

NICK SCALI LIMITED

A.B.N: 82 000 403 896

Level 7, Trinita 2, 39 Delhi Road
North Ryde 2113 NSW
AUSTRALIA

TEL: +61 2 9748 4000



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ENTRY INTO UK MARKET, ACQUISITION OF FABB FURNITURE AND EQUITY RAISING

Nick Scali Limited (ASX.NCK) ("**Nick Scali**" or the "**Company**") today announced it has entered into agreement to acquire specialist UK home furniture retailer, Anglia Home Furnishings Limited ("**AHFL**") (trading as Fabb Furniture "**Fabb Furniture**") ("**Acquisition**").

Under the Acquisition, Nick Scali will acquire Fabb Furniture for a consideration of £2.00 (A\$3.82¹) and all of the secured debt² owed by Fabb furniture for £3.5m (A\$6.7m¹)³. Nick Scali intends to pay £0.5m (A\$1.0m¹) to exercise the option to exit the existing distribution centre arrangement³ and also provide a net working capital injection of up to £6.0m (A\$11.5m¹).

Post Acquisition, Nick Scali intends to invest further in the existing Fabb Furniture network in order to establish the Nick Scali brand in the UK pursuant to its UK growth strategy, including via store refurbishments and re-branding, establishment of a new distribution centre and new store openings.

The re-branded and re-furbished store network will transition to the Nick Scali product range, and leverage Nick Scali's buying power and supply chain.

The Acquisition and additional investment will be funded by a A\$46.0m underwritten institutional placement and a A\$4.0m conditional placement to an entity associated with Anthony Scali, CEO and Managing Director of Nick Scali, subject to Nick Scali shareholder approval being sought at the Company's AGM expected to be in October 2024.

Eligible existing shareholders will be offered the ability to participate in a non-underwritten SPP to raise up to A\$10.0m⁴ (together with the Placement, the **Offer**).

The Acquisition is subject to limited customary conditions, and is expected to complete in mid-May.

For further information about the Acquisition please refer to the investor presentation lodged with ASX today ("**Investor Presentation**").

¹ AUD exchange rate of 1.91.

² Other than third party debt.

³ Subject to completion of the Acquisition.

⁴ Nick Scali may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount in its absolute discretion.

Overview of Fabb Furniture and Strategic Rationale

Founded in 1979, Fabb Furniture has a long-established presence in the UK home furnishings market.

The business operates a 21-store network across the UK, all located in out-of-town retail parks and predominately in large-scale format. The total retail real estate footprint is over 24,000 square metres realising over 39,000 square metres of retail space with good tenure.

The Acquisition of Fabb Furniture is complementary to Nick Scali's existing business and provides a compelling opportunity for Nick Scali as follows:

- entry into the large and attractive UK furniture market with an immediate 21 store network
- unique opportunity to establish the Nick Scali brand at scale at a relatively low cost in the UK
- opportunity to provide the UK market with a Nick Scali quality / value product offer
- significant opportunity to drive profitable growth in the medium term
- committed and long-tenured local management team with deep operational experience to support the UK growth strategy

Nick Scali CEO, Anthony Scali said: "the Acquisition of Fabb Furniture provides an opportunity to enhance our geographic diversity and scale beyond Australia and New Zealand for the first time."

"The Acquisition provides us an immediate entry point into the large UK market with a 21-store network across key locations; a scaled platform to establish the Nick Scali brand and product offering in an attractive new market."

Mr Scali continued: "Fabb Furniture's gross margin is estimated to be approximately 10 percentage points lower than larger UK competitors on a like for like basis."

"As we did when we acquired Plush, we believe we can leverage the Nick Scali buying power, combined with our supply chain and logistics capabilities, to deliver significant gross margin uplift for the UK business."

Equity raising

The Acquisition and UK growth strategy will be funded through a placement to raise A\$50.0m, comprising:

- A fully underwritten placement to sophisticated and professional and other institutional investors ("**Institutional Placement**") to raise A\$46.0m; and
- A\$4.0m conditional placement to Anthony Scali⁵, CEO and Managing Director of Nick Scali, subject to Nick Scali shareholder approval being sought at the Company's AGM expected to be in October 2024 ("**Conditional Placement**").

(the "**Institutional Placement**" and "**Conditional Placement**", together the "**Placement**").

