

# UK market entry and acquisition of Fabb Furniture

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- Nick Scali's proposed acquisition of 100% of the shares in Anglia Home Furnishings Limited t/a Fabb Furniture (AHFL) (the Acquisition);
- a \$46.0 million fully underwritten placement of new fully paid ordinary shares in Nick Scali to institutional investors in certain jurisdictions (Institutional Placement);
- a \$4.0 million non-underwritten conditional placement to Anthony Scali<sup>1</sup>, CEO and Managing Director of the Company, subject to shareholder approval being sought at the Company's AGM expected to be held in October 2024 (Conditional Placement); and
- a non-underwritten offer of new fully paid ordinary shares to eligible Nick Scali shareholders in Australia and New Zealand under a share purchase plan in accordance with the *Corporations Act 2001* (Cth) (Corporations Act) as modified by *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547* (SPP).

In this presentation, the Institutional Placement and Conditional Placement are collectively referred to as, the Placement. The SPP and the Placement are together, the Equity Raising.

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Note: 1. An entity associated with Anthony Scali.

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For the avoidance of doubt, the Conditional Placement and SPP will not be underwritten, nor will the Lead Manager have any role in relation to the SPP.

# Transaction overview

Transaction overview	<ul style="list-style-type: none"><li>Acquisition of specialist UK home furniture retailer, Anglia Home Furnishings Limited (AHFL) (trading as Fabb Furniture) (Fabb Furniture) (Acquisition)<ul style="list-style-type: none"><li>Nick Scali will acquire Fabb Furniture for a consideration of £2.00 (A\$3.82) and acquire all of the secured debt<sup>1</sup> owed by Fabb Furniture for £3.5m (A\$6.7m)<sup>2</sup></li><li>Nick Scali intends to pay £0.5m (A\$1.0m) to exercise the option to exit the existing distribution centre arrangement<sup>2</sup> and also provide additional net working capital of up to £6.0m (A\$11.5m)</li><li>Implemented by way of a share sale and acquisition will involve acquiring contractual and leasehold rights and liabilities, intellectual property, financial liabilities including working capital and outstanding creditor liabilities</li></ul></li><li>Nick Scali will invest further in the network pursuant to its UK growth strategy in order to establish the Nick Scali brand in the UK</li></ul>
Fabb Furniture	<ul style="list-style-type: none"><li>UK-based furniture retailer with a full product range across sofas, dining, beds and bedroom</li><li>Operates a network of 21 stores across the UK, all located in out-of-town retail parks and are predominately large format</li><li>In FY24 (Mar Y/E), Fabb Furniture is forecasted to deliver £34.0m<sup>3</sup> of revenue, £14.1m<sup>3</sup> of gross profit and £2.0m<sup>3</sup> of post IFRS-16 EBITDA / £2.8m loss<sup>3</sup> pre IFRS-16 EBITDA</li></ul>
Strategic rationale	<ul style="list-style-type: none"><li>Provides entry into the large and attractive UK furniture market with an immediate 21 store network</li><li>Unique opportunity to establish the Nick Scali brand at scale at a relatively low cost in the UK</li><li>Opportunity to provide the UK market with a Nick Scali quality / value product offer</li><li>Significant opportunity to drive profitable growth in the medium-term in the UK by leveraging the shared expertise across procurement, logistics and marketing</li><li>Committed and long-tenured local management team with deep operational experience to support the UK growth strategy</li></ul>

Note: Assumes GBP: AUD exchange rate of 1.91. 1. Other than third party debt. 2. Subject to completion of the Acquisition. 3. Fabb Furniture financials based on unaudited financial accounts for the period 1 April 2023 to 2 March 2024, and management forecasts for the period 3 March 2024 to 31 March 2024. Financials have been adjusted to reflect accounting policies and principles that will be applied under Nick Scali ownership including revenue adjustments to recognise the interest free credit costs associated with providing consumer finance products and delivery fee revenue (which is offset by the inclusion of delivery costs in cost of sales). IFRS 16 adjustments are based on estimates.

# Transaction overview (cont.)

UK growth strategy	<ul style="list-style-type: none"><li>• Following the Acquisition, Nick Scali intends to deliver a growth strategy which will initially include:<ul style="list-style-type: none"><li>• Refurbishment and re-branding of existing Fabb Furniture stores to Nick Scali brand</li><li>• Re-setting existing offering to Nick Scali product lounge and dining offering – sourced from Nick Scali’s existing supplier network</li><li>• Establishment of a new distribution centre located in Peterborough<sup>1</sup></li></ul></li><li>• The Acquisition will establish the Nick Scali brand at scale in the UK with an initial 21 store network</li><li>• Combine existing local elements with best of Nick Scali to build an exciting new business</li><li>• UK business expected to return to profitability on a run rate basis within 18 months - losses expected to increase temporarily in FY25 during the transition period as a result of store refurbishments, rebranding and introduction of new product range</li></ul>
Funding	<ul style="list-style-type: none"><li>• The Acquisition and the UK growth strategy will be funded by a A\$46.0m underwritten institutional placement (Institutional Placement) and a A\$4.0m conditional placement to Anthony Scali<sup>2</sup>, CEO and Managing Director of Nick Scali, subject to Nick Scali shareholder approval at the 2024 annual general meeting (Conditional Placement)<sup>3</sup></li><li>• The offer price of A\$13.25 per share for the Institutional Placement and Conditional Placement (Offer Price) represents a 5.8% discount to Nick Scali’s last traded price of A\$14.07 on 23 April 2024</li><li>• Eligible existing shareholders will be offered the ability to participate in a non-underwritten SPP to raise up to A\$10.0m<sup>4</sup> (together with the Institutional Placement and the Conditional Placement, the Offer)</li></ul>
Timing	<ul style="list-style-type: none"><li>• The Acquisition is subject to limited customary conditions and is expected to complete in mid-May</li></ul>

Note: Assumes GBP: AUD exchange rate of 1.91. 1. Nick Scali is in advanced discussions for this distribution centre. 2. An entity associated with Anthony Scali. 3. The Acquisition is not conditional upon the Equity Raising and Nick Scali has sufficient cash reserves to fund the Acquisition in the unlikely event that the Equity Raising does not proceed. 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.

# Acquisition structure

## Acquisition overview

- Acquisition of Fabb Furniture comprising of:
  - Nominal equity value of £2.00 (A\$3.82)
  - Purchase of all existing secured debt<sup>1</sup> of £3.5m (A\$6.7m)<sup>2</sup>
- Acquisition of the business includes:
  - leasehold rights & liabilities
  - contractual rights & liabilities
  - intellectual property including brand
  - outstanding creditor liabilities
  - other net working capital items (including inventory) and fixed assets
- Fabb Furniture will be acquired by a newly established UK entity which will be a subsidiary of Nick Scali
- Nick Scali's UK operations will be reported as a standalone segment post completion

## Additional conditions

- Nick Scali has an option to exit Fabb Furniture's existing distribution centre for a fee of £0.5m (A\$1.0m)<sup>2</sup>
  - the existing distribution centre is inappropriate for the scale of operations Nick Scali plans to achieve in the UK
  - Nick Scali is in advanced discussions for a new distribution centre in Peterborough

Note: Assumes GBP: AUD exchange rate of 1.91. 1. Other than third party debt. 2. Subject to completion of the Acquisition.



