocka

Historic growth

	CAGR		
	1 year	3 years	5 years
Sales	22.8%	25.3%	28.3%
Sales LFL	22.8%	25.3%	28.3%
EBIT	(19.3%)	17.4%	20.3%

Future growth drivers

- Increased brand awareness
- Range expansion
- Adding a physical presence

focus on furniture & bedding

Historic growth

	CAGR		
	1 year	3 years	5 years
Sales	(12.5%)	15.0%	n/m
Sales LFL	(2.8%)	28.6%	n/m

Future growth drivers

- Store rollout (30+ stores nationally)
- Online growth
- Increased brand awareness
- Enhance store experience
- Range expansion

Trading update and outlook

Trading update (first 7 weeks of 2H FY22)

- The first seven weeks of 2H FY22 have seen:
  - continued online growth (both Adairs and Mocka) despite cycling record growth rates in the prior corresponding period.
  - softer store sales as consumers limit their discretionary outings in response to concerns around the COVID-19 Omicron variant.
  - Focus performing ahead of investment case expectations

Sales, unaudited (first 7 weeks of 2H)	Current period comparatives	
	FY22 v FY21	FY22 v FY20
Group	**33.8%**	**68.4%**
Group (LFL)	**(0.3%)**	**26.8%**
Adairs Stores	(1.8%)	10.0%
Adairs Stores (LFL)	(7.5%)	4.3%
Adairs Online	9.7%	82.0%
Total Adairs (LFL)	(2.9%)	19.9%
Mocka[1]	14.8%	77.8%
Focus[1]	(7.3%)	15.1%

Note 1: Includes comparative periods outside of Adairs Group ownership. Mocka acquired in Dec 2019 and Focus in Dec 2021.

Guidance

- Due to the ongoing uncertainty relating to COVID-19 and the resultant operating environment the Board does not consider it appropriate to provide guidance for the FY22 full year at this time.

Outlook

Store program

- Adairs expects to open 1-2 new stores and upsize 4-6 existing stores during 2H FY22
- Focus' store model will be refined in 2H FY22 after which the store roll-out program is expected to accelerate

Capex

- Capex for 2H FY22 is expected to be in the range of $8-10m with increased expenditure on the store development program outlined above, the National Distribution Centre and digital initiatives

FX hedging

- The remainder of 2H FY22 is hedged at A$0.75 (2H FY21 A$0.71)

Trading outlook

- All Group brands have good in-country stock levels and clear opportunities for growth as outlined in this presentation.
- The macro-economic environment is supportive with strong employment and emerging wages growth
- Subject to no materially adverse COVID-19 developments management are confident about the prospects for the Group in 2H FY22 and beyond.

Note: Like-for-like sales growth ("LFL") referred to above has been adjusted for any store closures and is calculated on a store-by-store daily basis (where only stores open on the same day in each corresponding period have been included).


QUESTIONS?


APPENDICES
1. Who are we
2. Store footprint - Adairs
3. Store footprint - Focus
4. Like for like sales growth history
5. Profit and loss reconciliation
6. Glossary
ersonal use only

Appendix 1 – Who we are

Adairs Limited (ASX: ADH) is Australasia's largest omni channel retailer of homewares and home furnishing products

- Own three growing and highly profitable businesses
- Vertical retail model
  - in-house design
  - exclusive and differentiated products
  - innovation
  - supply chain control
  - value for money and superior margins
- Omni-channel
  - larger TAM than pure-play
  - integrated channels, cross-channel synergies
  - efficient customer acquisition costs / better retention
  - data and loyalty focused
  - fast approaching A$200m p.a. in online sales
- High service, customer focused
  - Our customers expect and enjoy service to help them discover, coordinate, execute and manage their purchases

