

NICK SCALI LIMITED

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Chair's Address to Annual General Meeting

The following is a transcript of the address by the Chair of Nick Scali Limited, Mr John Ingram, to the shareholders at today's 2025 Annual General Meeting

I am pleased to report a strong performance for Nick Scali Limited with the business delivering an underlying profit of \$62.0m for the FY25 Financial year.

The business made strong progress in advancing the strategy in the UK, and delivered solid results across ANZ.

The equity raise commenced in FY24 to fund the UK acquisition was completed in FY25, with final net proceeds coming to \$58.6m.

A fully franked final dividend of 33 cents per share, paid in October, brings the total dividends for the 2025 financial year to 63 cents, fully franked.

In September of this year, we added to our Board's extensive finance, governance and risk management experience with the appointment of Niran Peiris. Niran is standing for election today.

In keeping with our constitution, Bill Koeck retires by rotation and is presented for re-election today.

This will be my final AGM as Chair of Nick Scali and I want to say what a privilege it has been to serve on our Board for the past 21 years. During this time, I've had the opportunity to work alongside an exceptional management team and a dedicated group of Directors.

On my retirement, the Board appoints Managing Director and Chief Executive Officer Anthony Scali, as Executive Chair, to drive the company's next phase of growth.

To maintain strong governance and appropriate independence at Board level, Bill Koeck will assume the newly created role of Deputy Chair and Lead Independent Director.

I thank Anthony Scali for his commitment and leadership of the Company. I also thank the management team and all the employees, whose hard work and commitment have enabled the Company to deliver the results achieved in 2025.

I would also like to express my thanks to my fellow Directors for their guidance and contribution to the success of the Company.

Finally, I would like to thank you, our shareholders, for your continued support throughout my tenure. It has been an honour to serve as Chair, and I look forward to watching the continued success of Nick Scali in the years ahead.

Managing Director's Address to Annual General Meeting including Trading Update

The following is a transcript of the address by the Managing Director of Nick Scali Limited, Mr Anthony Scali, to the shareholders at today's 2025 Annual General Meeting.

Thank you, John, and good morning.

FY25 Performance

During the year Revenue and Sales orders in Australia and New Zealand ("ANZ") showed progressive improvement throughout FY25, and the company advanced the planned restructuring strategy following the May 2024 acquisition of Anglia Home Furnishing Limited in the United Kingdom ("UK").

ANZ

In Australia and New Zealand total written sales orders for the year were \$460m, an increase of almost 3%, with particularly strong growth in the second half of 7.3%.

Revenue for FY25 in ANZ was \$453.5m, down 1.4% vs FY24.

The gross profit margin was 65%, a sound result given the unexpected escalation of shipping rates experienced in the first half.

Underlying operating expenses in the current year rose by \$6.1m, predominantly across property and employment costs. In addition, ANZ incurred \$2.8m (\$1.9m post tax) of a one off non-recurring cost following the business failure of a freight forwarder in 1H.

The Statutory ANZ profit after tax for the year was \$71.3m.

UK

For our newly acquired UK operation, Revenue was \$41.8m in FY25, with the performance impacted by clearance of the legacy Fabb product range and an extensive program of refurbishments and rebranding, which required prolonged store closures.

As new Nick Scali product and pricing strategies were introduced, gross margin strengthened significantly, reaching 47.1% for the year and 51.8% in 2H, compared with approximately 41% prior to acquisition.

During the year, significant progress was made in executing the UK strategy, including streamlining overhead costs, a restructure of our distribution operations, and enhancing retail leadership.

The extensive store refurbishments and rebranding with the Nick Scali product, caused considerable disruption to the business that led to a Net UK loss after tax for the FY25 year of \$13.6m.

Cashflow and Balance Sheet

The Company generated cash of \$54.7m from operating activities in FY25.

Total borrowings at \$71.7m remained unchanged during the year with substantial covenant headroom on all facilities.

Group property and capital investments for the period of \$14.6m included refurbishments of UK showrooms, fit-out of our new WA Distribution Centre, multiple ANZ store refurbishments and new ANZ store openings.