# Overview of Fabb Furniture

## Overview of Fabb Furniture

- Specialist UK-based furniture retailer, established in 1979
- Offers a full range of furniture (sofas, dining, beds and bedroom)
- 21-store network across the UK
- All stores located in out-of-town retail parks and predominately large format
- FY24A (Mar Y/E) financial performance:
  - Net revenue: £34.0m<sup>1</sup>
  - Gross profit: £14.1m<sup>1</sup> (~41% gross profit margin)
  - Post IFRS-16 EBITDA: £2.0m<sup>1</sup> (~6% EBITDA margin)
  - Pre IFRS-16 EBITDA: £2.8m loss<sup>1</sup>
  - Post IFRS-16 net loss after tax: £3.6m loss<sup>1</sup>
- UK business expected to return to profitability on a run rate basis within 18 months - losses expected to increase temporarily in FY25 during the transition period as a result of store refurbishments, rebranding and introduction of new product range

## Store network

Store count	21 stores
Retail estate footprint	>24k m <sup>2</sup>
Retail space	>39k m <sup>2</sup>
Av. sales per store (FY24 Mar)	~£1.6m
Average lease length	~7 years



Location	Retail space (m <sup>2</sup> )
Canterbury	2,179
Cheltenham	1,579
Colchester	2,027
Coventry	1,813
Croydon	1,986
Farnborough	1,682
Gloucester	4,012
Keighley	1,407
Kings Lynn	1,672
Leicester	1,679
Lincoln	1,868
Lowestoft	1,863
Milton Keynes	2,090
Northampton	1,429
Peterborough	1,848
Rotherham	1,858
Stoke on Trent	1,318
Swindon	1,688
Thurrock	1,672
Wednesbury	1,766
Watford	1,741
<b>Average</b>	<b>1,866</b>

Note: 1. Fabb Furniture financials based on unaudited financial accounts for the period 1 April 2023 to 2 March 2024, and management forecasts for the period 3 March 2024 to 31 March 2024. Financials have been adjusted to reflect accounting policies and principles that will be applied under Nick Scali ownership including revenue adjustments to recognise the interest free credit costs associated with providing consumer finance products and delivery fee revenue (which is offset by the inclusion of delivery costs in cost of sales). IFRS 16 adjustments are based on estimates.

# UK growth strategy

## Plan to establish Nick Scali in the UK

		Time frame
Culture	<ul style="list-style-type: none"> <li>Support management through any disruption due to integration and re-branding</li> <li>Continue to grow the team as the UK business expands</li> </ul>	Within 6 months
Product	<ul style="list-style-type: none"> <li>Transition stores to carry the existing Nick Scali lounge and dining product range</li> </ul>	Within 10 months
Distribution	<ul style="list-style-type: none"> <li>Option to exit the existing distribution centre<sup>1</sup></li> <li>In advanced discussions for a new distribution centre</li> </ul>	Within 12 months
Marketing	<ul style="list-style-type: none"> <li>Invest in marketing the Nick Scali brand in the UK</li> <li>Leverage insights from the Australia &amp; New Zealand markets</li> </ul>	Within 12 months
Procurement	<ul style="list-style-type: none"> <li>Significant overlap with Nick Scali existing supplier network</li> <li>Leverage buying power and the group supply chain and logistics network</li> </ul>	Within 12 months
Stores	<ul style="list-style-type: none"> <li>Short term:                             <ul style="list-style-type: none"> <li>Refurbish and re-brand existing stores</li> <li>Optimise and right size the store network</li> </ul> </li> <li>Long term: Expand the store network</li> </ul>	Within 18 months

Note: 1. Subject to completion of the Acquisition

## Key objectives



Grow sales by improving the customer in-store experience and introducing the differentiated Nick Scali product range



Boost profitability by leveraging Nick Scali's core capabilities across supply chain, procurement and sourcing



Optimise and expand the store network across the UK



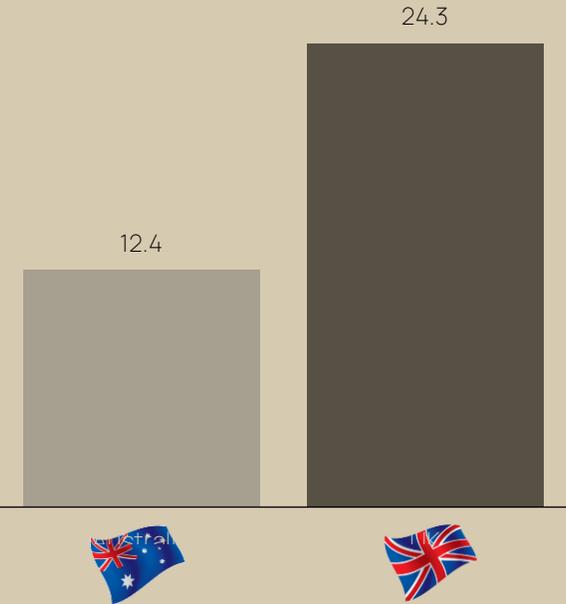
Expected to achieve run-rate profitability within 18 months



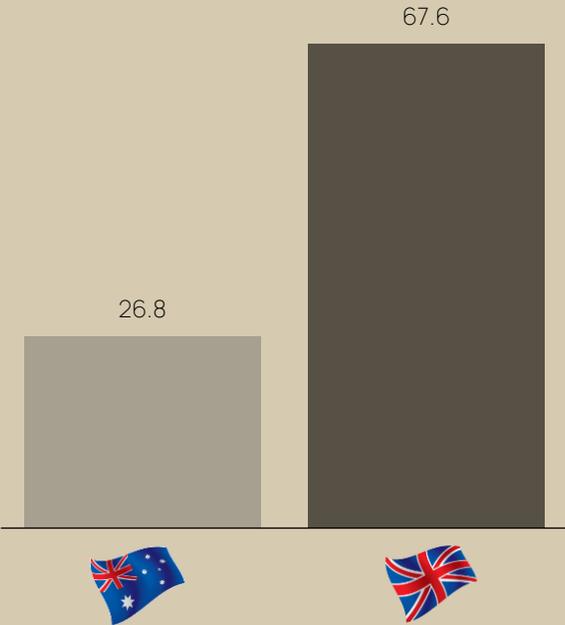
Illustrative store concept model

# Large and attractive UK furniture market

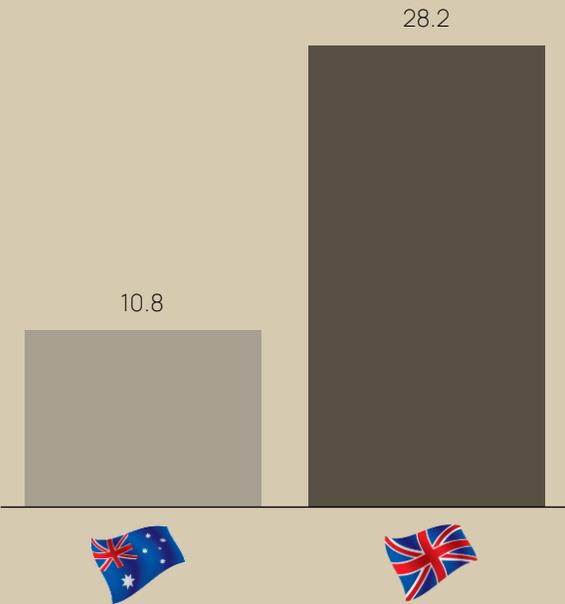
Furniture market size (A\$bn)<sup>1</sup>



Population (millions)<sup>2</sup>



Number of households (millions)<sup>3</sup>



Note: Assumes GBP: AUD exchange rate of 1.91. 1. Australia furniture market size based on Furniture Retailing in Australia (IBISWorld 2024). UK furniture market size based on Furniture, Lighting and Homewares Retailing in the UK (IBISWorld 2024). 2. Population metrics based on Australian Bureau of Statistics (2023) and UK Office for National Statistics (2022). 3. Household metrics based on Australian Bureau of Statistics (2021) and UK Office for National Statistics (2022).