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- Specialty retailer of home furnishings with a large and growing online channel and a national footprint of 169 stores
- Sells on-trend fashion products, quality staples, strong value and superior customer service

mocka

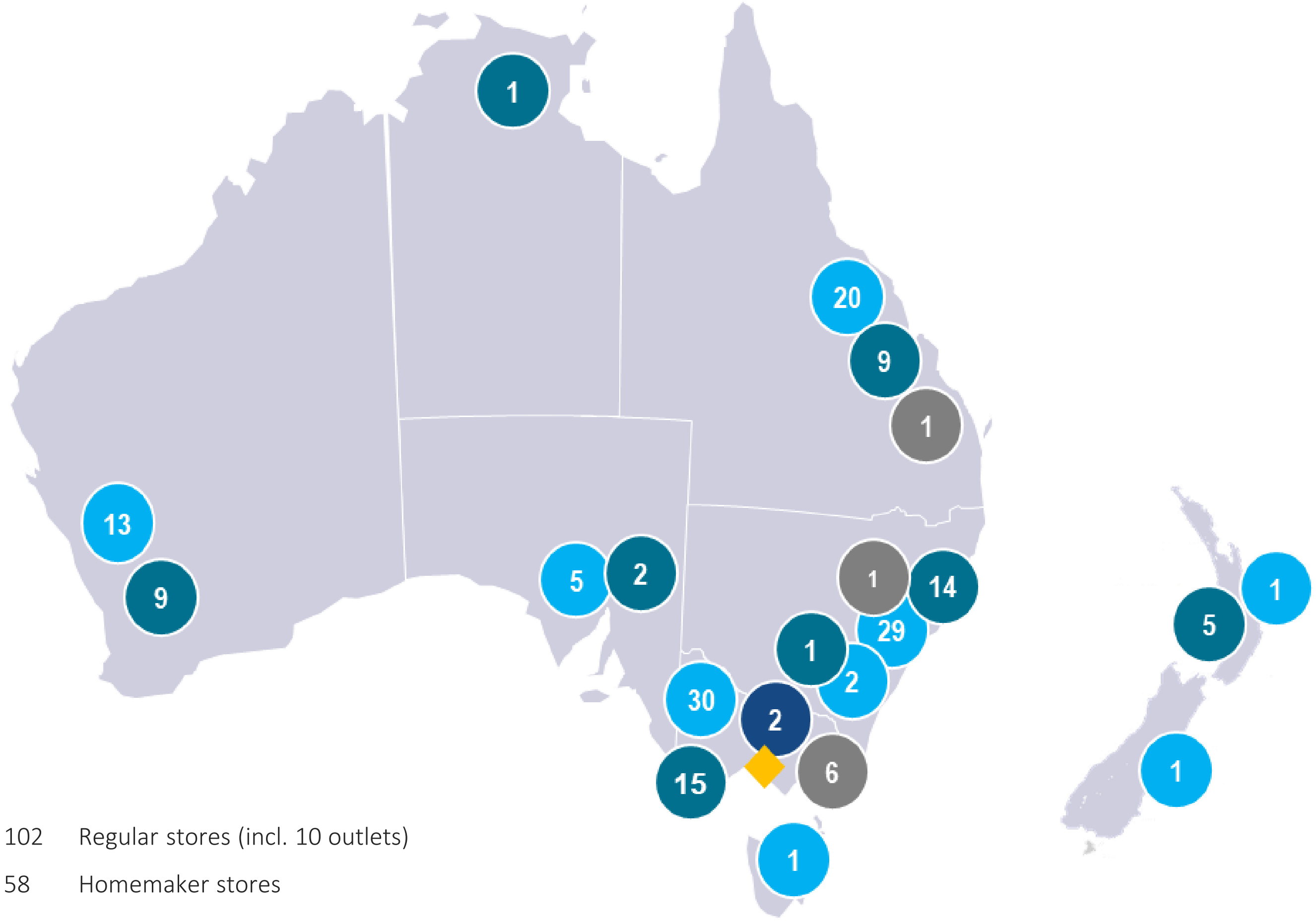
- Pure-play online home and living products designer and retailer
- Sells its own exclusive, well designed, functional and stylish products in the Home Furniture & Décor, Kids and Baby categories

focus on furniture & bedding

- Focus on Furniture ('Focus') is a 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 its 23-store network and online channel.