The Placement will be conducted at A\$13.25 per New Share (defined below) (**Placement Price**), which represents a:

- 5.8% discount to the last traded price of A\$14.07 on 23 April 2024

⁵ An entity associated with Anthony Scali.

Approximately 3.8 million new fully paid ordinary shares are to be issued under the Placement (**New Shares**), equivalent to ~4.7% of total Nick Scali existing issued share capital.

Nick Scali will also be conducting a non-underwritten Share Purchase Plan ("**SPP**"), targeting to raise up to ~A\$10.0m⁶. Eligible shareholders in Australia and New Zealand will be invited to apply for up to A\$30,000 of new fully paid ordinary shares to be issued under the SPP ("**SPP Shares**") free of any brokerage, commission and transaction costs.

All eligible Directors of Nick Scali intend to participate in the SPP.

The SPP Shares will be offered at the Placement Price.

A timetable in respect of the Institutional Placement and SPP is provided at Appendix A.

Conference call

Nick Scali will host an investor and analyst conference call commencing today, Wednesday, 24 April at 10.30am. A link to register is provided below.

Conference call registration: <https://s1.c-conf.com/diamondpass/10038552-7nsht3.html>

Further Information

Further details about the Acquisition, the Placement and the SPP are set out in the Investor Presentation. The Investor Presentation contains important information including details about key risks and international offer restrictions with respect to the Placement, which should be read together with this announcement.

Authorised by the Board of Nick Scali Limited

⁶ Nick Scali may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount in its absolute discretion.

Appendix A – Institutional Placement and Share Purchase Plan timetable

Milestone	Date⁷
Record date for participation in the SPP	7:00pm (Sydney time), Tuesday, 23 April 2024
Trading halt and announcement of Acquisition, Placement and SPP	Wednesday, 24 April 2024
Institutional Placement bookbuild	Wednesday, 24 April 2024
Announcement of outcome of Institutional Placement	Friday, 26 April 2024
Trading halt lifted – trading resumes on the ASX	Friday, 26 April 2024
Settlement of Institutional Placement shares	Tuesday, 30 April 2024
Allotment and normal trading of Institutional Placement shares	Wednesday, 1 May 2024
SPP offer opens and SPP offer booklet dispatched	Thursday, 2 May 2024
SPP offer closes	5.00pm (Sydney time), Wednesday, 22 May 2024
Announcement of results of SPP	Wednesday, 29 May 2024
SPP allotment date	Wednesday, 29 May 2024
Normal trading of SPP shares and dispatch of holding statements	Thursday, 30 May 2024

⁷ All dates and times are indicative and Nick Scali reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), ASX Listing Rules and other applicable laws. All times and dates and are in reference to Sydney (Australia) time.

Important notice and disclaimer

Forward-looking statements

This announcement should be read subject to the disclaimer contained in the Investor Presentation, such that references in the disclaimer to "this Presentation" were references to this announcement. This announcement is not financial product, investment or other advice. Nothing in this announcement constitutes a recommendation to acquire the New Shares or SPP Shares. The Company is not licensed to provide financial advice in relation to the acquisition of securities. This announcement does not contain all the information that investors and their professional advisers may require to make an investment decision in relation to the Company and / or the Offer and should be read in conjunction with Nick Scali's other periodic and continuous disclosure announcements (including the Investor Presentation) available at: <https://www.asx.com.au/markets/company/nck>. This announcement does not account for the investment objectives, financial circumstances or other particular needs of investors. Investors should seek any independent professional advice they may require in relation to the Offer.

This announcement includes certain "forward-looking statements" such as indications of, and guidance on, future events, future earnings and the future financial performance and financial position of Nick Scali. Forward-looking statements can generally be identified by the use of forward-looking words such as "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "projection", "estimate", "target", "outlook", "guidance" or other similar expressions and include statements regarding the timing and outcome of the Acquisition, and/or the Offer, Nick Scali's strategies, plans and future operational and financial performance, including in relation to the Acquisition. Any forward-looking statements included in this announcement involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies and other factors, including the risks described in the "Key Risks" section of Investor Presentation, many of which are outside the control of, and are unknown to, Nick Scali and its officers, employees, agents or associates and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements, including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication, prediction or guarantee of future performance. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Nick Scali). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. The forward looking statements are based on information available to Nick Scali as at the date of this announcement.

Except as required by law or regulation (including the ASX Listing Rules), Nick Scali undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

Not an offer in the United States

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