# Strategic rationale

**nickscali**  
FURNITURE



- ✓ 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

# Comparison to Nick Scali

**nickskali**  
FURNITURE



Revenue (A\$m)	~A\$508m <sup>1,2</sup>	~A\$65m <sup>3</sup>
Gross profit margin	~63.5% <sup>1</sup>	~41.5%
% revenue from lounge / upholstery	~70% from lounge <sup>4</sup>	~65% from upholstery <sup>5</sup>
Store count	107 (64 Nick Scali, 43 Plush) <sup>1</sup>	21 (in England)
Revenue per store (A\$m)	~A\$4.7m <sup>1</sup>	~A\$3.1m <sup>3</sup>
Av. retail space per store (m <sup>2</sup> )	~1,650 <sup>1</sup>	~1,866
Geography	Australia and New Zealand	England

Notes: 1. Nick Scali metrics based on FY23A figures for Nick Scali Group, inclusive of Plush. 2. FY23 Nick Scali Group revenue benefits from an elevated opening order bank. 3. Fabb Furniture financials based on unaudited financial accounts for the period 1 April 2023 to 2 March 2024, and management forecasts for the period 3 March 2024 to 31 March 2024. Financials have been adjusted to reflect accounting policies and principles that will be applied under Nick Scali ownership including revenue adjustments to recognise the interest free credit costs associated with providing consumer finance products and delivery fee revenue (which is offset by the inclusion of delivery costs in cost of sales). IFRS 16 adjustments are based on estimates. Converted to AUD at an exchange rate of 1.91 AUD / GBP. 4. Nick Scali branded product range only. 5. For the 8 weeks ending 6 January 2024.



# Use of proceeds and transaction completion

Acquisition EV and UK growth strategy	<ul style="list-style-type: none"> <li>Acquisition of Fabb Furniture comprising of: <ul style="list-style-type: none"> <li>Nominal equity value of £2.00 (A\$3.82)</li> <li>Purchase of all existing secured debt<sup>1</sup> of £3.5m (A\$6.7m)<sup>2</sup></li> </ul> </li> <li>Nick Scali intends to pay £0.5m (A\$1.0m) to exercise the option to exit the existing distribution centre arrangement<sup>2</sup> and provide additional net working capital of up to £6.0m (A\$11.5m)</li> <li>Additional capital investment required for store refurbishments / re-brand, establishment of a new distribution centre and future new store openings</li> </ul>
Funding	<ul style="list-style-type: none"> <li>The Acquisition, net working capital injection and the UK growth strategy to be funded<sup>3</sup> via: <ul style="list-style-type: none"> <li>a A\$46.0m fully underwritten Institutional Placement</li> <li>a A\$4.0m Conditional Placement to Anthony Scali<sup>4</sup>, CEO and Managing Director of Nick Scali, subject to shareholder approval being received</li> </ul> </li> </ul>
Completion	<ul style="list-style-type: none"> <li>The acquisition is subject to limited customary conditions and is expected to complete in mid-May</li> </ul>

Sources	A\$m
Proceeds from Institutional Placement	A\$46.0m
Proceeds from Conditional Placement	A\$4.0m
<b>Total sources of funds</b>	<b>A\$50.0m</b>

Uses	A\$m
Acquisition of Fabb Furniture	A\$6.7m
Early exit of distribution centre arrangements	A\$1.0m
Net working capital injection	A\$11.5m
Investments in store refurbishments, re-branding, marketing, additional working capital to support losses during the transition period and Nick Scali general corporate purposes	A\$27.2m
Transaction costs	A\$3.6m
<b>Total uses of funds</b>	<b>A\$50.0m</b>

Note: Assumes GBP: AUD exchange rate of 1.91. 1. Other than third party debt. 2. Subject to completion of the Acquisition. 3. The Acquisition is not conditional upon the Equity Raising and Nick Scali has sufficient cash reserves to fund the Acquisition in the unlikely event that the Equity Raising does not proceed. 4. An entity associated with Anthony Scali.

# Institutional Placement and SPP

Offer size and structure	<ul style="list-style-type: none"> <li>Nick Scali is today announcing a placement to sophisticated and professional and other institutional investors to raise A\$50.0m, comprising:             <ul style="list-style-type: none"> <li>Fully underwritten institutional placement (Institutional Placement) to raise A\$46.0m, and</li> <li>A\$4.0m conditional placement to Anthony Scali<sup>1</sup>, CEO and Managing Director of Nick Scali, subject to Nick Scali shareholder approval as described below (Conditional Placement)</li> </ul>             (Institutional Placement and Conditional Placement together, the Placement)           </li> <li>Approximately 3.8 million new shares to be issued under the Placement (New Shares), equivalent to ~4.7% of total Nick Scali existing issued share capital</li> </ul>
Placement pricing	<ul style="list-style-type: none"> <li>The Placement will be conducted at A\$13.25 per New Share (Placement Price), which represents a:             <ul style="list-style-type: none"> <li>5.8% discount to the last traded price of A\$14.07 on 23 April 2024</li> </ul> </li> </ul>
Ranking	<ul style="list-style-type: none"> <li>New Shares issued via the Placement and SPP will rank equally with existing shares from their respective issue dates</li> </ul>
Share Purchase Plan	<ul style="list-style-type: none"> <li>Non-underwritten SPP will be offered to eligible shareholders to raise up to A\$10.0m<sup>2</sup></li> <li>Eligible shareholders in Australia and New Zealand will be invited to apply for up to A\$30,000 of New Shares free of any brokerage, commission and transaction costs</li> <li>New Shares under the SPP will be offered at the Placement Price</li> </ul>
Underwriting	<ul style="list-style-type: none"> <li>The Institutional Placement is fully underwritten</li> <li>The Conditional Placement is not underwritten</li> <li>The SPP is not underwritten</li> </ul>
Director participation	<ul style="list-style-type: none"> <li>Anthony Scali<sup>1</sup>, CEO and Managing Director of Nick Scali, has committed to subscribe for A\$4 million of New Shares at the Placement Price, subject to Nick Scali shareholder approval being obtained at the Company's AGM expected to be in October 2024</li> </ul>

Notes: 1. An entity associated with Anthony Scali. 2. 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.

# Institutional Placement and SPP timetable

Milestone	Date <sup>1</sup>
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

1. 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 are in reference to Sydney (Australia) time.

# Trading update

- Written sales orders of A\$326.2m for the nine months ended 31 March 2024, up 1.2% on the prior corresponding period
- Operating conditions broadly consistent with update provided at 1H result:
  - Positive trading momentum in January
  - Slowdown in written sales orders in February primarily due to lower promotional activity
  - Stronger written sales orders in March
- Normal supply chain conditions experienced through 3Q24



# Appendix A

## Supporting information

# Fabb Furniture management team

Matt Hesketh  
Chief Executive Officer

- Matt has been driving force of change within the business for over 14 years, overseeing the Group's growth strategy
- Matt has been in the furniture industry for over 30 years, having successful careers at UNO / World of Leather, ScS and DFS

Tracey Jackson  
Finance Director

- Tracey has worked for Fabb Furniture for over 30 years and is a proven, highly commercial Finance Director
- Tracey's role includes finance, governance, audit, legal and budgeting

Keith Carl  
Sales Director

- Keith is responsible for leading the customer experience and journey from first brand interaction to completion of sale
- Keith has a wealth of experience in furniture retail, having previously worked in senior roles at DFS and Storeys carpets

Laura Chiddey  
Commercial Director

- Laura has proven experience as Commercial Director in the Company, having been the creator of the Fabb Furniture brand and the new look of the store estate



# Appendix B

## Key risks

# Overview of key risks

This section summarises some of the key risks that may affect the future performance of an investment in Nick Scali. This is not an exhaustive list of all risks that Nick Scali and its investors may be exposed to in the future. If any of the following risks materialise, Nick Scali's business, financial condition and operating results may be adversely impacted.