Appendix 2 – Adairs store footprint

Total Stores: 170



- 102 Regular stores (incl. 10 outlets)
- 58 Homemaker stores
- 8 Adairs Kids
- 2 Urban Home Republic (UHR)
- DC and Head Office

Store Activity (1H FY22)

New stores (2)	GLA (m2)
Homemaker – Karrinyup (WA)	521
Homemaker – Burleigh (QLD)	683
Total GLA increase	**1,204**

Merged stores (1)	GLA (m2)	
	Previous	Current
Kids – Robina Kids with Homemaker (QLD)	314	437
Total GLA increase	**314**	**437**

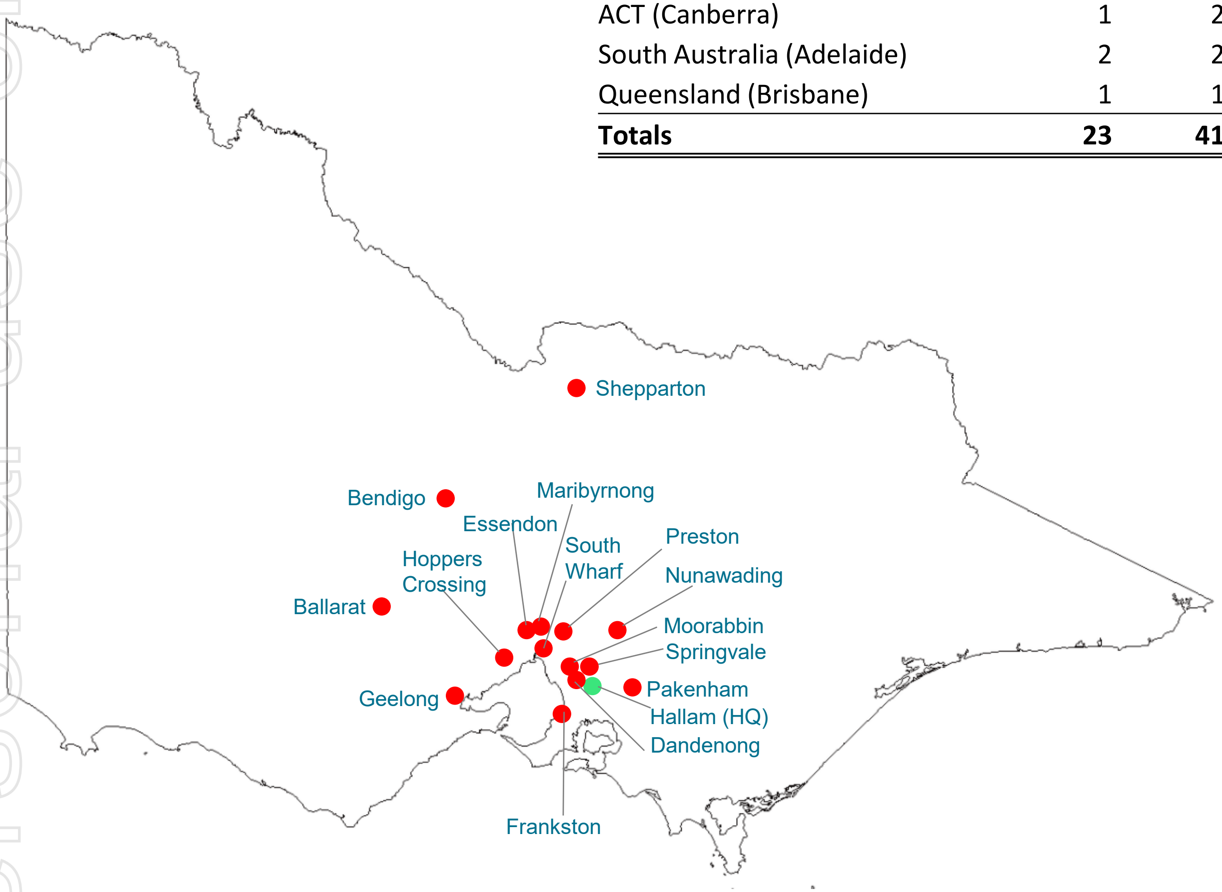
Upsized stores (4)	GLA (m2)	
	Previous	Current
Homemaker – Hobart (TAS)	163	595
Regular – Townsville Stockland (QLD)	154	297
Regular – Rosebud (VIC)	107	190
Homemaker – Warranbool (VIC)	230	800
Total GLA increase	**654**	**1,882**