\$53.8m was returned to shareholders during the year by way of payment of the final FY24 and interim FY25 dividends.

Cash and bank deposits at the end of the year were \$101m.

Store Network

During the year, two new showrooms were added to the ANZ network, Nick Scali Artarmon, NSW and Plush Melton, Victoria. In addition, Plush relocated two showrooms to larger format locations in Newcastle and Prospect, both in NSW, expanding the product offerings in these locations, with the existing sites retained and converted to clearance stores.

In the UK, the Peterborough store was closed at the end of lease as it was not deemed suitable to rebrand to Nick Scali, with the current UK network at 20 showrooms. In FY25 11 stores were converted to the Nick Scali store design, branding and product range, with the balance of stores due to complete in FY26.

The Company had a combined store network of 130 stores at the end of June 2025.

In addition to its significant lease portfolio, the Company currently has eleven owned properties in Australia, with nine Nick Scali showrooms operating out of owned property, one distribution centre and land in Auburn for further expansion of the Auburn property. During FY25 the Company committed to purchasing the current Campbelltown Nick Scali store and to purchase industrial land in South Australia on which construction for a new distribution centre will commence in FY26.

Alongside the store networks, the Company has continued to enhance the eCommerce experience in Nick Scali and Plush online. ANZ online written sales orders for the year were up 21.8% with enhancements in the user experience driving growth.

Dividends

On 8 August 2025, the Directors declared a fully franked final dividend of 33.0 cents per share, bringing the total dividend for the year to 63.0 cents per share. This represents a payout ratio of 87%.

The final dividend had a record date of 2 October 2025 and was paid on 28 October 2025.

Trading Update and Outlook

I will now turn your attention to recent trading.

For trading across Australia and New Zealand for the first quarter of FY26, total written sales orders are up 11.6% on the prior year and same store written sales orders have increased 10.7%.

Sales Revenue in the first quarter increased 6% and we expect sales revenue for the first half FY26 to be 7-9% more than the previous year.

During FY26 in Australia and New Zealand, we are committed to opening 5 new stores, 3 x Nick Scali and 2 x Plush stores.

In the UK as more store refurbishments are completed, written sales orders have begun to improve.

Nick Scali branded stores for the August and September period were up 10% on the same period when the stores traded as Fabb. During August and September there were 13 and 14 stores trading as Nick Scali respectively, with one to two stores closed for refurbishment.

With all stores opened and trading, as stated during our FY26 results presentation, our break-even revenue position will be circa A\$53m. Despite two key stores closed for refurbishment and others not yet rebranded, August and September total written sales orders were an encouraging A\$7.6m.

The UK gross margin in the first quarter was 58.3%, which compares to 41% on acquisition of the business and 47.1% for FY25.

We can now see a clear improvement in written sales which will transcend to better revenue results towards the end of the half.

Statutory Losses in the UK for the first half will likely be A\$5m-\$6m, including the impact of AASB16 (700k). The losses trend downwards in the second quarter when compared to the first quarter.

As a result of the anticipated revenue growth in ANZ, the ANZ statutory net profit after tax for the first half FY26 will be in the range of \$39-40m, compared to \$34m in the prior corresponding period.

Statutory net profit after tax for the group in the first half FY26 is expected to be in the range of \$33-35m, compared to \$30m in the first half FY25.

Closing Remarks

The Board and I recognise that the success of Nick Scali Limited is the result of the dedication of our many employees and associates across Australia, New Zealand and the United Kingdom. We would like to take this opportunity to thank them for their hard work and commitment to the Company.

In particular, I wish to thank Mr John Ingram who is retiring as our chairman. John has been our chairman since the company listed in 2004 and has made a significant contribution through his leadership in shaping the strategic direction of the Company.

Furthermore, the Board also takes this opportunity to thank our customers, suppliers, and shareholders whose continuing support underpins the performance of the Company.

Authorised by the Board of Nick Scali Limited.