Additional risks not presently known to Nick Scali or, if known, that are not presently considered material, may also have an adverse impact.

In deciding whether to participate in the Placement or Share Purchase Plan, you should read this section in its entirety and carefully consider the risks outlined in this section. Before investing in Nick Scali, you should consider publicly available information on Nick Scali (such as information available on the ASX) and consult your professional advisers to ensure you understand the terms of the Placement and Share Purchase Plan and the inherent risks.

The general risks associated with Nick Scali set out in this section will also apply to the combined Nick Scali and Anglia Home Furnishings Limited (AHFL) group following completion of the acquisition of AHFL.

# Nick Scali business risks

Retail environment and general economic conditions may worsen	<ul style="list-style-type: none"> <li>Nick Scali's operational and financial performance is sensitive to consumer sentiment. Key factors that may adversely affect demand for Nick Scali's products include further increases in interest rates, economic shocks, increased unemployment and decreases in the asset values of homes and other dwellings. Other factors that may also impact Nick Scali's sales and earnings include government stimulus or support provided (or removed) to consumers either directly or indirectly.</li> <li>A sustained deterioration in economic conditions may generally reduce consumer disposable incomes or change consumer preferences or needs as to allocation of their disposable income. Any material reduction in consumer disposable income may reduce demand for the Nick Scali's products which may in turn result in lower levels of revenue or profitability.</li> </ul>
Nick Scali's competitive position may deteriorate	<ul style="list-style-type: none"> <li>Nick Scali operates in a highly competitive industry. Nick Scali's competitive position may be impacted by a number of factors, including the level of innovation relative to that of competitors, commercial factors including pricing and liability, its ability to keep up with technological or regulatory change, its ability to respond to client preferences for products, and the ability to maintain strong relationships with existing customers by upholding the consistency and quality of its products.</li> <li>In addition, Nick Scali needs to respond effectively to any changes in the competitive landscape, which may evolve as a result of a number of factors, including the entry of new competitors into the market and the consolidation of existing market participants. Increased competition may adversely affect Nick Scali's business, financial performance and financial condition.</li> </ul>
Restrictions on ability to operate and business interruption	<ul style="list-style-type: none"> <li>Nick Scali operates a significant store network which is essential to its business operations and operating model.</li> <li>Any of these stores, or Nick Scali's distribution centres, could suffer damage, systems interruptions, power failures, natural disasters or forced shutdowns. These events could cause a number of stores or distribution centres to close for a period of time and therefore force Nick Scali to reduce or cease operations at various locations, which would adversely affect Nick Scali's financial performance.</li> </ul>
Value of Nick Scali's brand may diminish	<ul style="list-style-type: none"> <li>The ongoing success of Nick Scali is dependent on the business maintaining its strong reputation and protecting its brand. Maintaining the strength of the Nick Scali and Plush branding is integral to Nick Scali's ability to consistently appeal to its existing customers, attract new customers and maintain sales growth. Nick Scali's name and its related intellectual property rights are also key assets of its business. The reputation and value associated with the Nick Scali name and its related intellectual property rights could be adversely impacted by a number of factors, including failure to provide customers with the quality of product and service standards they have come to expect, disputes or litigation with third parties such as employees, suppliers or customers, failure to adequately protect Nick Scali's intellectual property rights or adverse media (including social media) coverage, incurring penalties or fines in connection with non-compliance with privacy or employment legislation, the actions of third party suppliers, breaches of competitor intellectual property and allegations of misleading pricing by a regulator. Significant erosion to the reputation of, or value associated with, the Nick Scali brand could have an adverse impact on customer loyalty, relationships with key suppliers, employee retention rates and demand for the relevant products, any of which could adversely impact Nick Scali's market share, revenue and its future financial performance.</li> </ul>

# Nick Scali business risks (cont.)

Heavy price discounting by competitors	<ul style="list-style-type: none"> <li>Nick Scali operates in a highly competitive industry. If competitors were to heavily discount their products, Nick Scali's customers may be motivated to purchase from those competitors. Nick Scali may apply discounts to its own products in response to competitor discounts. A decrease in the attractiveness of Nick Scali's product pricing, and/or the application of discounts to Nick Scali products, may reduce Nick Scali's profits and adversely affect Nick Scali's business, financial performance and financial condition.</li> </ul>
New and existing store growth	<ul style="list-style-type: none"> <li>The growth strategy of Nick Scali is dependent on its ability to generate growth from its existing store network and to open new stores in accordance with its growth strategy. Generating growth from existing stores is dependent on a number of factors, many of which are not within the control of Nick Scali.</li> </ul>
Supply issues and loss of major supplier	<ul style="list-style-type: none"> <li>There are risks which could limit Nick Scali's ability to procure sufficient supply of products including fluctuations in the availability of parts, inflation, labour disputes, labour shortages, access to transportation and warehousing facilities, boycotts, financial liquidity, product merchantability, safety issues, quality issues, natural disasters, disruptions in exports, delays and disruptions impacting third party international freight service providers, trade restrictions, currency fluctuations and general economic and political conditions. Any of these risks, individually or collectively, may result in a delay in customers receiving products and could materially adversely affect Nick Scali's financial and operational performance. In addition, an increase in freight and distribution expenses (e.g. the cost of third party delivery services) may increase Nick Scali's operating costs, which could in turn materially adversely affect Nick Scali's financial performance.</li> <li>Separately, there is a risk that any change in Nick Scali's relationships with key suppliers may present challenges for Nick Scali in continuing to procure the production of sufficient inventory from existing suppliers, or to do so at favourable prices, on favourable terms, in a timely manner and in sufficient volume. Nick Scali cannot guarantee that its existing arrangements with key suppliers will continue, or continue on terms similar to their current terms. The loss or deterioration of Nick Scali's relationships with such parties, or an inability to rapidly replace such relationships on terms which are not materially less favourable than existing arrangements, may have a material adverse effect on Nick Scali's financial and operational performance.</li> <li>In the event that Nick Scali loses a major supplier, interruptions to the supply chain may decrease the amount of inventory Nick Scali has available to sell to customers. As a furniture retailer, Nick Scali relies on the sale of physical products to maintain strong financial performance, and any disruptions to the supply chain will have a negative impact on cash flow. Additionally, time and effort required to source a new supplier may need to be re-directed from other important aspects of Nick Scali's operations.</li> </ul>