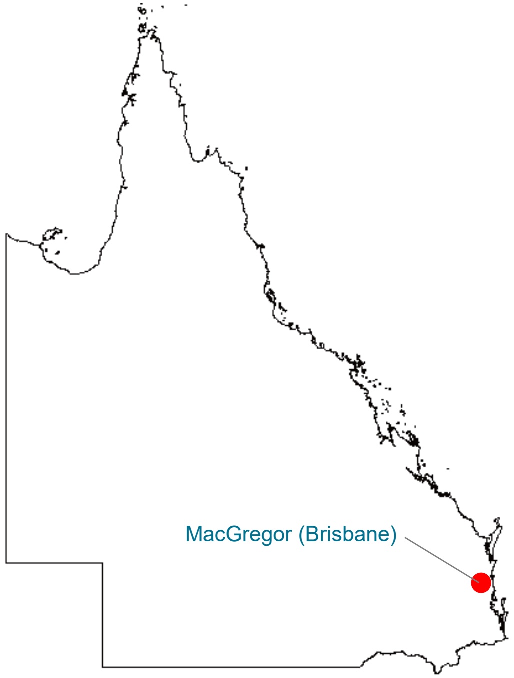
Total GLA (27 Jun 2021)	**66,896**
Total GLA (26 Dec 2021)	**69,451**
Net increase in GLA (m2)	**2,555**
Net increase in GLA (%)	**3.8%**

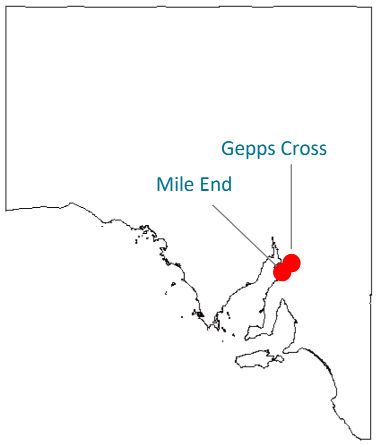
Appendix 3 – Focus store network

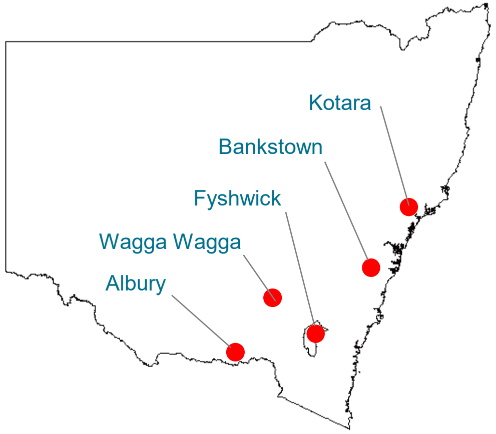
Network of 23 stores, predominantly in Victoria. Typical store size is 1,500-2,000 square metres.

State / Territory	Stores	GLA m2
Victoria (Greater Melbourne)	11	17,647
Victoria (Regional)	4	8,079
NSW (Greater Sydney)	1	3,365
NSW (Regional)	3	5,376
ACT (Canberra)	1	2,125
South Australia (Adelaide)	2	2,714
Queensland (Brisbane)	1	1,712
Totals	**23**	**41,018**

