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## Chairman's Address

***The following is a transcript of the address to shareholders by the Chairman of Nick Scali Limited, Mr John Ingram***

Good afternoon ladies and gentlemen

Despite the unprecedented circumstances presented by the Covid-19 pandemic, Nick Scali Limited delivered a good result for the financial year 2020, with profitability maintained at FY19 levels despite a decline in sales revenue. This was the result of the Company's ability to effectively manage and reduce operating expenses in order to off-set the decline in gross profit that resulted from lower sales.

A fully franked final dividend of 22.5 cents per share, which was paid this morning, brings the total dividend for the 2020 financial year to 47.5 cents, fully franked. This represents a dividend payout ratio for the full year of over 90%, which is broadly in line with the payout ratios of recent years.

The Company is well placed to benefit from the current boom in discretionary consumer spending on the home, with the continued growth of the store network and investment in our on-line sales division which commenced earlier this year.

Due to our positive operating cash flow model and effective working capital management, the Company has maintained its strong financial position over the past 12 months, and after the payment of today's dividend has cash-on-hand in excess of \$70m. The Board continue to assess strategic opportunities to grow the existing business and take advantage of any investment opportunity that might arise, as well as maintaining acceptable returns to shareholders.

In July 2020, and following the sad passing of former director Greg Laurie, we announced the appointment of Bill Koeck as an independent non-executive director with effect from 1 August 2020. Bill is an experienced legal adviser with over 40 years capital markets and M&A experience and his appointment will add significantly to the depth of expertise of the Board,

as we look to grow the business and take advantage of the current strong trading environment. We are delighted to welcome Bill to the Nick Scali team.

The Board recognises that our people are our most important asset and I wish to take this opportunity to formally express our thanks to Mr Anthony Scali, our Managing Director for his leadership, and the management team and all employees of the Group, whose dedication and commitment are critical to the success of the Company. Their dedication and expertise has enabled the Company to flourish during the recent turbulent environment.

Furthermore, as Chairman, I would also like to express my thanks to my fellow Directors for their support and contribution to the success of the Company.

Finally, I would like to thank you, our shareholders, for your continued support. Whilst we are unable to meet personally with you today, I thank you for joining today's meeting and invite you to contact me directly if you have any comments or questions about the Company.

I will now invite Mr Scali to address the meeting to give us an overview of the operations of the Company and an update on current trading.