# Nick Scali business risks (cont.)

<p>Reliance on third party payment and logistic providers</p>	<ul style="list-style-type: none"> <li>Nick Scali relies on the services provided by third party banking and payment providers such as credit card companies. It also relies on the services of third party logistic providers to deliver ordered products to customers. Nick Scali has limited influence over these third parties and the contracts with these providers are generally short-term in nature. Any system or service failure that causes an interruption to Nick Scali's ability to effect payment transactions or receive payments could adversely affect its business. A system or service failure that affects the delivery of ordered products to customers could adversely affect the customer experience and reduce the attractiveness of the Nick Scali brand to customers and may result in cancellations or limiting future sales. Any of these system or service failures could have an adverse impact on the reputation and brand of the Nick Scali business which could materially adversely affect its financial performance and operations.</li> </ul>
<p>Reliance on key personnel</p>	<ul style="list-style-type: none"> <li>Nick Scali is reliant on attracting and retaining quality senior executives and other key technical and operational employees who provide expertise, experience and strategic direction in operating the business. Nick Scali cannot guarantee that it will be able to continue to attract and retain high quality employees. The loss of the services of any of those key employees (for any reason whatsoever) or the inability to attract new qualified personnel, could materially adversely affect Nick Scali's reputation and financial and operational performance.</li> </ul>
<p>Product liability insurance</p>	<ul style="list-style-type: none"> <li>Nick Scali sells a wide range of consumer products, as well as certain commercial products, all of which must be fit for purpose and compliant with the Australian Consumer Law and similar laws in relevant overseas jurisdictions. Notwithstanding the policies established by Nick Scali, there is a risk that a product may breach relevant consumer law, the implication of which could have a material impact on Nick Scali's business, reputation and performance. While Nick Scali generally maintains product liability insurance to mitigate its risks, such insurance may be insufficient to address all potential costs of an adverse incident (including manufacturing deficiencies or claims against the quality of the Nick Scali products or services) and there is no guarantee that such insurance will continue to be available at a reasonable cost in the future.</li> </ul>
<p>Change in government policy on trade tariffs</p>	<ul style="list-style-type: none"> <li>Changes in government policy on trade tariffs, particularly if trade tariffs are increased, can make it more difficult or costly for Nick Scali to import goods. As Nick Scali relies on a number of large suppliers from overseas, any such increased to the cost of importation may need to be redirected to Nick Scali's customers. Accordingly, Nick Scali's customers may not be receptive to price increases, which can reduce their willingness to purchase Nick Scali's products. Any such outcomes may have an adverse impact on Nick Scali's financial performance.</li> </ul>
<p>Inability to innovate, as consumers switch to digital/online retail models</p>	<ul style="list-style-type: none"> <li>As consumers move away from traditional brick-and-mortar retail, consumers place greater value on convenience and competitive pricing. Online retailers are likely to have lower fixed costs compared to Nick Scali because online retailers do not need to purchase and maintain physical stores or show rooms. This, in turn, allows online retailers to offer more competitive prices that are attractive to customers, who also seek and expect convenience when purchasing online.</li> </ul>

# Nick Scali business risks (cont.)

<p>Failure to effectively manage inventory</p>	<ul style="list-style-type: none"> <li>Nick Scali may fail to accurately forecast or manage its inventory levels. This may result in Nick Scali incurring additional costs and/or losing revenue. If Nick Scali purchases levels of product that it cannot sell in a timely manner, this excess stock may need to be cleared at a discount, otherwise the excess stock will become obsolete and Nick Scali may be required to recognise inventory write-down costs. Conversely, if Nick Scali fails to maintain adequate levels of inventory it may experience "out of stock" issues, which may result in foregone sales and damage to Nick Scali's reputation or brands which may have an adverse effect on financial performance.</li> </ul>
<p>Disputes and regulatory matters</p>	<ul style="list-style-type: none"> <li>Nick Scali is subject to the usual business risk that litigation or disputes may arise from time to time in the ordinary course of its business activities. These may include claims, disputes, inquiries and investigations involving competitors, customers, consumers, suppliers, employees, governmental agencies/authorities, regulators or other third parties. Claims may be made in relation to intellectual property, product safety, product performance, unfair competition, unfair contract terms, employment, and other matters typical for Nick Scali's industry. There can be no assurance that legal or regulatory claims will not be made against Nick Scali, or that insurance will continue to be available or adequate to cover liabilities resulting from any such claims. If Nick Scali is involved in any litigation or disputes or protracted settlement negotiations in relation to that litigation or dispute, this may disrupt Nick Scali's business operations, cause Nick Scali to incur significant legal costs, and may divert management's attention away from the daily operations of the business. Any successful claim against Nick Scali may adversely impact its future financial performance or position as well as its reputation and brand.</li> </ul>
<p>Legal and regulatory risk</p>	<ul style="list-style-type: none"> <li>Nick Scali is subject to laws, regulation and regulatory policy in Australia and foreign jurisdictions, and if these laws, regulations and regulatory policy are not complied with, or otherwise change, existing and future operations may be curtailed, and Nick Scali could be subject to liability, including as a result of regulatory investigations, inquiries, fines, penalties, infringement notices, or other enforcement or administrative action.</li> </ul>
<p>Fraud</p>	<ul style="list-style-type: none"> <li>Nick Scali's reputation and brand may be materially affected if Nick Scali is subject to third party phishing fraud (or similar), or if an employee of Nick Scali acts in a fraudulent manner. Such fraudulent actions may also have an adverse impact on Nick Scali's financial performance and operations.</li> </ul>
<p>Risks associated with freehold and leasehold properties</p>	<ul style="list-style-type: none"> <li>There may be a downturn in the property market that could impact Nick Scali's own-store and distribution centre freehold property valuations. Nick Scali has a significant number of freehold properties including physical stores and show rooms across Australia and New Zealand, and a fall in the value of those properties would alter the overall value of assets on Nick Scali's balance sheet. Additionally, the re-sale value of Nick Scali's freehold properties will be reduced if property values fall.</li> <li>Nick Scali's financial performance may be affected by its ability to both retain existing leasehold sites and secure new leasehold sites in suitable locations and on acceptable terms. Nick Scali's ability to achieve this may be impacted by landlord disputes, availability of new sites, potential cannibalisation of existing stores by new store openings and the risk that leases will not be renewed.</li> </ul>

# Nick Scali business risks (cont.)

Change in laws / regulations around disposal/recycling of household furniture	<ul style="list-style-type: none"> <li>• Future changes in laws and regulations may make it more cumbersome for Nick Scali to dispose and recycle household furniture. More time and effort dedicated to disposing and recycling furniture may incur additional capital and other expenditures. If Nick Scali does not respond to legal and regulatory changes by implementing more cost-effective and efficient measures to deal with redundant inventory, there may be adverse impacts to Nick Scali's financial performance.</li> </ul>
ESG risk	<ul style="list-style-type: none"> <li>• Failure to comply with social and environmental standards, or poor environmental and social practices in Nick Scali's operations or supply chains, including failure to comply with Modern Slavery legislation, may give rise to reputational, legal and/or market risks for Nick Scali.</li> <li>• Further, the physical impacts of climate change can compound existing environmental risks (including natural disasters and extreme weather events) to operations, supply chains and markets, and affect Nick Scali's key supply inputs or its ability to service customer needs. This may include disruption to supply chains, warehousing and distribution. The economic transition risks associated with climate change may also impact cost inputs or customer demand preferences.</li> </ul>
Foreign exchange risk	<ul style="list-style-type: none"> <li>• The financial information in Nick Scali's financial statements is presented in Australian or New Zealand dollars, while some of Nick Scali's expenses are incurred in United States dollars. Where appropriate Nick Scali uses forward currency contracts and options to manage its currency exposures. The use of forward currency contracts, options and hedging instruments may reduce, but do not eliminate the risks of currency exchange rate fluctuations and may result in transaction costs and risks associated with hedging transaction.</li> <li>• Accordingly, Nick Scali is subject to adverse exchange rate movements, particularly, adverse movements in the USD:AUD exchange rate. An adverse movement in the exchange rate (ie an increase in the Australian dollar relative to the US dollar) may have an adverse impact on Nick Scali's future reported financial performance (ie reduce its reported sales, profitability, cash flows and financial position).</li> </ul>
Credit	<ul style="list-style-type: none"> <li>• Credit risk may arise from the non-performance of customers of their contractual obligations towards Nick Scali and there is a risk that payments to Nick Scali are delayed or not made. If a substantial portion of Nick Scali's receivables are delayed for a prolonged period or are not paid, this would adversely impact Nick Scali's financial performance.</li> </ul>

