

NICK SCALI LIMITED
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L I M I T E D

30 March 2020

Update on COVID-19 & Store Operations

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

COVID-19

The health and wellbeing of our staff members, their families and the broader community remains Nick Scali’s priority during this unprecedented time. The Company is therefore supportive of the move taken by governments, both in Australia and New Zealand, to prevent the rapid spread of COVID-19 through communities by introducing social isolation and distancing measures, including encouraging people to stay at home.

As a result of these measures and the increased level of risk for our staff and customers should stores continue to operate, Nick Scali will temporarily shut all stores from the close of business on Monday 30 March 2020, for an initial period until Friday 1 May 2020.

During this period, Nick Scali will remain focused on the delivery of existing sales orders, which will continue to generate revenue for the business over the coming months.

People Update

As a result of these temporary operating changes, Nick Scali has had to make the difficult decision to stand down the majority of its retail team members across the store network and support staff from close of business Monday 30 March 2020. At this stage, distribution centres will continue to operate at normal capacity during April and May to support the delivery of customer orders.

The Company remains committed to ensuring employees are supported during the stand-down and will therefore encourage employees to take annual leave during this period. We recognise this will be a difficult time for our staff and their families and the Company will continue to explore further ways in which support can be provided.

Cost Reduction

Nick Scali is taking further steps to reduce its cost base during the current crisis and has made progress with various initiatives, including:

- reducing marketing expenses in line with trading;
- delaying store roll-out and discretionary capex in FY20;
- engaging with landlords in respect of rent relief; and
- reducing non-essential general operating expenditure.

Managing Director Commentary

Nick Scali's Managing Director Anthony Scali said "The decision we have made today to close stores and stand down loyal team members was not made lightly, but I believe it is the right decision for our people and our Company in the long-term".

"We thank our customers, suppliers, landlords and most importantly our team members for their understanding and support during this difficult time".

Nick Scali will continue to monitor advice from both state and federal governments in the jurisdictions in which we operate and will make further updates should the Company deem it appropriate to do so.

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