

NICK SCALI LIMITED
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23 March 2020

Update on COVID-19, Trading, Outlook, Financial Position and Interim Dividend

Nick Scali Limited (“NCK” or “the Company”) today wishes to provide the market with the following update.

COVID-19

The health and wellbeing of customers and staff members is of paramount importance to the company and we are continuing to assess operating practices on a daily basis. A number of practical process changes have already been implemented to ensure the business continues to operate in a safe manner whilst minimising impact to its operations. These changes include:

- o In-store social distancing measures;
- o Restrictions on staff travel and meetings; and
- o Adopting flexible working arrangements for staff as applicable

Stores are continuing to operate at the current time although future opening hours remain subject to directions from both the State and Federal governments in applicable regions both in Australia and New Zealand.

Recent feedback from suppliers suggests supply chain issues are subsiding and delivery times are beginning to return to normal. The company expects this will continue to improve over the coming months and position Nick Scali favourably to complete delivery of orders in a timely manner.

The Company continues to monitor updates in relation to COVID-19 and remains committed to the health, safety and wellbeing of our customers and team members alike.

Trading Update

For the first two months of 2020, written sales orders growth was 3.0% on a comparable store basis. However, in the last 10 days the Company has seen considerable reductions in both store traffic and sales orders which, due to our business model, is expected to flow through

and impact revenue in future months. The Company is currently assessing its operating cost base and will take appropriate measures to reduce expenditure as an immediate priority.

Outlook

As outlined in NCK's Half Year Announcement on 6 February, 2020, given the continued uncertainty and speed at which the situation is evolving, the Company believes it continues to be difficult to provide guidance for the full year FY20.

Financial Position and Interim Dividend

The Company currently has \$39m of cash on hand and \$34m of gross debt outstanding, secured on a non-recourse basis against the property it owns, with further no loans on the balance sheet. The Company has always sought to operate with a conservative balance sheet in order to position itself favourably in the event of any prolonged downturn in the retail environment.

In order to maintain the Company's strong balance sheet during this uncertain time, the Directors have decided it is prudent to defer the payment of the previously announced 25c interim dividend that was due to be paid on 27 March 2020 until 2 October 2020.

Authorised by the Board of Nick Scali Limited

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