# Nick Scali business risks (cont.)

Financing risk	<ul style="list-style-type: none"> <li>• There are a number of factors which may impact Nick Scali's ability to secure new, or renew its current, debt facilities, some of which are outside of the control of Nick Scali, its directors and its employees. While Nick Scali believes that its debt facilities will be adequate to support its current needs, changes in Nick Scali's financial position could compromise the ability of Nick Scali to continue to finance its capital in the future on comparable terms upon expiration of its principal credit facilities or to access non-committed funds from its primary lender.</li> </ul>
Inability to pay dividends	<ul style="list-style-type: none"> <li>• The payment of dividends by Nick Scali will be determined from time to time by the Board in its discretion, and is dependent upon factors affecting Nick Scali at the relevant time. Factors which will be considered by the Board include Nick Scali's profitability, retained earnings, cash flow position and working capital requirements as required. There is no guarantee that any dividend will be paid by Nick Scali or if paid, paid at historical levels. From time to time, the Board may also defer, suspend or cancel previously announced dividends.</li> </ul>
Interest rate risk	<ul style="list-style-type: none"> <li>• Nick Scali utilises financial instruments that are subject to interest, and therefore interest rate risk. All financial instruments exposed to interest rate risk are exposed to a variable interest rate.</li> </ul>
Systems, privacy and Information Security	<ul style="list-style-type: none"> <li>• Nick Scali relies on IT platforms. Interruption, compromise to, or failure of these platforms could affect Nick Scali's ability to service its customers effectively.</li> <li>• Nick Scali notes that cyber security and information security are increasingly important considerations and potential areas of risk. Nick Scali handles and stores personal information for its customers and employees. Various information, privacy and security regulations apply to the handling and storage of this information. Should Nick Scali breach any of its obligations under these information, privacy and security regulations it could be exposed to penalties, which could adversely affect Nick Scali's financial performance.</li> </ul>
Health and safety	<ul style="list-style-type: none"> <li>• There are various health and safety risks associated with operating distribution centres and showrooms and manufacturing, warehousing and distributing products. Accidents or injuries occurring to either employees or members of the public could have negative employee, community and/or financial implications for Nick Scali, including potential delays or stoppages in operations.</li> <li>• In addition, changes in health and safety laws and employment laws and regulations, may adversely affect Nick Scali's operations and affect Nick Scali's financial position and prospects.</li> </ul>

# Nick Scali acquisition-specific risks

Conditionality of AHFL acquisition	<ul style="list-style-type: none"><li>• The acquisition of AHFL is conditional upon certain limited customary conditions. If the conditions are not satisfied or waived (as applicable) or take longer than anticipated to satisfy, the completion of the acquisition may be deferred, delayed or may not occur on the current terms or at all.</li><li>• To the extent completion is delayed or deferred, AHFL will continue to be managed by Furniture Holdings Limited and, therefore, integration with Nick Scali's existing business and the time at which Nick Scali's management take control of the operations will also be delayed and deferred. If the acquisition is delayed, Nick Scali may incur additional costs and it may take longer than anticipated for Nick Scali to realise the benefits of the acquisition.</li><li>• If the acquisition does not complete for any reason, Nick Scali proposes to use the funds received from the Equity Raising for general corporate purposes.</li></ul>
Nick Scali has undertaken due diligence in relation to AHFL including on information provided to it by AHFL	<ul style="list-style-type: none"><li>• Nick Scali undertook a due diligence process in respect of AHFL, which relied in part on the review of financial and other information (including unaudited financial information) concerning the business and corporate structure of AHFL, which was provided to Nick Scali by AHFL. While Nick Scali considers the due diligence process undertaken to be appropriate, despite making reasonable efforts, Nick Scali has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. If any of the data or information provided to and relied upon by Nick Scali in its due diligence process and its preparation of this presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of AHFL and the combined group may be materially different to the financial position and performance expected by Nick Scali.</li><li>• Furthermore, there is a risk that due diligence conducted has not identified issues that would have been material to the decision to enter into the acquisition of AHFL or that the risks or adverse matters identified may not be adequately appreciate or addressed, including in the terms of the acquisition of AHFL (such as price, warranties, and indemnities).</li><li>• As is usual in the conduct of acquisitions, the due diligence process undertaken by Nick Scali identified a number of risks associated with AHFL, which Nick Scali had to evaluate and manage. The mechanisms used by Nick Scali to manage these risks included in certain circumstances the acceptance of the risk as tolerable on commercial grounds such as materiality. There is a risk that the approach taken by Nick Scali may be insufficient to mitigate the risk, or that the materiality of these risks may have been underestimated or unforeseen.</li></ul>

# Nick Scali acquisition-specific risks (cont.)

AHFL's future earnings may not be as expected	<ul style="list-style-type: none"><li>• Nick Scali has undertaken financial and business analysis of AHFL in order to determine its attractiveness to Nick Scali in determining whether to pursue the acquisition.</li><li>• It is possible that such analysis, and the best estimate assumptions made by Nick Scali, draw conclusions and forecasts that are inaccurate or which will not be realised in due course.</li><li>• To the extent that the actual results achieved by AHFL are different than those anticipated, or any unforeseen difficulties emerge in integrating the operations of AHFL, there is a risk that the profitability and future earnings of the operations of AHFL may differ (including in a materially adverse way) from the future earnings expected by Nick Scali.</li></ul>
Nick Scali may be unable to retain key AHFL personnel	<ul style="list-style-type: none"><li>• AHFL's employees are an important part of AHFL's business strategy and success, as they have extensive industry experience and knowledge of AHFL's business. They are also important for maintaining relationships with key customers and suppliers of AHFL. An inability to retain and motivate key AHFL employees could adversely impact AHFL's financial performance and prospects under Nick Scali ownership.</li></ul>
Acquisition accounting may impact Nick Scali's Financial Statements	<ul style="list-style-type: none"><li>• Nick Scali is required to undertake an assessment of fair value of the tangible and intangible assets required as at the date of acquisition of AHFL. There is a risk that the outcome of this assessment could give rise to different values being applied than those used in the financial information contained in this presentation.</li><li>• Such an outcome will impact the values of assets reported in the consolidated balance sheet by Nick Scali which could impact the future consolidated gross profit, EBITDA, EBIT, profit before tax and net profit after tax.</li><li>• Nick Scali's financial results are reported under Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. AHFL's statements are reported in accordance with Generally Accepted Accounting Practices in the UK (UK GAAP). There is a risk that additional adjustments may arise when reporting the consolidated balance sheet of Nick Scali due to the difference in accounting standards.</li><li>• In addition, the values of AHFL's assets will need to be converted from GBP to AUD, to determine Nick Scali's consolidated balance sheet. As such Nick Scali's reported financial position may be negatively affected by any adverse exchange rate fluctuations.</li></ul>

# Nick Scali acquisition-specific risks (cont.)

## Expansion into overseas market

- If the acquisition of AHFL completes, the success of Nick Scali's expansion into the UK through AHFL cannot be assured, and the timing and cost of product launch, integration and operational efficiencies into the UK is difficult to forecast due to factors such as market size, likely market penetration, costs of local operation, and various other local characteristics.
- Furthermore, Nick Scali will also be competing in a new market with already entrenched competitors that have branding and offerings that will be familiar to the UK market. If AHFL, under Nick Scali's branding, does not gain market share, or loses market share, this could have an adverse effect on Nick Scali's financial performance.