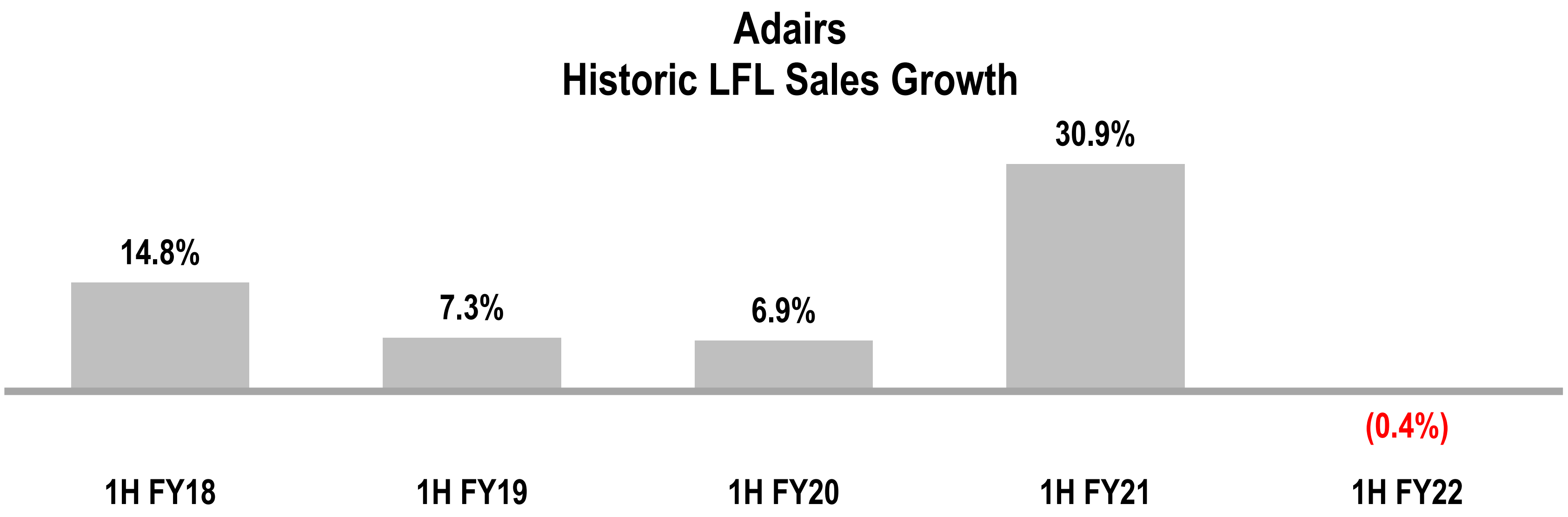


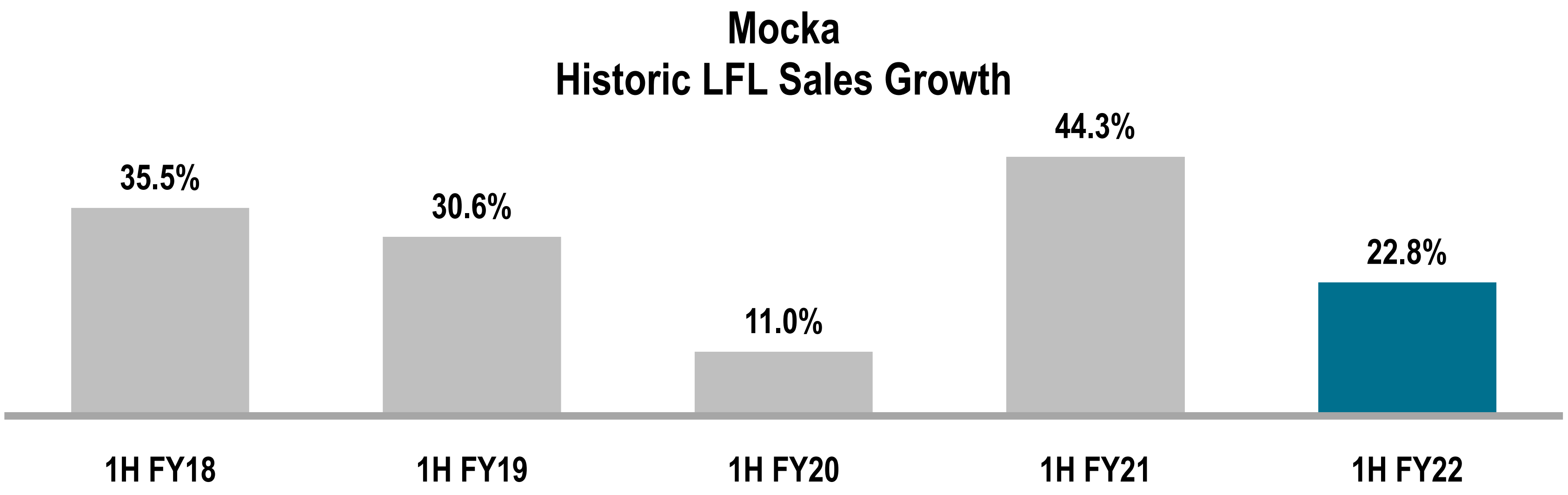






Appendix 4 – Like for like sales history





Appendix 5 – Profit and loss reconciliation

1H FY22 reconciliation

($ million)	Underlying 1H FY22	Focus post-acq results (26 days)	AASB 16 impact	Mocka transaction costs	Focus transaction costs	NDC transition costs	Statutory 1H FY22
Sales	229.3	12.5	-	-	-	-	241.8
Gross profit	131.8	5.6	-	-	-	-	137.4
Gross profit %	*57.5%*		-	-	-	-	*56.8%*
CODB	(97.5)	(2.7)	19.7	(0.9)	(1.1)	(3.0)	(85.4)
CODB %	*42.5%*						*35.3%*
EBITDA	34.3	2.9	19.7	(0.9)	(1.1)	(3.0)	51.9
EBITDA %	*14.9%*						*21.5%*
Depreciation	(4.2)	(0.1)	(18.4)	-	-	-	(22.7)
EBIT (pro-forma)	30.0	2.9	1.3	(0.9)	(1.1)	(3.0)	29.3
EBIT (pro-forma) %	*13.1%*						*12.1%*
Focus EBIT contribution	2.9	(2.9)	-	-	-	-	-
EBIT	32.9	-	1.3	(0.9)	(1.1)	(3.0)	29.3
EBIT %	*14.3%*						*12.1%*
Interest	(1.0)	-	(2.1)	-	-	-	(3.1)
Tax	(8.8)	(0.9)	0.2	-	-	0.9	(8.6)
NPAT	23.1	(0.9)	(0.5)	(0.9)	(1.1)	(2.1)	17.6
EPS (cents)	13.6						10.4

1H FY21 reconciliation

($ million)	Underlying 1H FY21	AASB 16 impact	JobKeeper benefit	Mocka transaction costs	NDC transition costs	Statutory 1H FY21
Sales	243.0	-	-	-	-	243.0
Gross profit	152.0	-	-	-	-	152.0
Gross profit %	*62.5%*	-	-	-	-	*62.5%*
CODB	(86.9)	18.7	6.1	(1.3)	(0.5)	(63.9)
CODB %	*35.8%*	-	-	-	-	*26.3%*
EBITDA	65.1	18.7	6.1	(1.3)	(0.5)	88.1
EBITDA %	*26.8%*	-	-	-	-	*36.3%*
Depreciation	(4.9)	(16.9)	-	-	-	(21.8)
EBIT (pro-forma)	60.2	1.8	6.1	(1.3)	(0.5)	66.3
EBIT (pro-forma) %	*24.8%*	-	-	-	-	*27.3%*
Focus EBIT contribution	-	-	-	-	-	-
EBIT	60.2	1.8	6.1	(1.3)	(0.5)	66.3
EBIT %	*24.8%*					*27.3%*
Interest	(0.8)	(2.1)	-	(0.5)	-	(3.3)
Tax	(17.5)	0.1	(1.8)	-	0.1	(19.1)
NPAT	41.9	(0.2)	4.3	(1.8)	(0.3)	43.9
EPS (cents)	24.8					25.9

Notes:

1. Underlying results for Focus from the period of acquisition (26 days).