## Integration of AHFL

- The integration of AHFL into the Nick Scali business carries risk, including potential delays or costs, including in implementing necessary changes, and potential difficulties in integrating various operations.
- A failure to fully integrate the operations of AHFL, increased costs of or a delay in the integration of AHFL into the operations of Nick Scali, or management time and attention being divided between integration matters and managing the existing business of AHFL and Nick Scali could impose unexpected costs or prevent the realisation of benefits and synergies.

# Nick Scali general risks

## Market Conditions

- Share market conditions may affect the value of Nick Scali's quoted securities regardless of its operating performance. Share market conditions are affected by many factors such as:
  - general economic outlook;
  - changes in Australian and foreign government regulation and fiscal, monetary and regulatory policies;
  - interest rates and inflation rates;
  - currency fluctuations (including changes in foreign exchange rates);
  - market volatility, especially given the present uncertainties in international trade, financial and political conditions;
  - geo-political conditions such as acts or threats of terrorism, military conflicts or international hostilities (including the current Russian-Ukraine, Hamas-Israel and Iran-Israel conflicts);
  - changes in investor sentiment towards specific sectors of the market;
  - changes in market valuations of other retail companies;
  - political environment;
  - the demand for, and supply of, capital (which may in turn create a liquidity risk).
- The market price of securities can fall and rise and may be subject to varied and unpredictable influences on the market for equities in general.

## Force majeure events

- Events could occur within or outside Australia that could impact the global economy and the Australian economy, the operations of Nick Scali and the trading price of Nick Scali shares. These events could include health crises (such as COVID-19), war, acts of terrorism, international hostilities, labour strikes, fires, floods, earthquakes and other natural or man-made events or occurrences that could have a material adverse effect on Nick Scali's supply chain, the demand for Nick Scali's products and Nick Scali's ability to conduct business. Nick Scali has only a limited ability to insure against some of these risks.

# Nick Scali general risks (cont.)

Adverse changes to tax laws may occur	<ul style="list-style-type: none"><li>• Future changes in taxation laws in jurisdictions in which Nick Scali operates, including changes in interpretation or application of the law by the courts or taxation authorities, may affect the taxation treatment of an investment in Nick Scali shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Nick Scali operates, may impact the future tax liabilities of Nick Scali. In addition, any non-compliance with tax laws may result in tax penalties, incurrance of interest and / or reputational damage.</li><li>• An investment in shares involves tax considerations that differ for each investor. Investors are encouraged to seek professional tax advice in connection with any investment in Nick Scali.</li></ul>
There are risks associated with an investment in shares	<ul style="list-style-type: none"><li>• There are general risks associated with investments in equity capital such as Nick Scali shares. The trading price of Nick Scali shares may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the Offer Price.</li><li>• No assurance can be given that the New Shares will trade at or above the Offer Price or that there will be an active market in Nick Scali shares. None of Nick Scali, its directors or any other person guarantees the performance of the New Shares.</li><li>• The operational and financial performance and position of Nick Scali and Nick Scali's share price may be adversely affected by a worsening of general economic conditions in Australia, as well as international market conditions and related factors. It is also possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress, or existing risks may manifest themselves in ways that are not currently foreseeable. The equity markets have in the past and may in the future be subject to significant volatility.</li></ul>
Unforeseen risk	<ul style="list-style-type: none"><li>• There may be other risks of which Nick Scali is unaware at the time of this presentation which may impact Nick Scali, its operations and / or the valuation and performance of its shares.</li><li>• The key risks disclosed in this document should not be taken as exhaustive of the risks faced by Nick Scali or by investors in Nick Scali. The risks contained herein, and others not specifically referred to herein may in the future materially affect Nick Scali, its financial performance or the value of Nick Scali's share price.</li></ul>

# Nick Scali equity raising risks

## Underwriting

- The Placement Agreement entered into by Nick Scali with the Underwriter requires the Underwriter to fully underwrite the Institutional Placement. The Underwriter's obligation to underwrite the Institutional Placement is subject to certain customary terms and conditions including termination rights in favour of the Underwriter. If certain conditions are not satisfied or certain events occur, the Underwriter may terminate the Underwriting Agreement. See slide Appendix D of this presentation for further detail
- There is no guarantee that alternative funding could be sourced, either at all or on satisfactory terms and conditions. Termination of the Underwriting Agreement could materially adversely affect Nick Scali's business and financial position.

## Dilution

- Investors who do not participate in the Placement or the Share Purchase Plan, or do not take up all of their entitlement under the Placement or the Share Purchase Plan, will have their percentage security holding in Nick Scali diluted by not participating to the full extent in the Placement or the Share Purchase Plan. Investors may also have their investment diluted by future capital raisings by Nick Scali.

A close-up photograph of several large, plush cushions made of a rich, textured brown velvet fabric. The cushions are arranged in a way that creates deep shadows and highlights the soft texture of the material. The lighting is warm, emphasizing the tactile quality of the fabric.

# Appendix C

## Foreign selling restrictions

# Foreign selling restrictions

This presentation does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. In particular, this presentation may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below:

Canada (British Columbia, Ontario and Quebec provinces)

This presentation constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces"), only to persons to whom New Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This presentation is not a prospectus, an advertisement or a public offering of securities in the Provinces. This presentation may only be distributed in the Provinces to persons who are "accredited investors" within the meaning of National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or authority in the Provinces has reviewed or in any way passed upon this presentation, the merits of the New Shares or the offering of the New Shares and any representation to the contrary is an offence. No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this presentation has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this presentation are in Australian dollars.

*Statutory rights of action for damages and rescission.* Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser's Province for particulars of these rights or consult with a legal adviser.

*Certain Canadian income tax considerations.* Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as there are Canadian tax implications for investors in the Provinces.

*Language of documents in Canada.* Upon receipt of this presentation, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

# Foreign selling restrictions (cont.)

European Union (excluding Austria)	<p>This presentation has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this presentation may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").</p> <p>In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).</p>
Hong Kong	<p>WARNING: This presentation has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). Accordingly, this presentation may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).</p> <p>No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.</p> <p>The contents of this presentation have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this presentation, you should obtain independent professional advice.</p>
New Zealand	<p>This presentation has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").</p> <p>The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:</p> <ul style="list-style-type: none"><li>• is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;</li><li>• meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;</li><li>• is large within the meaning of clause 39 of Schedule 1 of the FMC Act;</li><li>• is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or</li><li>• is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.</li></ul>
Norway	<p>This presentation has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this presentation shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act).</p>

# Foreign selling restrictions (cont.)

Singapore	<p>This presentation and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this presentation and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the "SFA") or another exemption under the SFA.</p> <p>This presentation has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this presentation immediately. You may not forward or circulate this presentation to any other person in Singapore. Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.</p>
Switzerland	<p>The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this presentation nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.</p> <p>No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this presentation will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).</p> <p>Neither this presentation nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This presentation is personal to the recipient and not for general circulation in Switzerland.</p>
United Arab Emirates	<p>This presentation does not constitute a public offer of securities in the United Arab Emirates and the New Shares may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this presentation nor the New Shares have been approved by the Securities and Commodities Authority (SCA) or any other authority in the UAE.</p> <p>No marketing of the New Shares has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE. This presentation may be distributed in the UAE only to "professional investors" (as defined in the SCA Board of Directors' Decision No.13/RM of 2021, as amended).</p> <p>No offer of New Shares will be made to, and no subscription for New Shares will be permitted from, any person in the Abu Dhabi Global Market or the Dubai International Financial Centre.</p>

# Foreign selling restrictions (cont.)

United Kingdom	<p>Neither this presentation nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the New Shares.</p> <p>The New Shares may not be offered or sold in the United Kingdom by means of this presentation or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This presentation is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This presentation may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.</p> <p>Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.</p> <p>In the United Kingdom, this presentation is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2) (a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated ("relevant persons"). The investment to which this presentation relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this presentation.</p>
United States	<p>This presentation is not for distribution in or into the United States and does not constitute an offer to sell, or a solicitation or an offer to buy, securities in the United States. The New Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act), or under the securities laws of any state or other jurisdiction of the United States.</p> <p>Accordingly, the New Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The New Shares are being offered and sold only in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act to:</p> <ul style="list-style-type: none"><li>• investors outside the United States; and</li><li>• dealers or other professional fiduciaries organized or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not U.S. persons and for which they exercise investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the U.S. Securities Act.</li></ul>

# Appendix D

## Summary of Underwriting Agreement

# Summary of Underwriting Agreement

The Company has entered into a placement agreement with the Lead Manager in respect of the Institutional Placement (Underwriting Agreement) in which the Lead Manager will be acting as sole lead manager, bookrunner and underwriter to the Institutional Placement.

Pursuant to the Underwriting Agreement, the Lead Manager has agreed to underwrite the Institutional Placement, but not the Conditional Placement and the SPP.

The Lead Manager's obligations under the Underwriting Agreement, including to underwrite and manage the Institutional Placement, are conditional on certain matters, including (but not limited to) certain Placement Documents (defined below) being released within the required timeframes and certain other diligence-related deliverables being provided within the required timeframes.

If certain conditions are not satisfied or certain events occur, the Lead Manager may terminate the Underwriting Agreement. Termination of the Underwriting Agreement by the Lead Manager could have a material adverse impact on the total amount of proceeds that could be raised under the Institutional Placement, which in turn would have a material adverse impact on the Company's financial position.

The Underwriting Agreement contains customary representations and warranties and indemnities in favour of the Lead Manager. Details of the fees payable to the Lead Manager are included in the Appendix 3B released to ASX on the date of this Presentation. The Lead Manager may terminate its obligations under the Underwriting Agreement at any time prior to 4.00pm on the settlement date, where any of the following events occur:

- (a) at any time on the launch date, the S&P/ASX200 Index is at a level that is 12.5% or more below its level as at the close of business on the trading day immediately prior to the date of execution of the Placement Agreement and remains below that level at the close of trading on that day
- (b) the agreement in respect of the Acquisition is, amongst other things, terminated or rescinded or found to be void or voidable, materially amended without the prior written consent of the Lead Manager;
- (c) ASIC:
  - i. makes an application for an order under Part 9.5 of the Corporations Act in relation to the Institutional Placement;
  - ii. commences, or gives notice of its intention to commence, any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Institutional Placement; or
  - iii. otherwise issues proceedings in relation to the Institutional Placement or commences any formal inquiry or investigation into the Institutional Placement;
- (d) ASX announces that the Company will be removed from the official list or that its fully paid ordinary shares will be delisted, removed from quotation, withdrawn from admission to trading status or suspended from quotation, other than any trading halt in relation to the Institutional Placement;
- (e) ASX notifies the Company or the Lead Manager that unconditional approval (or approval subject to customary conditions acceptable to the Lead Manager, acting reasonably) will not be granted to the official quotation of all of the New Shares on ASX;
- (f) the Company withdraws the Institutional Placement;
- (g) any event specified in the timetable in relation to the Institutional Placement is delayed for more than one business day without the prior approval of the Lead Manager (acting reasonably)
- (h) a certificate which is required to be delivered by the Company under the Placement Agreement is not delivered by the relevant deadline;
- (i) any written materials that are presented or provided to investors or prospective investors (including but not limited to the ASX announcement relating to the Equity Raise) which are presented or provided by or on behalf of the Company (with the Company's prior approval) and any other documents issued or released by or on behalf of the Company (with the Company's prior approval) in respect of, or relating to, the Institutional Placement (each a Placement Document) includes content that is or becomes untrue, inaccurate, misleading or deceptive or likely to mislead or deceive (whether by inclusion or omission):
  - i. in relation to the ASX announcement relating to the Equity Raise, in any respect; and
  - ii. in relation to any other document relating to the Institutional Placement, in any material respect;

# Summary of Underwriting Agreement (cont.)

- (j) a member of the Company group that is material in the context of the group's business is or becomes insolvent or there is an act or omission which is likely to result in AHFL or such group member becoming insolvent;
- (k) a director of the Company is, amongst other things, charged with an indictable offence or disqualified from managing a corporation under sections 206B, 206C, 206D, 206E, 206F or 206G of the Corporations Act;
- (l) there is an event or occurrence, including, amongst other things, any statute, order, rule, regulation of any governmental authority which makes it illegal for the Lead Manager to satisfy or prevents or materially delays the Lead Manager from performing an obligation under the Placement Agreement;
- (m) the Company or any of its directors or officers engage in any fraudulent conduct or activity whether or not in connection with the Institutional Placement;
- (n) the Company fails to perform or observe any of its obligations (including any undertakings) under the Placement Agreement;
- (o) any representation or warranty made or given by the Company under Placement Agreement is or becomes misleading or deceptive, or is not true or correct;
- (p) a certificate required to be delivered by the Company under the Placement Agreement when given is untrue, incorrect or misleading or deceptive;
- (q) there is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a new law or regulation, or a governmental authority adopts a policy which affects or regulates the Institutional Placement or its settlement or the issue or taxation treatment of the New Shares, or there is any official announcement on behalf of the Government of the Commonwealth of Australia or any State or Territory of Australia or a Governmental Authority that such a law or regulation will be introduced or policy adopted (as applicable);
- (r) a change to the CEO, CFO or board of directors of the Company occurs;
- (s) there is, amongst other things, an outbreak or a major escalation of hostilities (whether war is declared or not) involving any one or more of Australia, New Zealand, the United Kingdom, any member State of the European Union, the United States, Russia, Ukraine, Israel, Iran or the People's Republic of China or a national emergency or a major escalation of a national emergency is declared by any of those countries;
- (t) any of the following occurs:
  - i. the relevant central banking authority declares a general moratorium on commercial banking activities, or there is a disruption in commercial banking or security settlement or clearance services, in Australia, New Zealand, the United Kingdom, the United States, Hong Kong or the People's Republic of China;
  - ii. trading in all securities quoted or listed on ASX, the London Stock Exchange, Hong Kong Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect;
  - iii. any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, New Zealand, the United Kingdom, the United States, Hong Kong or the People's Republic of China, or any change in national or international political, financial or economic conditions; or
- (u) any adverse change occurs, or there is a development involving a prospective adverse change, in, amongst other things, the assets, liabilities, financial position of AHFL or a Company group member that affects the overall position of the Company, including any adverse change or development involving a prospective adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of AHFL or the Company group as disclosed in any documents prepared or issued by the Company in relation to the Institutional Placement.

The Lead Manager may only terminate the Placement Agreement in relation to an event under clause (n) to (u) if it has reasonable grounds to believe and does believe that:

- (a) the event has had, or is likely to have, a materially adverse effect on the outcome or success or settlement of the Institutional Placement or on the ability of the Lead Manager to market or promote or settle the Institutional Placement; or
- (b) could give rise to or result in a contravention or involvement in a contravention by the Lead Manager or one of its affiliates of, or liability for the Lead Manager or one of its affiliates under, the Corporations Act or any applicable law.