2. AASB 16 impact: Upon adoption of AASB 16 from FY20, 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.
3. JobKeeper benefit: JobKeeper wage subsidy benefit received in 1H FY21. The net subsidy was repaid to the Government and recognised in the Group's financial results in 2H FY21.
4. Mocka transaction costs: Acquisition related due diligence costs (FY20) and the ongoing remuneration element of the deferred contingent consideration (including discount).
5. NDC transition costs: Costs associated with the transition to the new National Distribution Centre, including onerous lease provisions.

Appendix 6 – Glossary

Term	Meaning
ASP	Average selling price
ATV	Average transaction value
CODB	Cost of doing business
DC	Distribution centre
EBIT	Earnings before interest and tax
EPS	Earnings per share
GLA	Gross lettable area (floor space in square metres - excludes any offsite storage a store may have)
IPS	Items per sale
LFL	Like for like
LTM	Last twelve months
NPAT	Net profit after tax
NDC	National Distribution Centre
Online contribution	Online gross profit (including all online distribution costs) less customer support wages/rent and marketing (other than in-store marketing)
PCP	Previous corresponding period
ROIC	Return on invested capital
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 and development, warehousing

Disclaimer

Some of the information contained in this presentation contains “forward-looking statements” which may not directly or exclusively relate to historical facts. These forward-looking statements reflect Adairs Limited current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside the control of Adairs Limited.

Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from Adairs Limited’s current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained herein with caution.